

Decision maker:	Cabinet Member for Children's and Families
Subject:	Children and Families Portfolio Budget Monitoring Report for the Second Quarter 2017/18
Date of decision:	5 December 2017
Report from:	Chris Ward, Director of Finance and Section 151 Officer
Report by:	Bev Pennekett , 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 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 September 2017.

2. Summary

- 2.1. Following overspend positions in the previous three years, an initial financial pressure of around £1.6m, and a projected overspend of £2.9m at the end of the first quarter, the portfolio revenue cash limit is currently anticipated to overspend by £2.4m in 2017-18.
- 2.2. The capital programme is currently forecasting to spend in line with the approved capital budget, although there are signs that delays may occur in some spending.

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 September 2017, of £2.4m 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 **Notes the capital programme spending is currently in line with the approved capital budget.**

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 portfolios are now expected to manage their financial resources across financial years in order to encourage medium term operational and financial planning. However safeguarding 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 September 2017

5.1 The current projected overspend for the Children and Families Portfolio is forecast at £2.4m, 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	23,794	26,224	2,430
Early Help and Intervention	94	31	-63
Troubled Families	0	0	0
	23,888	26,255	2,367

5.2 Troubled Families is fully grant funded, estimated at some £741,000, of which £471,000 is dependent on achieving a cumulative attachment of 1,444 families to the programme by the end of 2017/18. To date 1200 attachments have been made and the Stronger Futures Board is confident that the target is achievable. Current spending is in line with estimates.

5.3 Early Help and Prevention have a cash limit budget of £94,000, which is supplemented by a Public Health funding allocation, to provide an overall budget of £1,959,000. Due to the restructure of the service, delays in recruitment to vacant posts have resulted in a forecast underspend of £63,000 for the year.

5.4 The Children's Social Care and Safeguarding service is currently forecasting an overspend of £2.4m. Whilst this encompasses a number of 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 £2.0m of the forecast overspend as a result of 10 placements in excess of the budgeted number.

- 5.4.1 **Assessment and Intervention Service** (£352,000 under spend): Staffing levels, turnover and vacancies have led to staffing costs for the year being currently projected some £278,000 below budget. This is likely to change, as all efforts are being made to fill vacant posts as they arise.
- 5.4.2 Supervised remand provision is contributing 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)** (£2,762,000 over spend): The projected overspend on placements has increased by £952,000 since the beginning of the year, although it is some £357,000 less than projected at the end of June, and is now anticipated to be £2,523,000 as shown in the table below. Some £450,000 of placement budget has been redirected towards staff employment following proposals approved by the Cabinet in June, with a view to longer term reductions in placements costs; this has added to the immediate budget pressures in this area arising from increased placement numbers and costs.
- 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.

September 2017	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	19.88	163,628	3,252,917	2,015,817
Independent Fostering Agency (IFA)	37.86	39,379	1,491,000	28.11	49,347	1,387,136	-103,864
In-House Foster care	189.10	23,253	4,397,250	218.17	21,772	4,749,928	352,678
Adoption	41.81	8,371	350,000	64.92	7,904	513,084	163,084
Residence	37.24	4,834	180,000	18.75	4,630	86,808	-93,192
Special Guardianship	93.56	6,289	588,400	135.25	5,745	777,032	188,632
TOTAL			8,243,750			10,766,906	2,523,156

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

- 5.4.5 Three secure placements to date have generated a £255,000 overspend.
- 5.4.6 A pressure of £42,000 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** (£16,000 under spend): due to vacant posts within the young carers team who have transferred from public health.
- 5.4.8 **Support Activities** (£36,000 over spend): Recruitment and retention (golden hello) payments are forecast to be £40,000 above budget

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 9th February 2017.
- 6.2 Whilst there has been no spend to date shown on the software replacement significant work has been undertaken on determining the specification requirements and preparing for the competitive procurement process.

Scheme	Current Approved Budget	Actual Spend to September 2017	Forecast Spend
	£	£	£
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	19,091	495,000
Beechside Children's Home	55,000	638	55,000
Total	2,652,000	105,453	2,652,000

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, compared to our statistical neighbours, is low whilst performance is also comparatively low. Scope to make significant savings therefore, although possible, would appear limited.

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 in this report.

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 Member for Children and Families on 5 December 2017.

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Signed by: Cabinet Member