

<b>Decision maker:</b>	<b>Cabinet Member for Children's and Families</b>
<b>Subject:</b>	<b>Children and Families Portfolio Budget Monitoring Report for the First Quarter 2017/18</b>
<b>Date of decision:</b>	<b>12 September 2017</b>
<b>Report from:</b>	<b>Chris Ward, Director of Finance and Section 151 Officer</b>
<b>Report by:</b>	<b>Richard Webb, Finance Manager</b>
<b>Wards affected:</b>	<b>All</b>
<b>Key decision:</b>	No
<b>Budget &amp; policy framework decision:</b>	No

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## **1. Purpose of report**

- 1.1. To inform the Cabinet Member of the projected revenue expenditure within the portfolio cash limit and capital programme for the current financial year 2017-18. This report sets out the budget position and contributing factors to the projected year-end overspend within the portfolio as at the end of June 2017.

## **2. Summary**

- 2.1. Following overspend positions in the previous three years, and an initial projected financial pressure of around £1.6m on the budget for this year, the portfolio revenue cash limit is currently forecast to overspend by £2.8m in 2017-18.
- 2.2. In February, the Council agreed capital programme funding for three new capital projects and approval from the Cabinet Member to commence two of these schemes is now required.

## **3 Recommendations**

- 3.1 It is recommended that the Cabinet Member:
  - 3.1.1 Notes the Children and Families Portfolio forecast budget position, at the end of June 2016, of £2.8m 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.
- 3.1.3 Approves that power be delegated to the Deputy Director of Children's and Families - Safeguarding, in consultation with the S.151 officer, to enter into the necessary contracts for the capital works proposed at both the Tangiers and Beechside children's homes as set out in section 6 of this report.

## 4 Background

- 4.1 Expenditure on Children's Social Care and Safeguarding was subject to much scrutiny during 2014-15, 2015-16 and 2016-17 exceeding the budget provision for each year as it did. Under the approved financial arrangements, an overspend is carried forward by the portfolio in 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 portfolio.

## 5 Summary Position against Cash Limited Budget at the end of June 2017

- 5.1 The current projected overspend for the Children and Families Portfolio is forecast at £2.8m, all attributable to the Children's Social Care and Safeguarding service as identified below.

Service Area	Current Budget	Current Forecast	Variation
	£000	£000	£000
Children Social Care & Safeguarding	23,421	26,355	2,934
Early Help and Intervention	382	278	-104
Troubled Families	0	0	0
	23,803	26,633	2,830

- 5.2 Troubled Families is purely grant funded, estimated at some £767,000, of which £471,000 is dependent on achieving a cumulative attachment of 1,444 families to the programme. Current spending is in line with estimates.
- 5.3 Early Help and Intervention have a cash limit budget of £382,000, which is supplemented by a Public Health funding allocation, to provide an overall budget of £2,247,000. Due to the restructure of the service, vacant posts, which are currently being recruited to, have resulted in a forecast underspend of £104,000.
- 5.4 The Children's Social Care and Safeguarding service is currently forecasting an overspend of £2.9m. Whilst this encompasses variations to differing degrees across the service, as outlined below, the most significant area of overspend relates to the cost of Looked After Children placements. In particular external

residential placements account for £2.4m of the forecast overspend and is a result of 12 placements exceeding the budgeted number of placements.

5.4.1 **Assessment and Intervention Service** (£299,000 under spend): Current staffing levels, turnover and vacancies have led to staffing costs for the year being currently projected some £241,000 below budget. The ability to maintain the vacancies at these levels and deliver these projected "savings" will need to be kept under review.

5.4.2 Supervised remand provision is forecasting an underspend of £56,000, following review by the Head of Service, as a result of the placement service not currently being fully utilised.

5.4.3 **Looked After Children (LAC)** (£3,168,000 over spend): The projected overspend on placements has increased by £1,597,000 since the beginning of the year, and is now anticipated to be £2,881,000 as shown in the table below. Some £1,089,000 of this increase results from 6 new residential placements. A further £450,000 pressure is a result of redirecting some placement budget towards funding additional social workers as per the June Cabinet report, the assumption being that with these additional posts, in the longer term, placement costs will reduce.

5.4.4 Projections are based on current placement numbers being maintained until the year end, unless there are identified placement end dates known. These costs exclude Unaccompanied Asylum Seeking Children.

June 2017 Placement Type	Budget			Current Projection			
	Average	Av Unit Cost	Budget	Average Predicted No.s	Av Unit Cost	Estimated Outturn	Budget Pressure
	Nos	£	£	Nos	£	£	£
External Residential	9.02	137,151	1,237,100	21.68	168,129	3,645,037	2,407,937
Independent Fostering Agency (IFA)	37.86	39,379	1,491,000	31.43	44,307	1,392,569	-98,431
In-House Fostercare	189.10	23,253	4,397,250	213.92	22,178	4,744,367	347,117
Adoption	41.81	8,371	350,000	64.50	7,604	490,480	140,480
Residence	37.24	4,834	180,000	19.83	4,551	90,254	-89,746
Special Guardianship	93.56	6,289	588,400	132.58	5,744	761,601	173,201
<b>TOTAL</b>			<b>8,243,750</b>			<b>11,124,308</b>	<b>2,880,558</b>

*The figures in the above table are subject to rounding and may not calculate exactly*

5.4.5 Additionally, there is currently one active secure placement due to end in August. However earlier in the year a further three secure placements have generated a £258,000 overspend.

5.4.6 A pressure of £107,000 in the operation of our own children's homes is also forecast, related to additional staffing costs, including the new unit manager post, combined with a shortfall in income recovery.

5.4.7 **Safeguarding & Monitoring** (£29,000 over spend): staffing stability means that anticipated turnover savings are not being realised in this area of the service.

5.4.8 **Support Activities** (£36,000 over spend): This projected overspend is related to an overspend in the core support team and a reduction in the delivery of savings proposals.

## 6 Capital

6.1 Shown below is the current approved capital programme, and payments made to date. Funding for all schemes was approved by Council on 9<sup>th</sup> February 2017.

<b>Scheme</b>	<b>Current Approved Budget</b>	<b>Actual Spend to June 2017</b>	<b>Forecast Spend</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Adaptations to Foster Carer Properties	195,000	85,724	195,000
Children's Case Management Software Replacement	1,907,000	0	1,907,000
Tangier Road Children's Home	495,000	7,425	495,000
Beechside Children's Home	55,000	0	55,000
<b>Total</b>	<b>2,652,000</b>	<b>93,149</b>	<b>2,652,000</b>

6.2 Adaptations to Foster Carer properties relates to capital grants that assist in delivering foster placements. Each proposal is subject to a separate financial appraisal and officer approval arrangement. There has been no expenditure so far during the current financial year.

### New Capital Schemes

6.3 The supplier of the current Children's Case Management has indicated their intention to cease supporting the system from 2020 and therefore funding was allocated with the Capital Programme in February 2017 to enable a replacement system to be procured and implemented. Following initial market testing and specification analysis, work is currently underway to further analyse and evaluate the potential costs prior to seeking the necessary approvals to proceed.

6.4 The scheme at Tangiers Road children's home provides for the delivery of two 2-bedded placement facilities next to the home. This will necessitate the re-siting of office space and renovation of the home itself. These placement facilities are an integral part of the successful "Staying Close" Social Care Innovation bid which aims to support the transition to independent living. Following feasibility and design work, which has indicated that the scheme costs are still expected to be in line with the approved funding, the scheme is now reaching the tender stage.

6.5 The Beechside Children's Home has been identified as requiring some specific renovation works to comply with regulations and standards. Surveyor's estimates indicated a funding requirement of £55,000 which was agreed as part of the capital funding approvals. Specifications for these works are being finalised for quotation/tender arrangements and it is anticipated that these will be within the funding available.

- 6.6 The Cabinet Member for Children and Families is recommended to approve the commencement of the capital works at both Tangiers and Beechside children's homes.

## **7 Summary**

- 7.1 The portfolio revenue 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 broadly offset by in year savings from staffing turnover and vacancies.
- 7.2 Significant work has already been undertaken in the past 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 / efficiencies might be achievable. The evidence gathered to date indicates that the cost of Safeguarding is low whilst performance is generally good. Scope to make significant savings therefore would appear limited although possible.
- 7.3 New capital schemes had funding allocated by Council in February 2017 and are now ready to progress. In all cases they are anticipated to be deliverable within the approved funding levels.

## **8 Equality impact assessment (EIA)**

- 8.1 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.

## **9 Legal comments**

- 9.1 There are no legal implications arising directly from the recommendations set out in paragraphs 3.1.1 and 3.1.2 of this report.
- 9.2 As regards the recommendation at paragraph 3.1.3, procurement procedures which are compliant with the Council's Contract Procedure Rules will need to be progressed in relation to the capital projects referred to.

## **10 Director of Finance comments**

- 10.1 Financial comments are contained within the body of the report.

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**Chris Ward, Director of Finance and Section 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