

Decision maker:	Cabinet Member for Children's Social Care
Subject:	Children's Social Care Portfolio Budget Monitoring Report for the Third Quarter 2016/17
Date of decision:	14th March 2017
Report from:	Chris Ward, Director of Finance and IS
Report by:	Richard Webb, Finance Manager
Wards affected:	All
Key decision:	No
Budget & policy framework decision:	No

1. Purpose of report

- 1.1. To inform the Cabinet Member of the projected revenue expenditure within the portfolio cash limit for the current financial year 2016-17. This report sets out the budget position and contributing factors to the projected overspend within the portfolio as at the end of December 2016.

2. Summary

- 2.1. Following overspend positions in the previous two years, and an initial projected financial pressure of around £1.2m on the budget for this year, the portfolio is currently forecasting an overspend of some £1.0m for 2016-17.

3 Recommendations

- 3.1 It is recommended that the Cabinet Member:
 - 3.1.1 Notes the Children's Social Care Portfolio forecast budget position, at the end of December 2016, of £1.0m in excess of current approved cash limit provision.
 - 3.1.2 Supports the ongoing process of budget review and implementation of proposals to reduce the projected overspend position and deliver a balanced budget within the area of Children's Social Care.

4 Background

- 4.1 At the commencement of 2016-17 the Children's Social Care Portfolio was created containing the budget areas pertaining to Child Social Care & Safeguarding, Troubled Families and Early Years & Children's Centres.
- 4.2 Expenditure on Children's Social Care and Safeguarding was subject to much scrutiny during 2014-15 and 2015-16; exceeding the budget provision for each year as it did. Under the approved financial arrangements, an overspend is carried forward by the portfolio into the following financial year, as portfolio's are now expected to manage their financial resources across financial years in order to encourage medium term operational and financial planning. However overspends from prior years have been subsumed corporately to provide a clean starting point for the new portfolio.

5 Summary Position against Cash Limited Budget at the end of December 2016

- 5.1 The Children's Social Care Portfolio is currently forecasting a year-end overspend at close to £1.0m, generally attributable to the Children's Social Care and Safeguarding service as identified below.

Service Area	Current Budget	Current Forecast	Variation
	£000	£000	£000
Troubled Families	215	215	0
Early Years & Children's Centres	485	451	-34
Children Social Care & Safeguarding	23,228	24,264	1,036
	23,927	24,930	1,003

- 5.2 Troubled Families has a cash limit allocation of £215,000 and this is supplemented by significant income and grant funding; currently estimated at some £856,000, of which £595,000 is dependent on target achievement. Current spending is in line with estimates.
- 5.3 Early Years and Children's Centres have a combined cash limit budget of £485,000, which is supplemented by Public Health funding allocation to provide an overall budget of £1,852,000. At the current time, it is anticipated that due to staff turnover and vacancies the service will come in slightly underspent.
- 5.4 The Children's Social Care and Safeguarding budget is currently forecasting an overspend of around £1.0m. This has grown by some £300,000 over the second quarter of the year and is related to an increase in forecast placement costs. The overall forecast position is the summation of variations in a number of areas which are explained further below:
- 5.4.1 **Assessment and Intervention Service** (£367,000 under spend): Current staffing levels, turnover and vacancies have led to staffing costs for the year being currently projected some £422,000 below budget.

5.4.2 At the same time there is a forecast pressure in respect of expenditure in providing assistance to those with no recourse to public funds or children in need (under Section 17 of the Children Act 1989), which is currently forecast at around £67,000, alongside other service savings amounting to £12,000.

5.4.3 **Looked After Children (LAC)** (£1,337,000 over spend): The reason for the overspend is largely related to higher costs and numbers of child placements resulting in a forecast overspend of £1,313,000, as shown below. This is obviously a volatile area with continual movement in numbers, however the forecasts are based on current placement numbers and costs being maintained on average until the year end.

December 2016 Placement Type	Budget			Current Forecast			
	Average	Av Unit Cost	Budget	Average Predicted	Av Unit Cost	Estimated Outturn	Budget Pressure
	Nos	£	£	Nos	£	£	£
External Residential	9.02	115,965	1,046,000	12.19	148,651	1,812,055	766,055
Semi Ex-Residential	2.42	23,967	58,000	0.00	23,967	0	-58,000
Independent Fostering Agency	49.29	44,293	2,183,200	39.29	47,319	1,859,173	-324,027
In-House Foster care	193.95	21,055	4,083,700	205.40	22,730	4,668,823	585,123
Adoption	44.41	7,881	350,000	62.83	8,360	525,299	175,299
Residence	38.92	4,625	180,000	22.33	4,592	102,564	-77,436
Special Guardianship	101.29	5,809	588,400	129.33	6,457	835,079	246,679
TOTAL			8,489,300			9,802,993	1,313,693

5.4.4 The forecast placement overspend has increased by some £692,000 since the September report and can be attributed to additional high cost external residential placements. There has also been an increase in the IFA placement forecast which has been offset by a reduction in the in-house foster care forecast.

5.4.5 The above placement costs exclude those related to Unaccompanied Asylum Seeking Children. In this regard, the outturn forecast currently anticipates direct expenditure being £5,000 in excess of grant funding, together with a further £70,000 related to unfunded "care leavers".

5.4.6 Staffing costs are currently projected to be below the budget provision by around £142,000, reflecting staff turnover and vacancies anticipated for the year. Excluding those areas specifically referred to below, there is a forecast pressure of £42,000 in other operating costs throughout the service area for Looked After Children.

5.4.7 Income associated with contributions towards placements in our children's facilities, particularly Beechside, are not achieving the anticipated budget levels. This, together with increased operating costs, are placing a forecast pressure of £137,000 on the budget this year.

5.4.8 Care Leaver Accommodation and allowances have historically been a source of budget pressure however, following a budget increase for 2016/17, and the separate identification of UASC Care Leavers, expenditure is currently forecast to underspend by £158,000.

5.4.9 In line with the government's adoption agenda to move children into permanent arrangements, there has been additional grant funding available to assist in the payment of fees associated with inter-agency placements. However, despite this additional funding, an overspend of £70,000 is forecast due to the need to purchase adoption places.

5.4.10 **Safeguarding & Monitoring** (£56,000 under spend): staffing turnover and vacancies within the core support team is forecast to produce an underspend of £70,000 however this is partially offset by agency costs.

5.4.11 **Support Activities** (£122,000 over spend): This projected overspend is predominantly related to delays in the delivery of savings proposals.

6 Summary

6.1 The portfolio budget is currently overspending and can broadly be attributed to placement costs as described in section 5 of this report. Other pressure areas and delayed savings delivery have been largely offset by in year savings from staffing turnover and vacancies.

6.2 Significant work has previously been undertaken to establish whether the Looked After Children and Safeguarding services more generally are costly or not, compared to our statistical neighbours. Establishing this provides a guide to the extent to which savings and efficiencies might be achievable. The evidence gathered to date indicates that the cost of Safeguarding is low to average whilst performance is generally good. Scope to make significant savings therefore would appear limited, although possible.

7 Equality impact assessment (EIA)

7.1 An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010. There is no change to policy or service and through the budget review process equality impact assessments would be undertaken on an individual basis as required.

8 Legal comments

8.1 There are no legal implications arising directly from the recommendations in this report.

9 Director of Finance comments

9.1 Financial comments are contained within the body of the report.

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Chris Ward, Director of Finance and IS

The information upon which this report has been based has been drawn from a variety of sources; however much of the information used is held in budget files prepared by the Children and Education Finance Team. Please contact Richard Webb, Finance Manager, if required.

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the Cabinet Member on

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Signed by: Cabinet Member