

Decision maker:	Cabinet Member for Children's Social Care
Subject:	Children's Social Care Portfolio Budget Monitoring Report for the Second Quarter 2016/17
Date of decision:	6 December 2016
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 September 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 forecast to overspend by £0.7m in 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 September 2016, of £0.7m 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 June 2016

- 5.1 The Children's Social Care Portfolio is currently forecasting a year-end overspend at close to £0.7m, 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	213	213	0
Early Years & Children's Centres	427	434	7
Children Social Care & Safeguarding	23,016	23,664	648
	23,656	24,311	655

- 5.2 Troubled Families has a cash limit allocation of £213,000 and this is supplemented by significant income and grant funding; currently estimated at some £889,000, of which £623,000 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 £433,000, which is supplemented by Public Health funding allocation to provide an overall budget of £1,801,000. At the current time, whilst there are certain pressures on the budget, it is anticipated that these will be managed and the service will spend broadly in line with the budget.
- 5.4 The Children's Social Care and Safeguarding budget is currently forecasting an overspend of around £0.7m. This has grown by some £200,000 over the second quarter of the year and is related to the 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** (£193,000 under spend): Current staffing levels, turnover and vacancies have led to staffing costs for the year being currently projected some £274,000 below budget. The

ability to maintain the vacancies at the levels incorporated within these projected "savings" will be kept under review.

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 £84,000.

5.4.3 **Looked After Children (LAC)** (£631,000 over spend): The reason for the overspend is largely related to higher costs and numbers of child placements resulting in a forecast overspend of £622,000, 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.

September 2016 Placement Type	Budget			Current Forecast			
	Average	Av Unit	Budget	Average	Av Unit	Estimated	Budget
	Nos	Cost	£	Predicted	Cost	Outturn	Pressure
		£	£	Nos	£	£	£
External Residential	9.02	107,871	973,000	8.96	117,909	1,056,336	83,336
Semi Ex-Residential	2.42	23,967	58,000	0.00	23,967	0	-58,000
Independent Fostering	49.29	44,293	2,183,200	39.35	43,309	1,704,209	-478,991
In-House Foster care	193.95	21,055	4,083,700	210.17	23,011	4,836,145	752,445
Adoption	44.41	7,881	350,000	62.17	8,081	502,390	152,390
Residence	38.92	4,625	180,000	23.58	4,464	105,279	-74,721
Special Guardianship	101.29	5,809	588,400	130.17	6,408	834,155	245,755
TOTAL			8,416,300			9,038,514	622,214

5.4.4 These costs exclude Unaccompanied Asylum Seeking Children. Under the new funding arrangements, the grant income received broadly covers the direct costs involved in placement.

5.4.5 Staffing costs are currently projected to be below the budget provision by around £131,000, reflecting staff turnover and vacancies anticipated for the year. Excluding those areas specifically referred to elsewhere, there is a forecast pressure of £37,000 in other operating costs throughout the service area for Looked After Children.

5.4.6 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. Coupled with the associated activity, an underspend of some £30,000 is currently anticipated.

5.4.7 Income associated with contributions towards placements in our own children's facilities, particularly Beechside, are not achieving the anticipated budget levels. This, together with increased operating costs, are placing a forecast pressure of £133,000 on the budget this year.

5.4.8 **Safeguarding & Monitoring** (£39,000 over spend): staffing stability means that anticipated turnover savings are not being realised in this area of the service.

5.4.9 **Support Activities** (£171,000 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 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 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

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