

EDUCATION AND CHILDREN'S SERVICES OVERVIEW AND SCRUTINY COMMITTEE

BRIEFING NOTES/GENERAL INFORMATION

17 OCTOBER 2011

CIRCULATION:

Committee Members:	Councillor Gareth Evans (Chairman), Councillor Suzette Nicholson (Vice-Chairman), Councillor Lisa Blakemore, Councillor Susan Chappell, Councillor Ellen Day, Councillor Malcolm Eady, Councillor Richard Martin, Councillor Richard Montague and Councillor Lesley Pollesche.
Church Representative:	Mr Andrew Cole and Mrs Esther Mirrielees.
Parent Governor Representative:	To be appointed.
Co-opted Members:	Mr Charles Hoseason, Mr Nicholas Lait and Ms Beverley Sanders.
Cabinet Members:	Councillor Percival and Councillor Hodgins.
Committee Manager:	Gary Lelliott ☎ 020 8891 7275; gary.elliott@richmond.gov.uk.

THE FOLLOWING INFORMATION IS BEING CIRCULATED TO MEMBERS OF THE COMMITTEE VIA THIS INFORMATION PACK:

- 1. FINANCE UPDATE TO JUNE 2011 (PAGE 1 – 12)**
- 2. PROVISIONAL REVENUE AND CAPITAL OUTTURN 2010/11 (PAGE 13 – END)**

Items included in the pack **will not be discussed at a meeting**. If members of the public wish to discuss any issue arising from the reports included in the pack please contact the Committee Manager, whose details are given on the front sheet of the agenda. Members of the Council may wish to raise their concerns directly with the Chair of the Committee, the Cabinet Member or appropriate officer.

LONDON BOROUGH OF RICHMOND UPON THAMES

EDUCATION & CHILDREN'S SERVICES OVERVIEW AND SCRUTINY COMMITTEE

DATE: 17 OCTOBER 2011

REPORT OF: DIRECTOR OF EDUCATION, CHILDREN'S & CULTURAL SERVICES

SUBJECT: FINANCE UPDATE TO JUNE 2011

WARDS: ALL

SUMMARY

1. The Directorate is projecting an overspend of £0.078m with regard to Council funded budgets on a revenue budget of £34.256m for the financial year 2011/12. The key risks for the Directorate are demand led budgets, especially Looked After Children and Special Educational Needs (SEN) Services.

The capital programme has an allocated budget of £47.871m with no variations projected at this time.

PURPOSE OF THE REPORT GOING TO SCRUTINY COMMITTEE

- 2 To enable scrutiny of the Council's revenue and capital budget management.

RECOMMENDATIONS

- 3 **That Overview and Scrutiny note the projection / performance and activity information provided.**

REVENUE BUDGET

- 4 The current revenue projection for the Directorate's Council funded budgets, based upon data available to 30 June 2011, is for an overspend of £78k. This does not include a projected Dedicated Schools Grant (DSG) underspend of £205k. The DSG is a ring-fenced grant which can only be spent on items within the Schools Budget, with any under or overspend carried forward into the following financial year. For information only, the combined Council and DSG position is a projected underspend of £127k. A full breakdown of this position by service area and by transaction type is attached at Appendices A and B to this report.

The key non DSG areas to note are:

SEN Services £177k overspend – see appendix D

Library Service £104k overspend – see appendix D1

CAPITAL PROGRAMME

- 5 The current capital projection for the Directorate, based upon data available to 30 June 2011, is a spend to the allocated budget of £47.871m. A breakdown of the capital programme is provided at Appendix C together with details of progress on the main projects.

Expenditure for the first quarter to the end of June 2011 is £9.273m.

In order to ensure maximum expenditure of Government grant funding by 31 August 2011, a number of smaller projects have been incorporated into the school capital programme. These projects complement the existing programme and assist with the need to provide additional school places and enable flexibility in terms of education provision.

EFFICIENCY STRATEGY

- 6 At the beginning of the financial year the Directorate identified £3.033m of savings and is on target to achieve £2.739m of those previously agreed savings. The projected underachievement relates to SEN Transport, £150k and Libraries £144k both of which are the subject of Overspend Control Reports at Appendix D.

A report to Cabinet on 23 June 2011 sets out a proposal to create a social enterprise for the delivery of children's services in collaboration with the Royal Borough of Kingston upon Thames. This would involve the transfer of children's services to a Community Interest Company in line with the Council's decisions to become a strategic commissioning organisation and to work in collaboration with other local authorities to improve services and deliver better outcomes for residents.

FINANCIAL IMPLICATIONS

- 7 The major projected overspends with regard to Special Educational Needs Services and Libraries are reported on at Appendix D. The projected underspend with regard to Asylum is due to a current under utilisation of Home Office grant in respect of the Hillingdon Judgement, whereby unaccompanied asylum seeking children are entitled to a leaving care service. Several of these clients are receiving housing and other benefits rather than receiving rent and living allowances through this grant.

Asylum, the Looked after Children and Special Educational Needs Services projections reflect relevant information known at the time of writing this report. Along with similar demand led budgets, such as

leaving care support, they are subject to variation due to the volatile nature of demand, and small changes in the number of cases have a significant effect on budgets. The Directorate closely monitors these budgets and actively seeks ways to maximise resources and achieve best value as we manage our statutory duties. The ability to manage these high risk budgets also has a direct effect on the Council's Medium Term Financial Strategy.

As a result of cutting some capacity, as reported at paragraph six above, it becomes more difficult to deal with in-year budget pressures on demand led budgets which continue to be exacerbated following the case of Baby Peter.

It is expected that the proposal to deliver children's services through a social enterprise model will make a significant contribution towards the Council's need to reduce its baseline revenue budget. As reported to Cabinet in June, initial indications are that a new organisational structure would enable the Council to make efficiency savings in excess of £2m in revenue expenditure from the existing children's services budget. This would be primarily achieved through a reduction in management and support costs but also by achieving synergy between the offer in Richmond and Kingston, allowing for greater efficiency. However, these figures will require confirmation through the production of a detailed business case.

The shift away from direct service provision may have a significant impact on the Council's existing support services, notably, ICT, HR, financial administration and legal services. The implications of this shift will require careful consideration as part of the business case and the assessment of the financial benefits of the new and any alternative delivery models.

EQUALITY IMPACT/CONSIDERATIONS

8 There are no specific equality considerations contained within this report.

LEGAL IMPLICATIONS

9 There are no legal implications contained within this report.

ENVIRONMENTAL IMPACT ASSESSMENT

10 There are no direct environmental impacts associated with this report.

BACKGROUND DOCUMENTS:

11 Various budget monitoring working files.
ECCS Revenue & Capital Budget Reports to O&S 7 February 2011
Commissioned Children's Services Report to Cabinet 23 June 2011

CONTACTS

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BUDGET MONITORING REPORT TO END OF JUNE 2011 - COUNCIL

	Revised Budget Period 3 £000's	Projected Outturn 2011/12 £000's	Projected Variance 2011/12 £000's
<u>Specialist Services</u>			
Specialist Services Divisional Management	406	457	51
Social Work	3,322	3,324	2
Looked After Children	4,733	4,662	(71)
Family Support	2,050	2,064	14
Other Children & Families	1,593	1,532	(61)
Asylum	552	440	(112)
Behavioural Services	0	0	0
Specialist Service Total	12,656	12,479	(177)
<u>Protective & Preventative Services</u>			
PPS Divisional Management	393	393	0
Integrated Youth Support	2,099	2,094	(5)
Special Educational Needs Services	3,146	3,323	177
Recoupment	0	0	0
Early Years	3,652	3,636	(16)
Education & Inclusion Services	134	115	(19)
Family Support Service	1,108	1,128	20
Psychological Services	475	476	1
Safeguarding Quality & Performance	101	102	1
Independent Review	82	87	5
Health Commissioning	29	40	11
Protective & Preventative Services Total	11,219	11,394	175
<u>School Effectiveness</u>			
School Improvement	637	652	15
Education Support	113	108	(5)
School Effectiveness Grants	(4)	(4)	0
School Effectiveness Total	746	756	10
<u>Culture & Service Improvement</u>			
Library Service	3,642	3,746	104
Arts	311	311	0
Sports	1,163	1,123	(40)
Music	93	93	0
Service Improvement	934	944	10
Culture & Service Improvement Total	6,143	6,217	74
<u>Finance & Resources</u>			
Schools Non Delegated	1,325	1,314	(11)
School Commissioning	196	205	9
Individual School & Nursery Budgets	0	0	0
Dedicated Schools Grant	0	0	0
Directorate Administration	1,125	1,086	(39)
Finance & Resources Total	2,646	2,605	(41)
<u>Strategic Management</u>			
	846	883	37
Total of directly controllable budgets	34,256	34,334	78

BUDGET MONITORING REPORT TO END OF JUNE 2011 - COUNCIL

	Employee Costs 2011/12 £000's	Running Expenses 2011/12 £000's	Income 2011/12 £000's	Total 2011/12 £000's
<u>Specialist Services</u>				
Specialist Services Divisional Management	53	174	(176)	51
Social Work	121	(80)	(39)	2
Looked After Children	(62)	26	(35)	(71)
Family Support	69	347	(402)	14
Other Children & Families	13	(41)	(33)	(61)
Asylum	9	(98)	(23)	(112)
Behavioural Services	0	0	0	0
Specialist Services Total	203	328	(708)	(177)
<u>Protective & Preventative Services</u>				
PPS Divisional Management	13	15	(28)	0
Integrated Youth Support	(6)	(13)	14	(5)
Special Educational Needs Services	(31)	163	45	177
Recoupment	0	0	0	0
Early Years	(145)	130	(1)	(16)
Education & Inclusion Services	127	(96)	(50)	(19)
Family Support Service	73	141	(194)	20
Psychological Services	316	0	(315)	1
Safeguarding Quality & Performance	(52)	0	53	1
Independent Review	0	5	0	5
Health Commissioning	0	11	0	11
Protective & Preventative Services Total	295	356	(476)	175
<u>School Effectiveness</u>				
School Improvement	(1)	53	(37)	15
Education Support	(37)	22	10	(5)
School Effectiveness Grants	(61)	34	27	0
School Effectiveness Total	(99)	109	0	10
<u>Culture & Service Improvement</u>				
Library Service	175	(151)	80	104
Arts	13	121	(134)	0
Sports	(22)	(32)	14	(40)
Music	0	0	0	0
Service Improvement	69	536	(595)	10
Culture & Service Improvement Total	235	474	(635)	74
<u>Finance & Resources</u>				
Schools Non Delegated	0	(11)	0	(11)
School Commissioning	19	0	(10)	9
Individual School & Nursery Budgets	0	0	0	0
Dedicated Schools Grant	0	0	0	0
Directorate Administration	(14)	(25)	0	(39)
Finance & Resources Total	5	(36)	(10)	(41)
<u>Strategic Management</u>				
	37	0	0	37
Total of directly controllable budgets	676	1,231	(1,829)	78

EDUCATION, CHILDREN'S AND CULTURAL SERVICES DIRECTORATE

APPENDIX C

CAPITAL BUDGET MONITORING REPORT TO END OF JUNE 2011

<u>Description</u>	Expenditure planned for 2011/12 £000's	Actual as at June 2011 £000's	Projection as at March 2012 £000's	Projected Variance 2011/12 £000's	Notes
Schools Devolved Funding	306	76	306	0	
Primary Expansion - Phase one	12,045	1,350	12,045	0	1
Primary Expansion - Phase two	8,947	2,200	8,947	0	2
Teddington BSF	992	95	992	0	
Academies	14,692	2,983	14,692	0	3
SEN 14-19	5,433	2,161	5,433	0	4
Planned Maint	2,460	42	2,460	0	
Modernisation	94	0	94	0	
Access Initiative	233	6	233	0	
Childrens Centres	1,383	303	1,383	0	5
Youth Facilities £1m	266	0	266	0	
Libraries	784	12	784	0	
Sports	99	6	99	0	
Arts	137	39	137	0	
TOTAL	47,871	9,273	47,871	0	

Notes

- 1 Expenditure relates to Holy Trinity, St Mary's and St Peter's, Chase Bridge, Orleans Infant and Stanley Primary. The Holy Trinity project was made available to the school on 6 June 2011. Progress continues at St. Mary's & St. Peter's with a project completion date of August 2012. Construction started on-site at Chase Bridge on 31 May 2011. Orleans Infants works include demolition of the old kitchen, hall extension and groundworks for the new build. The Stanley project is due on site in early September 2011.
- 2 Expenditure relates to projects at Heathfield Junior, St Osmund's, St Mary Magdalen's, Buckingham Phase 2, Sheen Mount, Lowther, The Vineyard, St Mary's and Hampton Wick. Construction at Heathfield Junior started on 27 June 2011 with a projected completion date of October 2011. The majority of the works at St. Osmund's to provide two additional teaching spaces are complete. The construction to provide two additional teaching spaces started on site at St Mary Magdalen's on 23 May 2011 with a project completion date of 26 August 2011. Buckingham Phase 2 - main completion of works due 21 July 2011. Construction at Sheen Mount to provide three additional teaching spaces started on site 31 May 2011 with completion due in December 2011. Lowther - the expansion to two forms of entry went on site 25 July 2011 with completion of the project due 31 August 2012. The Vineyard project went on site 31 May 2011 and includes works to provide an additional teaching space. St. Mary's - this is the refurbishment of the Strafford Road site to provide six class bases and ancillary areas for children in Year 2 and 3, the project is due on site on 16 September 2011 with completion due 1 September 2012. Works for the provision of a double demountable at Hampton Wick started on site on 25 July 2011 with completion due 2 September 2011.

- 3 Hampton and Twickenham Academy developments. Hampton started on site 20 June 2011 with completion due in December 2013. Twickenham started on site 31 May 2011 with completion due in April 2014.
- 4 Expenditure relates to projects at Christ's, Grey Court, Orleans Park and Waldegrave to deliver the LA SEN Strategy and improve curriculum facilities. Construction on all four sites started in January 2011. Orleans Park completed in June 2011, Waldegrave completed on 19 July 2011 and Christ's and Grey Court are due to complete in August 2011.
- 5 The main project costs relate to The Croft Centre which started on site in January 2011 and is due to complete in September 2011.

OVERSPEND CONTROL REPORT

Appendix D

From: Robert Henderson / Simon James

To: Cllr Christine Percival

Subject: Special Educational Needs Transport

Date: 17 October 2011

1. SUMMARY

1.1 The Council's Special Educational Needs (SEN) Services budget is projected to overspend by £177k (5.6%) for the financial year 2011/12. Of this overspend, £150k relates to SEN Transport (4.8%).

2. RECOMMENDATION

2.1 That the Cabinet Member approves the proposed course of action, as outlined in paragraph 3.3 and 3.4

3. DETAIL

3.1 The SEN Transport service is managed by the Adults & Community Services (ACS) Directorate, but the budget resides with Education, Children's & Cultural Services (ECCS).

3.2 The budget for SEN Transport overspent by £183,000 in 2010/11 and growth of £200,000 was originally planned for 2011/12. It was anticipated that £150,000 of this growth would not be needed due to the on-going transport review in ACS. However, the latest expenditure projections show that this anticipated saving has not materialised. The latest transport statistics, which are due to be updated in September 2011, show year on year increases for children of 312 to 330 and routes of 112 to 114.

3.3 Consideration is being given to the relocation of this budget to ACS to bring service delivery and the budget together in one place.

3.4 If this overspend cannot be reduced during the year it will be met from underspends in other areas across the Council or from reserves.

4. Director of Finance & Corporate Services Comment

4.1 The outcome of the review will be a key factor in determining whether expenditure can be contained within the budget. If the review and actions identified do not address the full overspend, the shortfall will be met from underspends in other areas across the Council or from reserves.

5. Signature of Cabinet Member

I approve the proposed course of action as set out in paragraphs 3.3 and 3.4

Councillor Christine Percival, Strategic Cabinet Member for Education, Youth & Children's Services

OVERSPEND CONTROL REPORT

Appendix D1

From: Ian Dodds/Paul Bettles

To: Cllr Pamela Fleming

Subject: Library Service

Date: 17 October 2011

1. SUMMARY

1.1 The Council's Library Service budget is projected to overspend by £104k (2.9%) for the financial year 2011/12.

2. RECOMMENDATION

2.1 **That the Cabinet Member approves the proposed course of action, as outlined in paragraph 3.3**

3. DETAIL

3.1 Budget Review savings of £351,000 were agreed with regard to a package of library service efficiencies, including a review of community library provision across the borough. Subsequent review of these efficiencies by the Strategy Panel, has led to revised savings of £207,000 resulting in a shortfall of £144,000.

3.2 This shortfall has been offset by some Library Service underspend/additional income, leading to a net overspend of £104,000 at this time.

3.3 If additional budget is not allocated to compensate for the Strategy Panel decision, the Library Service will overspend at year end and this will need to be met from underspends in other areas of the Council or from reserves.

4. Director of Finance & Corporate Services Comment

4.1 The outcome of the Strategy Panel review has clearly led to non achievement of the overall libraries efficiency target. Although some of the shortfall has been met, the resulting £104,000 will need to be met from underspends in other areas across the Council or from reserves in 2010/11.

5. Signature of Cabinet Member

**I approve the proposed course of action as set out in paragraphs
3.2**

**Councillor Pamela Fleming, Strategic Cabinet Member for
Community, Business & Culture**

LONDON BOROUGH OF RICHMOND UPON THAMES

EDUCATION AND CHILDREN'S SERVICES OVERVIEW AND SCRUTINY COMMITTEE

DATE: 17 OCTOBER 2011

REPORT OF: DIRECTOR OF EDUCATION, CHILDREN'S & CULTURAL SERVICES

SUBJECT: PROVISIONAL REVENUE AND CAPITAL OUTTURN 2010/11

WARDS: ALL

SUMMARY

1. This report discusses the provisional outturn position for Education, Children's and Cultural Services (ECCS) in conjunction with appropriate performance data. It goes on to discuss the implications for the service and the Council's Medium Term Financial Strategy (MTFS).

PURPOSE OF REPORT GOING TO SCRUTINY COMMITTEE

2. To provide Members with a summative report following regular Budget Monitoring Reports throughout the 2010/11 financial year. Members are requested to review the outturn position, which can inform financial decision making during 2011/12 and budget planning for 2012/13.

RECOMMENDATION

3. That the members of the Committee note:

- **The provisional revenue outturn variance detailed in paragraph 4**
- **The provisional capital outturn position as detailed in paragraph 5**
- **The outlook for the service and implications for the MTFS as detailed in paragraphs 7 and 8**

DETAILS**4. Summary revenue outturn position**

The following table provides a summary of the final revenue position for the Directorate and only includes budgets that are directly controllable by managers within the Directorate (i.e. excludes central support recharges, depreciation charges etc.):

	ECCS Directorate £000
Final Revenue Budget	28,906
Final Revenue Spend	29,229
Net Overspend	323

Appendices A and B show detailed variances by service and by type of expenditure.

Key revenue variances

The key variances contributing to the Council revenue outturn position are as follows:

Service Area	Revised Budget £000	Variance £000	Comment
Social Work	3,039	175	This overspend relates to legal fees as a result of an increase in the number of child protection court applications, up from 26 in 2009-10 to 39 in 2010-11. Also, the average duration of a case has increased from 47 to 65 weeks over the same period. Richmond is not the only Authority whose children's legal fees budgets are under strain due to higher court fees. Rising volumes and lengthening case durations is a national trend. Also, Richmond's use of Barristers has risen due to the long term complexity of cases.

Service Area	Revised Budget £000	Variance £000	Comment
Looked After Children	4,688	326	This overspend relates to increased costs of residential placements for looked after children and an increase in the number of independent fostering placements from 41 to 47.
Family Support	1,518	-82	This underspend relates to staffing vacancies at the Twickenham Contact and Assessment Centre and a consequence of the implementation of 2011/12 budget review savings.
Other Children & Families	1,630	-157	This underspend mainly relates to additional income received from other Authorities who place children with families registered with Richmond's adoption services.
Special Educational Needs	3,147	212	This overspend relates mainly to an increased number of special educational needs pupils requiring transport. These children attend both independent and state schools. In September 2009, 312 children were transported over 112 routes. This rose to 330 children over 114 routes in September 2010.
Directorate Administration & Grants	2,879	-92	This underspend relates mainly to a planned underspend of Area Based Grant and Directorate administration.

The above table does not include reference to expenditure against the Dedicated Schools Grant (DSG) which is a ring-fenced grant and can only be spent on items within the Schools Budget. Any underspend or overspend on the DSG is moved to a reserve and carried forward to the following financial year.

5. Summary capital outturn position

The following table provides a summary of the final capital position for the Directorate:

	£000
Final Capital Budget	28,778
Final Capital Spend	25,710
Proposed Slippage	3,068
Net Underspend	0

Appendix C provides a scheme by scheme analysis and provides details of the proposed slippage of budgets from 2010/11 to 2011/12.

Update on major capital schemes

a) Building Schools for the Future – Teddington Secondary School

The project reached practical completion in January 2011 with capital expenditure this financial year of £7.890m. The school successfully moved into the new building ready for the start of the academic year in September 2010, with the remainder of external works to demolish the old school buildings and completion of landscaping, including the second all weather pitch, completed to schedule.

b) Primary Expansion Programme

Holy Trinity school expansion project to create an additional form of entry reached practical completion in May 2011 with capital expenditure this financial year of £4.996m. St Mary's and St Peter's school expansion project to create an additional form of entry started on site in October 2010 after finally receiving necessary DfE approvals in August 2010 - capital expenditure of £1.113m this financial year. Further design and development work at Orleans Infant, Chase Bridge and Stanley schools, resulted in capital expenditure of £713k.

The second phase of primary schools expansion, including a range of solutions to meet the need for primary school places, including additional class accommodation, shared forms of entry (SFE) and further expansions to create additional forms of entry, is progressing at the following schools – Collis, Heathfield, St Osmund's, St Mary Magdalen's, Buckingham, Sheen Mount, Lowther, The Vineyard, Archdeacon Cambridge and the Strafford Road site. Work on these schools/sites, a combination of design development and construction works, accounted for £1.505m.

c) SEN / 14-19 provision

Good progress has been made on the projects at East Sheen, Hampton Hill, Darell, Orleans Park, Grey Court, Waldegrave and Christ's schools. Expenditure for this financial year is £2.123m. At the time of writing this report, the projects at East Sheen, Hampton Hill and Phase 1 of Orleans Park, have already reached practical completion. The remaining projects are scheduled to finish between July and October 2011.

d) Children's Centres, Extended Schools, Aiming High and Access & Quality

Despite Government grant reductions, a number of projects have been completed including, Mortlake Hall, The Barn, Castelnau Centre and Improved Access Initiatives at a number of sites including eleven schools benefiting from playground works to improve accessibility. The Croft Children's Centre is also due to complete in September 2011. Total expenditure this financial year is £1.535m.

e) Other

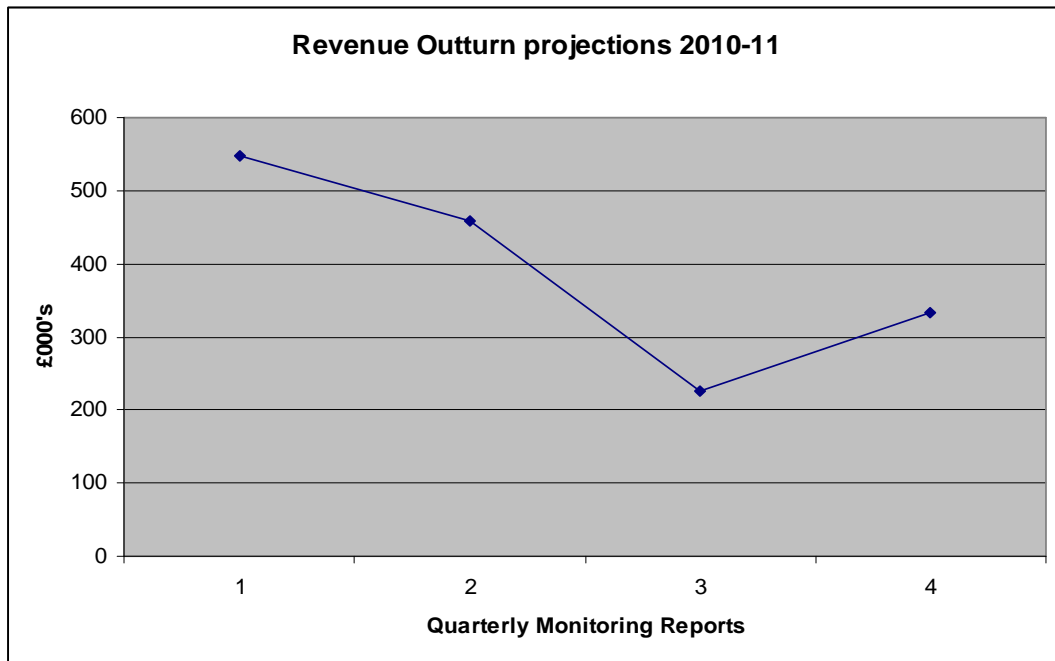
A range of projects, including boiler replacement works, electrical upgrades, roof replacements, refurbishments, Health and Safety works, water treatment, improvement of Youth facilities and development of the Old Courthouse Mortlake.

6 Performance data / dashboard

The main financial performance and activity data for the Directorate is attached at Appendix D. Schools revenue and capital balances are attached at Appendices E & F.

Appendix D shows the movement of children and young adults who have been supported within our high risk, and often high cost, service areas. Overall, the figures show an increase in the number of supported children looked after and special education needs residential placements. The increase in the staffing establishment between Q1 and Q2 relates to the reclassification of Behavioural Services staff from schools to Local Authority, following the re-organisation of that service.

The graph below shows the reported budget variance for the Directorate. The reduction in the projected overspend from Q1 to Q3 was the result of a concerted effort from the Directorate to seek to contain expenditure on demand led budgets, as reported in the overspend control reports, respond to in-year Government reductions and prepare for the Council's own planned efficiency reductions. However, additional pressure on the demand led budgets within Specialist Services, especially child protection, looked after children and SEN transport led to increased expenditure of £99,000 compared to Q3.



7 Efficiency / Transformation

The Directorate faced major in-year reductions to both revenue and capital funding during the first quarter of 2010/11.

In response to the Government's in-year reduction of Area Based Grant (ABG), the Directorate made cuts of £592,000 during 2010/11 out of a total Council loss of £906,000. This was in addition to previously agreed efficiencies of £1,366,000 over the period 2008-11. A further Government reduction to the base line of the new 2011/12 Early Intervention Grant (EIG) and other grants ceasing altogether has meant a further £1m (in a full year) reduction to the budget for 2011/12.

With regard to capital, the in-year funding loss was even more severe. The total grant cut was £3.7m, some 7% of our previously agreed funding. This resulted in the re-working of the capital programme and has caused significant delays in some building projects eg. the Croft Children's Centre.

In spite of the above, the Directorate has played a full role, in the Council's own efficiency and transformation projects and identified a further £2.419m of efficiencies for 2011/12 in addition to another £252,000 previously identified in the Medium Term Financial Strategy.

The Directorate has also initiated a proposal to develop a social enterprise to deliver children's services to residents across Richmond upon Thames and if feasible by working in collaboration with the Royal Borough of Kingston upon Thames. This would be in line with the Council's decisions to become a strategic commissioning organisation and to work in collaboration with other local authorities to improve services and deliver better outcomes for residents.

8. FINANCIAL IMPLICATIONS

As with most of the country, the Directorate and Council as a whole faces an extremely challenging financial landscape for the foreseeable future. The Directorate will continue to meet that wider challenge with further updates with regard to the creation of a social enterprise programmed for the Council's committee cycle.

It is expected that the proposal to deliver children's services through a social enterprise will make a significant contribution towards the Council's need to reduce its baseline revenue budget. As reported to Cabinet in June, initial indications are that a new organisational structure would enable the Council to make efficiency savings in excess of £2m in revenue expenditure from the existing children's service budget. This would be primarily achieved through a reduction in management and support costs but also by achieving synergy between the offer in Richmond and Kingston, allowing for greater efficiency.

The shift away from direct service provision may have a significant impact on the Council's existing support services, notably, ICT, HR, financial administration and legal services. The implications of this shift will require careful consideration as part of the business case and the assessment of the financial benefits of the new and any alternative delivery models.

Focussing on operational issues, there continues to be a rise, as across the rest of the UK, in the total number of supported looked after children in the wake of events surrounding baby Peter. Looked After Children placements can be very expensive, with average annual costs ranging from between £40,000-£140,000 for an external fostering placement and £35,000-£200,000 for an external residential placement. We need to make use of external providers of placement services if there is a lack of capacity within our own placement services, or need a particular specialist service.

Specialist Services agency costs required to cover maternity leave, vacant posts and sickness absence along with increased court fees with regard to child protection, will be an on-going pressure going forward. There is a local and national trend of rising case volumes and lengthening case durations. The decision to take a child into care is not based on the cost of court fees and thus difficult to bring management action to bear on such costs. However, the Government is on record with the aim to improve the family justice system to make it quicker, simpler, fairer and more cost effective whilst continuing to protect children and vulnerable adults from risk of harm. In the medium to long term this may lead to a reduction in legal costs to the Council for Family Court cases.

The budget for SEN Transport overspent by £216k in 2010/11. Although the budget for this service resides with ECCS, the service is provided and managed by the ACS Directorate. The budget was increased by £50,000 for 2011/12 and the service is subject to an ACS review as part of the corporate efficiency programme. However, the current projection for 2011/12 is an overspend of £138,000.

Although the above budgets are essentially demand led the Directorate will continue to retain a focus on managing specialist services costs.

The current published capital programme for primary school expansion is fully funded. However, future Government funding must be considered uncertain at best and, as previously reported, borrowing is expected to increase by £23m, the majority of which is required to fund the additional primary places required in the borough.

Although this represents a very significant investment programme, this is still expected to fall well short of the overall funding requirement to meet the Education Strategy including new secondary schools and sixth forms.

9. POLICY IMPLICATIONS/CONSIDERATIONS

The control of expenditure and income against the budgets agreed by the Council is essential to the Council's ability to deliver the aims set out in its Community and Corporate Plans, and the Directorate's ability to deliver the commitments set out in the Children's & Young People's Plan and Cultural Services Plan.

10. LEGAL IMPLICATIONS

There are no legal implications contained within this report

11. EQUALITY IMPACT/CONSIDERATIONS

There are no specific equality considerations contained within this report.

12. ENVIRONMENTAL STATEMENT

There are no direct environmental impacts associated with this report.

13. BACKGROUND PAPERS

Various closing of accounts working papers.

ECCS Revenue Budget O&S Report 7 February 2011

ECCS Capital Budget O&S Report 7 February 2011

ECCS Efficiencies O&S Report 7 October 2010

Loss of Area Based Grant Funding Cabinet Report 6 September 2010

14. CONTACTS

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OUTTURN REPORT 2010-11 - Directorate including DSG

	Revised Budget 2010/11 £000's	Projected Outturn 2010/11 £000's	Projected Variance 2010/11 £000's
<u>Specialist Services</u>			
Specialist Services Divisional Management	569	594	25
Social Work	3,039	3,214	175
Looked After Children	4,688	5,014	326
Family Support	1,568	1,486	(82)
Other Children & Families	1,630	1,473	(157)
Asylum	618	593	(25)
Special Educational Needs Services	9,905	10,117	212
Recoupment	486	486	0
Behavioural Services	950	950	0
Specialist Service Total	23,453	23,927	474
<u>Protective & Preventative Services</u>			
Integrated Youth Support	2,425	2,453	28
Early Years	339	330	(9)
Education & Inclusion Services	649	670	21
Family Support Service	675	649	(26)
Psychological Services	722	722	0
Safeguarding Quality & Performance	102	102	0
Independent Review	85	92	7
Health Commissioning	29	30	1
Protective & Preventative Services Total	5,026	5,048	22
<u>School Effectiveness</u>			
School Improvement	967	982	15
Education Support	383	356	(27)
School Effectiveness Grants	5	8	3
School Effectiveness Total	1,355	1,346	(9)
<u>Culture & Service Improvement</u>			
Library Service	4,261	4,221	(40)
Arts	351	390	39
Sports	1,235	1,194	(41)
Music	93	93	0
Service Improvement	1,077	1,080	3
Culture & Service Improvement Total	7,017	6,978	(39)
<u>Finance & Resources</u>			
Schools Non Delegated	494	483	(11)
School Commissioning	550	558	8
ISB	81,248	81,248	0
Dedicated Schools Grant	(94,223)	(94,223)	0
Standards Fund & Other Grants	2,155	2,099	(56)
Directorate Administration	884	848	(36)
Finance & Resources Total	(8,892)	(8,987)	(95)
<u>Strategic Management</u>	947	917	(30)
Total of directly controllable budgets	28,906	29,229	323

OUTTURN REPORT 2010-11 - Council

	Revised Budget 2010/11 £000's	Projected Outturn 2010/11 £000's	Projected Variance 2010/11 £000's
<u>Specialist Services</u>			
Specialist Services Divisional Management	547	572	25
Social Work	3,039	3,214	175
Looked After Children	4,688	5,014	326
Family Support	1,518	1,436	(82)
Other Children & Families	1,630	1,473	(157)
Asylum	618	593	(25)
Special Educational Needs Services	3,147	3,359	212
Recoupment	0	0	0
Behavioural Services	0	0	0
Specialist Service Total	15,187	15,661	474
<u>Protective & Preventative Services</u>			
Integrated Youth Support	2,425	2,453	28
Early Years	233	224	(9)
Education & Inclusion Services	119	140	21
Family Support Service	647	621	(26)
Psychological Services	549	549	0
Safeguarding Quality & Performance	102	102	0
Independent Review	85	92	7
Health Commissioning	29	30	1
Protective & Preventative Services Total	4,189	4,211	22
<u>School Effectiveness</u>			
School Improvement	924	939	15
Education Support	45	18	(27)
School Effectiveness Grants	5	8	3
School Effectiveness Total	974	965	(9)
<u>Culture & Service Improvement</u>			
Library Service	4,261	4,221	(40)
Arts	351	390	39
Sports	1,235	1,194	(41)
Music	93	93	0
Service Improvement	902	905	3
Culture & Service Improvement Total	6,842	6,803	(39)
<u>Finance & Resources</u>			
Schools Non Delegated	344	333	(11)
School Commissioning	322	330	8
ISB	0	0	0
Dedicated Schools Grant	0	0	0
Standards Fund & Other Grants	2,155	2,099	(56)
Directorate Administration	724	688	(36)
Finance & Resources Total	3,788	3,693	(95)
<u>Strategic Management</u>	947	917	(30)
Total of directly controllable budgets	31,927	32,250	323

EDUCATION, CHILDREN'S AND CULTURAL SERVICES DIRECTORATE
SUBJECTIVE OUTTURN

App B

	<u>2010/11</u> <u>Budget</u> <u>£000s</u>	<u>2010/11</u> <u>Actual</u> <u>£000s</u>	<u>2010/11</u> <u>Variance</u> <u>£000s</u>	<u>%</u>	<u>Note</u>
<u>Expenditure</u>					
Individual School and Nursery Budgets (Net)	83,966	81,248	(2,718)		
ISB Transfer to Reserves	(2,718)	0	2,718		
Staff Costs	22,663	23,945	1,282	5.7%	
Other Employee Expenditure	330	623	293	88.8%	1
Premises	1,845	2,576	731	39.6%	2
Transport	3,118	3,636	518	16.6%	2
Supplies and Services	10,320	14,142	3,822	37.0%	2
Third Party Payments	14,482	15,454	972	6.7%	
Transfer Payments	23,384	24,307	923	4.0%	
TOTAL EXPENDITURE	157,390	165,931	8,541	5.4%	
<u>Income</u>					
Dedicated Schools Grant	94,223	94,223	0	0.0%	
Government Grants	13,979	17,379	3,400	24.3%	3
Other Grants and Contributions	16,912	21,893	4,981	29.4%	3
Customer & Client Recharges	2,908	3,207	299	11.2%	3
Transfer from Reserves	462	0	-462	-100.0%	4
TOTAL INCOME	128,484	136,702	8,218	6.4%	
TOTAL ECCS DIRECTORATE	28,906	29,229	323	1.1%	

Notes

- 1 The majority of this additional spend was on employee training funded by additional grants.
- 2 This additional spend relates to expenditure funded by additional grants and contributions.
- 3 The additional income is mainly from grants and contributions to services for service level agreements with schools and the health service.
- 4 Movement (to) / from Reserves, i.e. Youth, PFI and Schools Supply Scheme

<u>Description</u>	Final Capital Budget £000's	Final Capital Spend £000's	Proposed Additional Slippage to 2011/12 £000's	Variance £000's
Primary Expansion - Phase one	7,895	6,822	1,073	0
Primary Expansion - Phase two	2,108	1,505	603	0
Teddington BSF	8,012	7,890	122	0
Academies	720	608	112	0
SEN 14-19	2,099	2,123	-24	0
Kitchens	203	200	3	0
Planned Maintenance	1,260	906	354	0
Modernisation	66	90	-24	0
Access Initiative	99	76	23	0
Childrens Centres	2,156	1,459	697	0
Youth Facilities £1m	179	164	15	0
Libraries	282	250	32	0
Sports	490	403	87	0
Arts	0	15	-15	0
School Investment Programme	170	170	0	0
Social Care	253	253	0	0
Spending by Schools				
Schools Devolved Funding	1,046	1,031	15	0
School Funded Capital Spend	1,555	1,561	-6	0
Harnessing Tech	185	184	1	0
	28,778	25,710	3,068	0

Education Children's and Cultural Service Indicators**Appendix D**

Indicator (press button for chart)	Q1	Q2	Q3	Outturn
Revenue Budget Variance (£000s)	525	459	225	323
Capital budget variance (£000s)	0	0	0	0
Staff establishment	549	573	574	574
FTE in post	498	501	485	481
Temps in post	40	28	32	37
Net vacancies	11	44	57	56
SEN Independent Placements - current	175	181	184	188
SEN Independent Placements - total supported	189	201	211	220
Average cost per placement	£38,249	£38,188	£37,446	£36,753
Children Looked After - current	100	90	90	90
Children Looked After - total supported	112	121	131	139
Care Leavers - current	54	55	52	51
Care Leavers - total supported	62	62	62	62
Unaccompanied Asylum Seekers - current	8	7	11	12
Unaccompanied Asylum Seekers - total supported	10	12	16	17
Leaving Care (Hillingdon Judgement) - current	60	60	60	55
Leaving Care (Hillingdon Judgement) - total supported	65	65	66	66

**Education, Children's and Cultural Services Directorate
Closing of School Accounts 2010/11 - Revenue Balances**

DfE	School	Revenue Balance	Revenue Balance	Community Funds	Committed Funds
		31-Mar-10	31-Mar-11	from Revenue Carry-over	from Revenue Carry-over
1001	Windham Early Excellence Centre	129,752.82	169,841.28	0.00	130,440.00
3326	Archdeacon Cambridge	76,538.44	71,212.81	6,634.14	16,097.00
2028	Barnes	21,946.53	86,703.28	3,333.00	71,676.95
3322	Bishop Perrin	87,418.62	81,054.28	43,951.28	8,376.00
2035	Buckingham	56,047.99	73,904.97	38,217.09	33,173.00
2001	Carlisle	40,526.79	60,541.73	2,597.61	15,693.39
2036	Chase Bridge (Q)	464,144.40	750,484.18	460,948.08	280,856.00
2032	Collis	74,710.80	178,914.11	0.00	60,740.00
2004	Darell	105,387.32	106,186.20	7,457.76	2,305.61
2006	East Sheen	79,659.15	140,265.40	0.00	50,000.00
2007	Hampton Hill	157,634.53	228,112.68	321.20	132,410.30
2009	Hampton Infant (Q)	397,216.87	469,600.49	365,632.89	24,500.00
2008	Hampton Junior	217,515.00	189,198.07	2,000.00	140,900.00
2010	Hampton Wick	95,551.15	137,442.34	0.00	85,096.68
2012	Heathfield Infant	51,342.00	181,103.28	0.00	60,096.10
2011	Heathfield Junior	140,386.95	203,629.79	293.06	89,585.00
3304	Holy Trinity (Q)	9,060.95	369,516.81	304,077.93	8,644.00
2039	Kew Riverside	160,124.46	172,861.86	0.00	80,334.00
2013	Lowther	48,720.99	137,046.22	0.00	36,310.73
2040	Marshgate	173,406.91	285,890.84	0.00	157,149.00
2015	Meadlands	36,740.89	98,718.95	0.00	26,594.00
2016	Nelson	99,097.06	136,367.04	2,907.33	7,014.00
2018	Orleans Infant	126,586.33	211,139.03	0.00	156,876.00
3327	The Queen's	122,318.22	134,356.84	0.00	60,901.00
2019	The Russell	63,876.00	153,100.82	13,104.63	48,151.14
3320	Sacred Heart	37,635.04	48,028.04	0.00	23,415.84
3315	St Edmund's	190,176.81	191,179.12	-17.40	0.00
3310	St Elizabeth's	45,792.46	63,512.15	0.00	5,787.00
3316	St James'	131,490.37	106,671.50	0.00	15,107.00
3312	St John the Baptist	125,098.72	182,797.07	61,260.96	0.00
3309	St Mary Magdalen's	51,537.08	67,186.95	0.00	0.00
3317	St Mary's	85,273.93	125,658.24	0.00	0.00
3321	St Mary's & St Peter's	98,578.30	179,917.76	0.00	121,070.00
3324	St Osmund's	67,344.22	44,308.89	0.00	0.00
3303	St Richard's with St Andrew's	189,269.32	178,680.08	48,306.24	66,095.49
3319	St Stephen's	154,903.47	230,436.36	10,056.97	0.00
2020	Sheen Mount (Q)	518,532.15	646,678.16	390,053.84	171,220.50
2021	Stanley Primary	164,665.80	182,622.40	0.00	59,753.75
2024	Trafalgar Infant	212,183.06	235,580.59	5,971.66	148,992.00
2023	Trafalgar Junior	169,231.69	234,016.42	0.00	170,644.80
2037	The Vineyard	115,183.21	178,580.25	0.00	46,345.63
	Primary Schools' Balances	5,262,853.98	7,553,206.00	1,767,108.27	2,481,911.91
4603	Christ's	291,548.65	524,623.96	0.00	0.00
4006	Grey Court	(211,480.36)	(462,735.08)	0.00	0.00
4010	Orleans Park (Q)	842,128.77	999,158.06	380,995.00	367,538.41
4013	Teddington	434,875.76	690,902.60	180,571.20	503,871.20
4021	Waldegrave	355,658.03	499,023.73	0.00	313,160.00
	Secondary Schools' Balances	1,712,730.85	2,250,973.27	561,566.20	1,184,569.61
4011	Hampton Comm College	224,587.38	0.00	0.00	0.00
4020	Shene	130,917.07	0.00	0.00	0.00
4016	Whitton	(15,056.32)	0.00	0.00	0.00
	Traditional Academy Balances	340,448.13	0.00	0.00	0.00
7000	Clarendon	(12,401.42)	104,638.62	0.00	55,145.00
7007	Strathmore	99,908.21	172,223.02	767.10	69,209.09
	Special Schools' Balances	87,506.79	276,861.64	767.10	124,354.09
	Total Schools' Balances	7,533,292.57	10,250,882.19	2,329,441.57	3,921,275.61

Appendix E Comment

1. School revenue accounting balances have increased by £3,058,038 from £7,192,844 (exc. Academies) as at 31 March 2010 to £10,250,882 (exc. Academies) as at 31 March 2011. As stated, these figures exclude balances for the three schools that converted to academy status as at September 2010.
2. Within the school revenue accounting balance as at 31 March 2010 is a sum of £6,250,717 which relates to committed revenue expenditure and community funds (including Quindrats) as recorded by schools.
3. As still required by Government regulation, and included in Richmond's Scheme for Financing Schools, the Authority is required to check that schools' uncommitted balances are no more than 8% for primary and special schools and 5% for secondary schools of schools income. If this regulation is breached the Authority is required to deduct the excess from the following year's school budget share. Information provided so far indicates that no school is in breach of this regulation for 2010/2011.

Government regulations regarding the need for local authorities to maintain this 'Balance Control Mechanism' have been significantly relaxed with effect from 1 April 2011. Local authorities are now advised to liaise with their School Forums and consider removing or relaxing/amending their existing mechanism.

4. Just one school has a deficit budget at the end of 2010/11. Grey Court Secondary School has a deficit revenue budget of £462,735 as at 31 March 2011. This is an increase of £251,255 from the end of 2009/10 and is due to the school no longer acting as bank school and therefore not holding a Quindrat balance. The Authority has continued to work closely with the school to support them through the changes necessary to reduce their deficit and the outturn figure for 2010/2011 is in line with the school's agreed recovery plan. The pupil numbers on roll for Year 7 in 2009 and 2010 have shown a significant increase, with the trend expected to continue in future years.
5. The net balance for the three secondary schools converting to Academy status from 1 September 2010 was a deficit of £25,023 which was met from within the DSG.

Page 20

Education, Children's and Cultural Services Directorate
Closing of School Accounts 2010/11 - Capital Balances

DfE	School	Capital Balance	Capital Balance
		31-Mar-10	31-Mar-11
1001	Windham Early Excellence Cent	64,498.61	51,251.96
3326	Archdeacon Cambridge	0.00	2,910.21
2028	Barnes	32,909.21	15,040.03
3322	Bishop Perrin	2,422.00	500.00
2035	Buckingham	22,667.29	12,918.58
2001	Carlisle	11,830.17	34,117.85
2036	Chase Bridge	66.00	10,403.16
2032	Collis	66,491.21	76,147.53
2004	Darell	38,038.80	4,201.82
2006	East Sheen	55,152.87	51,892.78
2007	Hampton Hill	2,462.09	20,581.90
2009	Hampton Infant	62,098.86	51,305.39
2008	Hampton Junior	100,074.85	0.00
2010	Hampton Wick	39,705.64	44,070.04
2012	Heathfield Infant	16,937.44	8,536.06
2011	Heathfield Junior	35,599.09	20,888.60
3304	Holy Trinity	0.00	0.00
2039	Kew Riverside	49,079.89	33,345.33
2013	Lowther	49,357.56	9,329.70
2040	Marshgate	68,714.62	79,821.98
2015	Meadlands	55,097.76	18,487.75
2016	Nelson	84,049.89	84,923.53
2018	Orleans Infant	49,895.15	54,604.62
3327	The Queen's	59,404.90	54,184.15
2019	The Russell	15,828.87	144.20
3320	Sacred Heart	2,816.93	4,178.41
3315	St Edmund's	(7,828.86)	(4,241.45)
3310	St Elizabeth's	0.00	909.75
3316	St James'	26,514.56	44,651.96
3312	St John the Baptist	6,175.71	11,083.48
3309	St Mary Magdalen's	37,083.70	39,423.34
3317	St Mary's	7,967.82	9,291.60
3321	St Mary's & St Peter's	3,144.64	(16.50)
3324	St Osmund's	34.89	179.80
3303	St Richard's with St Andrew's	7,460.56	1,800.84
3319	St Stephen's	1,193.27	524.46
2020	Sheen Mount	47,734.75	(0.25)
2021	Stanley Primary	61,859.69	65,145.56
2024	Trafalgar Infant	64,866.99	69,318.91
2023	Trafalgar Junior	104,739.73	100,585.31
2037	The Vineyard	8,269.20	3,015.86
	Primary Schools' Balances	1,289,917.74	1,034,206.29
4603	Christ's	7,792.06	10,081.33
4006	Grey Court	6,671.93	(13,125.26)
4010	Orleans Park	(50,378.06)	83,355.94
4013	Teddington	137,098.70	111,406.05
4021	Waldegrave	47,281.56	357.02
	Secondary Schools' Balances	148,466.19	192,075.08
4011	Hampton Comm College	666.33	666.09
4020	Shene	120,403.49	0.00
4016	Whitton	0.00	2,618.27
	Traditional Academy Balance:	121,069.82	3,284.36
7000	Clarendon	10,100.74	39,074.73
7007	Strathmore	11,462.95	14,015.89
	Special Schools' Balances	21,563.69	53,090.62
1100	Total Schools' Balances	1,645,516.05	1,333,908.31

Note: Special Units are included in their host school's balance.