

Decision maker:	Cabinet
Subject:	Education & Children - Proposals to meet the underlying budget deficit
Date of decision:	3 December 2015
Report by:	Chris Ward, Director of Finance & Information Services (Section 151 Officer) Di Smith, Director of Children's Services
Wards affected:	All
Key decision:	No

1. Purpose of report

1.1 The purpose of this report is to advise Cabinet of the current overall budget position within the Children & Education portfolio and the actions in place to mitigate the underlying deficit in 2015/16 and to remedy the full deficit in 2016/17.

2. Recommendations

2.1 That the following be approved:

- (i) That the proposed savings as set out in Appendix A for the Children and Education Portfolio amounting, in total, to £2.7m in a full year be approved to enable appropriate consultation and notice periods to be given to affected parties.
- (ii) That Managers commence any necessary consultation process or notice process necessary to implement the approved Portfolio savings.

2.2 That the following be noted:

- (i) The savings proposals set out in Appendix A are indicative and the Portfolio Holder can therefore, in response to any consultation, alter, amend or substitute any of the indicative savings proposal(s) set out in Appendix A with alternative proposal(s) amounting to the same value within their Portfolio.
- (ii) The likely impact of savings as set out in Appendix A.

3. Underlying budget deficit

3.1 At its meeting on 10th February 2015, the Council approved the Portfolio cash limits for the financial year 2015/16. The report explained that there had been no requirement for Children's Social Care and Safeguarding to make any new savings to contribute to the corporate target during the year, however, it would need to identify sufficient savings to meet the underlying deficit in order to remain within its budget allocation.

3.2 The table below seeks to illustrate the main areas of historical budget pressures on Children's Social Care & Safeguarding, which has led to the current underlying forecast budget deficit in 2015/16 of £2.7m.

Nature of Budget Pressure	2014/15 £	2015/16 £
<u>Budget Pressures 2013/14 (continuing into 2014/15):</u>		
Looked After Children placement costs	563,000	563,000
Contract costs	40,000	40,000
Staffing pressures - due to loss of funding	273,000	273,000
Staffing pressures - to meet adoption reform requirements	94,000	94,000
Other staffing pressures	223,700	223,700
Additional IRO posts to meet statutory caseload levels	101,300	101,300
Unachieved savings	242,000	242,000
Underlying budget pressures brought forward from 2013/14	1,537,000	1,537,000
<u>Additional pressures experienced in 2014/15:</u>		
Increased costs of Looked After Children placements	1,457,000	502,000
Agency costs	1,331,000	0
Permanent staffing costs	(396,000)	231,000
Other operating costs	(73,000)	457,000
2014/15 outturn and underlying deficit forecast for 2015/16	3,856,000	2,727,000

4. Progress in 2015/16

4.1 A number of actions have commenced in order to mitigate the scale of the deficit in the current year however these are not sufficient to remedy the £2.7m in total.

4.2 Attached at Appendix A is a full set of proposals to address the total £2.7m underlying budget deficit. Whilst it is not possible to implement all of the actions during 2015/16, they are planned to be implemented over the current year and 2016/17. Some progress has been made in the year and at the end of the second quarter, the forecast deficit for 2015/16 has reduced from £2.7m to £2.3m. Further detail of the current year position is reported elsewhere on this agenda.

5. Prospects for 2016/17

- 5.1 Once the underlying budget deficit of £2.7m has been remedied, the Portfolio is then able to make a contribution towards the Council's overall savings requirement of £11m for 2016/17. However, the scale of the challenge of meeting the £2.7m deficit has significantly constrained the Portfolio's ability to make further significant savings in 2016/17 beyond those set out in this report.
- 5.2 Proposals for further savings beyond the £2.7m contained in appendix A are set out in the report entitled "Portsmouth City Council Revenue Budget 2016/17 - Savings Proposals". That report contains all proposals to meet the Council's overall £11m savings requirement for 2016/17.

6. Conclusion

- 6.1 The Children's Social Care & Safeguarding budget remains under pressure and the proposals contained within this report remain challenging. The Service is committed to implementing the deficit recovery plan with the aim of keeping cost within the budget allocation for 2016/17.

7. City Solicitor's comments

- 7.1 The City Solicitor is satisfied that it is within the Council's powers to approve the recommendations as set out.

8. Equality impact assessment (EIA)

- 8.1 This report does not require an Equalities Impact Assessment as there are no proposed changes to PCC's services, policies or procedures included within the recommendations.

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Chris Ward, Director of Finance & Information Service (S151 Officer)

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Di Smith, Director of Children's Services

Background list of documents: Section 100D of the Local Government Act 1972

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 Beverley Pennekett, Finance Manager, if required.

The recommendation(s) set out above were:

Approved/ Approved as amended/ Deferred/ Rejected by the Cabinet on 3rd
December 2015

Signed: