

Title of meeting:	Cabinet Member for Children's Social Care
Date of meeting:	7 July 2016
Subject:	Budget Monitoring Outturn Report for 2015/16
Report by:	Chris Ward, Director of Finance and s.151 Officer
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1.** To inform the Cabinet Member of the revenue expenditure position within the Children's Social Care portfolio cash limit for the financial year 2015-16. This report sets out the budget position and contributing factors to the final portfolio overspend at the end of the financial year.

2. Summary

- 2.1.** During 2015/16 Children's Social Care (CSC) and Education were a combined portfolio and were monitored and managed together. As a whole there was a forecast financial overspend throughout the year, with the final position being an overspend of £989,000.
- 2.2.** Within this total position, the CSC service produced an overspend of £1.398m, whilst Education services contributed an offsetting underspend of £0.409m.
- 2.3.** Following an overspend position £3.85m last year, the CSC portfolio was forecast to overspend throughout the 2015/16 financial year. However, with the work being undertaken by the service during the year, this projection fell from an initial forecast of £2.7m to £1.8m by the end of the 3rd quarter, and a final outturn position of £1.398m.

3 Recommendations

3.1 It is recommended that the Cabinet Member:

- Notes the Children's Social Care portfolio outturn position for 2015/16, of £1.398m in excess of the approved cash limit provision.
- Notes the ongoing budget pressures within the portfolio, and the need for continued action to reduce the expenditure of Children's Social Care service so that it can operate within its authorised cash limit for 2016-17.

Summary Position against Cash Limited Budget at the end of 2015/16

- 4.1 The Portfolio budget at the year-end was £23.122m, a decrease of £0.71m on the budget originally approved, reflecting both the additional reserve allocations for redundancy costs, and the transfer of the public health grant to fund the Children's Centres activity.
- 4.2 Net spending for the year amounted to £24.520 producing an overspend of £1.398m as identified in table 1 below.

Table 1

	Original Estimate	Current Estimate	Actual Expenditure	Variation
<i>Information & Assessment</i>	5,536,490	5,650,710	5,611,661	(39,049)
<i>Looked After Children</i>	12,940,072	13,300,092	15,067,026	1,766,934
<i>Safeguarding & Monitoring</i>	2,020,490	2,052,890	2,098,177	45,287
<i>Youth Support</i>	1,288,630	1,330,260	1,200,089	(130,171)
<i>Support Activities</i>	390,900	390,900	146,151	(244,749)
Children's Social Care And Safeguarding	22,176,582	22,724,852	24,123,104	1,398,252
Troubled Families	396,810	396,810	396,810	-
Children's Centres	1,257,800	-	-	-
TOTAL CSC PORTFOLIO	23,831,192	23,121,662	24,519,914	1,398,252

- 4.3 Under approved financial arrangements, portfolios are now expected to manage their financial resources across financial years, in order to encourage medium term operational and financial planning. As a consequence any prior year variations are normally carried forward, with overspends falling to be set against the following year budget.
- 4.4 At the Council meeting on the 9th February 2016, it was agreed that: *'the "clawback" requirement for overspendings be waived for 2015/16 for both the Education & Children's Portfolio and the Health & Social Care Portfolio given the scale of those overspendings and also that their Portfolio Cash Limits were set in the knowledge of the financial risks contained therein which were fully provided for within the Council's contingency provision.'* Therefore there is no requirement

for the Portfolio to seek to deliver further savings to recover the 2015-16 overspend during the financial year 2016-17.

- 4.5** With Children's Centres now being fully funded by Public Health contributions and Troubled Families utilising grant funding for spending above cash limit provision, the cash limit overspend position is fully accounted for by the Children's Social Care and Safeguarding services.
- 4.6** The overall variance analysed by expenditure category indicates the key element is once again placement spending which accounts for £1.2m of the overspending position. Unlike previous years, the reduced staffing spend has not been offset by unbudgeted spending on agency staff. In 2015/16 the spending on agency was some £0.9m less than the previous year.

	£000
Staffing	(582)
Agency/Other Staffing Costs	384
Placements	1,198
Operational	398
TOTAL	1,398

- 4.7** The remaining variance £0.4m from operational activities arose from the combination of an inability to deliver savings plans from previous years, increased expenditure associated with children leaving care and other items such as corporate parking and legal charges.

5 Social Care & Safeguarding Analysis

- 5.1** Significant work has already been undertaken to establish whether the Looked After Children, and Safeguarding services more generally, are costly or not as compared to our statistical neighbours. Establishing this provides a guide to the extent to which savings / 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.
- 5.2** The analysis of the Children's Social Care and Safeguarding service year-end position is identified in Table 1 above and the major variations identified are explained further below.
- 5.2.1 Information & Assessment** (£39,000 under spend): Staffing turnover and the holding of vacancy levels meant staffing costs for the year were some £441,000 below budget. The need for agency coverage payments offset this by £165,000
- 5.2.2** Changes to the Council's parking charging policy has also resulted in a substantial staff parking costs of £120,000 now being levied on the service; opportunities to reduce this by looking at working practices have

been implemented and are currently being explored for further reduction opportunities.

- 5.2.3 Preventative spend under Section 17 / 'No recourse to Public Funds' spending was also in excess of budget provision by some £43,000, but show a reduction on the previous year of about £43,000.
- 5.2.4 Despite a review and analysis of legal fees leading to a reduction in charges and an agreed increase in budget for next year, the expenditure of £334,000 was still some £86,000 in excess of budget.
- 5.2.5 **Looked After Children (LAC)** (£1,767,000 over spend): The reason for the overspend is predominantly related to higher than budgeted numbers and/or costs of Looked After Children amounting to £1,197,000, which is explained in more detail in Section 6 of this report.
- 5.2.6 Enhanced arrangements for adoption and fostering, together with loss of one-off support funding, have led to staffing costs exceeding budget by some £199,000. Other service costs, particularly those associated with the provision of adoption placements, exceeded budget provision by some £141,000.
- 5.2.7 Previous savings proposals on income generation have proved difficult to implement resulting in an under-achievement of £108,000. OFSTED requirements in respect of our Children's Homes have meant additional premises spend of £7,000 which, together with other spending commitments has led to an overall overspend of £32,000.
- 5.2.8 There has been an historical need for additional transport provision to meet the travel requirements in support of clients and once again expenditure has exceeded budget by some £48,000.
- 5.2.9 **Safeguarding & Monitoring** (£45,000 over spend): Spending in support of Children with Disabilities and their carers is particularly volatile and difficult to predict. During 2015/16 a review of direct payment balances was undertaken resulting in the unanticipated recovery of around £18,000 in unused funding. Also a reduction in the level of complexity in need and reduced numbers of children provided a further saving of £58,000. These savings were partially offset by £23,000 needed to meet increased staffing costs, resulting from low staffing turnover, together with other operational costs. However, even this level of saving was not enough to deliver the expected corporate savings requirement, and cash limit reduction of £97,000.
- 5.2.10 **Youth Support** (£130,000 under spend): The Youth Offending Service have been retaining vacancies in anticipation of service restructuring and savings requirements; producing a £130,000 reduction in the funding requirement from the City Council. Placements in secure accommodation, which is a volatile high cost arrangement, were below the budgeted levels and together with unanticipated grant funding, provided further savings of £273,000 which were difficult to predict during

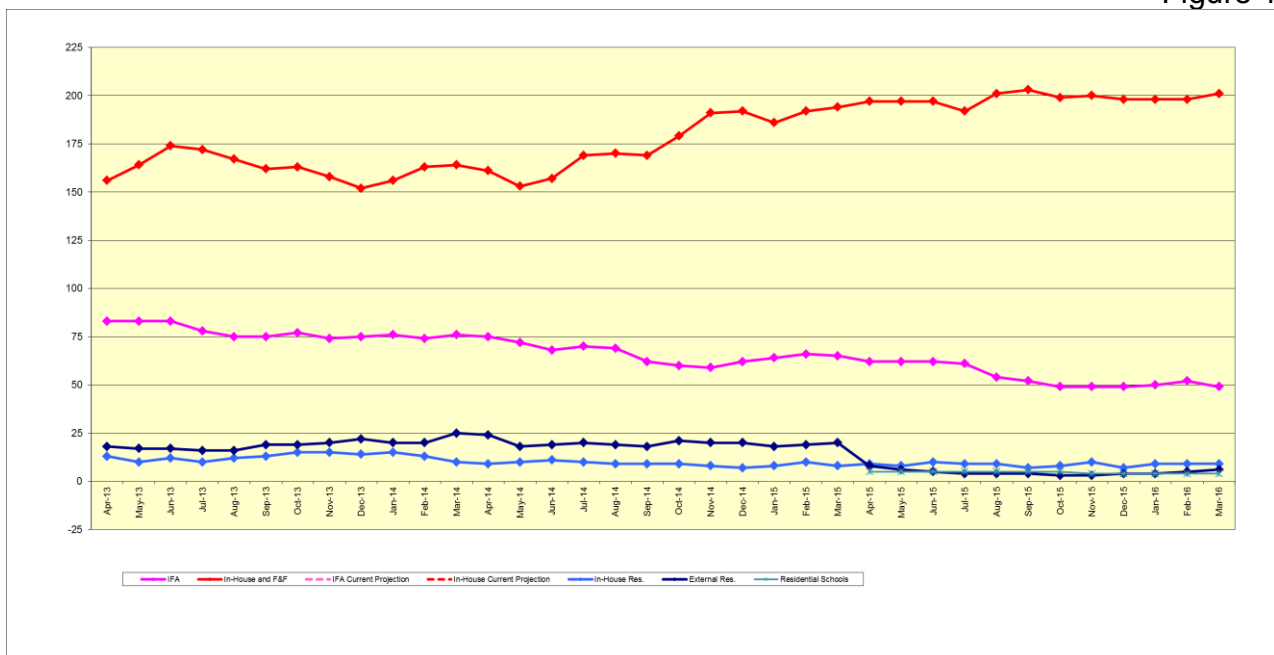
the year. This was negated by the need to meet additional staffing costs and care leaver costs of allowances, accommodation and transport; which, whilst in line with previous years, were unfunded.

5.2.11 Support Activities (£244,000 under spend): Anticipated information technology developments and the related charges have not been required this year resulting in an underspend of £117,000. As a result of procurement requirements, a delay in purchasing training provision resulted in £101,000 budget underspend, with grant income contributing a further £26,000.

6 Looked After Children

6.1 Figure 1 shows the number of Portsmouth LAC to the end of March 2016. At March 2016, the total number of LAC was 324, compared to 320 at this point last year, although within that the number of placements with Independent Fostering Agencies [IFAs] has fallen to 49 from 65 at this stage last year.

Figure 1



6.2 Table 2 shows the position relating to expenditure on Looked After Children, comparing the budget, outturn position and opening projected position based on the year end number of placements.

Table 2

Placement Type	2015/16					
	Budget	Available	Average	Average	Outturn	Variation
	Nos	Budget	Nos	Unit Cost		
	£		£	£	£	
External Residential	5.50	601,600	8.17	86,057	703,085	101,485
Semi - Residential			1.00	80,497	80,497	80,497
Independent Fostering Agency [IFA]	53.00	2,330,900	55.41	47,700	2,643,044	312,144
In - house Foster care	183.74	3,840,790	206.58	21,288	4,397,762	556,972
Adoption	65.00	457,390	62.33	7,368	459,234	1,844
Residence Orders	50.00	285,300	29.58	8,140	240,772	- 44,528
Special Guardianship	95.00	610,570	127.42	6,273	799,326	188,756
TOTAL		8,126,550			9,323,720	1,197,170

6.3 Whilst the continuing review of placements and placement plans has produced a reduction in the number of IFA Placements, external residential numbers continue to exceed budgeted levels. The number of in-house placements continues to rise as a consequence of the reduced usage of external placements, (such as IFA placements) and the growing number of Unaccompanied Asylum Seeking Children (UASC). At the end of the year there were 28 Home Office agreed UASC compared with 9 at the end of the previous year.

7 Equalities Impact Assessment

7.1 No impact assessment has been carried out as the proposals do not have any impact upon a particular equalities group.

8 Legal comments

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

9 Finance comments

9.1 As stated within the report, the CSC portfolio was forecast to overspend throughout the 2015/16 financial year. However, the work being undertaken by the service during the year saw this projection fall from an initial forecast of £2.7m to £1.8m at the 3rd quarter, to a final outturn position of £1.398m

9.2 On the 3rd December 2015, Cabinet approved the savings proposals amounting to £2.7m in a full year (as set out within that report), to be commenced immediately, subject to appropriate consultation and notice periods. However, it should be recognised that the level of achievable savings in 2016-17, will be dependent on the outcome of the consultations, the deliverability of the savings and the timing of their implementation.

- 9.3** The financial outturn for 2015-16 is comprised of both one-off expenditure items and recurring expenditure. As a result of the recurring expenditure items, it is forecast, based on the information currently available, that going into 2016-17, the CSC service is anticipating a financial pressure of £1.2m. The service is continuing to actively reduce its expenditure requirements, but as the CSC service is a demand led service, fluctuations in the numbers of looked after children, could also impact on the levels of expenditure in 2016-17.
- 9.4** The progress being made to deliver the proposed savings, as well as the forecast financial position of the Portfolio will continue to be monitored and reported regularly to the Cabinet Member during the year.

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Chris Ward, Director of Finance and s.151 Officer

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 Richard Webb, Finance Manager, if required.

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

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Signed by: Cabinet Member