

Decision maker:	Cabinet Member for Children's and Families
Subject:	Children and Families Portfolio Budget Monitoring Report for the Third Quarter 2017/18
Date of decision:	1 March 2018
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 December 2017.

2. Summary

- 2.1. Following overspend positions in the previous three years, an initial financial pressure of around £1.6m, and projected overspends of £2.9m and £2.4m at the end of the first and second quarters, the portfolio revenue cash limit is currently anticipated to overspend by £3.0m 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 December 2017, of £3.0m in excess of current approved cash limit provision and the explanation provided for this significant increase in projected overspend since the beginning of the year.**

3.1.2 **Notes the steps which have been taken to strengthen the scrutiny of care placement decisions with a view to controlling costs where possible and the further development this year of approaches to managing demand, with the aim of reducing the projected overspend position and delivering 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 the last three years, 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 December 2017

5.1 The current projected overspend for the Children and Families Portfolio is forecast at £3.0m, 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	23,998	27,045	3,047
Early Help and Intervention	90	7	-83
Troubled Families	0	0	0
	24,088	27,052	2,964

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 1,292 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 £90,000, which is supplemented by a Public Health funding allocation, to provide an overall budget of £1,961,000. Due to the restructure of the service, delays in recruitment to vacant posts have resulted in a forecast underspend of £83,000 for the year.

5.4 The Children's Social Care and Safeguarding service is currently forecasting an overspend of £3.0m. 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 £2.2m of the forecast overspend as a result of 11 placements in excess of the budgeted number.

- 5.4.1 **Assessment and Intervention Service** (£297,000 under spend): Staffing levels, turnover and vacancies have led to staffing costs for the year being currently projected some £299,000 below budget, after providing for some usage of agency staff.
- 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 Support payments for people with no recourse to public funds or under Section 17 of the 1989 Children Act, together with some areas of operational spending, are currently forecast to exceed the available budget provision by some £58,000.
- 5.4.4 **Looked After Children (LAC)** (£3,384,000 over spend): At the beginning of the year there was an anticipated £1.571m pressure on the placements budget, and this has subsequently increased by £1,469,000. This is some £517,000 more than projected at the end of September, and placement costs are now anticipated to be £3,040,000 above budget as shown in the table below.
- 5.4.5 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.

December 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	19.85	175,355	3,480,788	2,243,688
Independent Fostering Agency (IFA)	37.86	39,379	1,491,000	30.76	52,767	1,623,121	132,121
In-House Fostercare	189.10	23,253	4,397,250	220.58	21,631	4,771,369	374,119
Adoption	41.81	8,371	350,000	64.58	8,238	532,056	182,056
Residence	37.24	4,834	180,000	17.50	4,625	80,935	-99,065
Special Guardianship	93.56	6,289	588,400	139.58	5,697	795,246	206,846
TOTAL			8,243,750			11,283,514	3,039,764

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

- 5.4.6 At the beginning of the year the average IFA placement cost was £44,878. This was in excess of the budgeted unit cost and contributed towards the initial pressure identified. As a result of increased needs and support requirements of this client group this unit cost has subsequently increased further to £46,968.
- 5.4.7 Additionally there have been 9 short term, but high cost, parent and baby placements which has added a further unexpected cost and further

increased the IFA unit cost to the £52,767 shown in the table.

- 5.4.8 Four secure placements (including one current placement) to date this year have generated a £380,000 overspend, whilst other placement support costs are adding a further £36,000 overspend. Overall the table above shows that just under 11.00 FTE external residential placements over and above the number provided for in the budget account for £2.243m of the total projected overspend. Over this year, all placement decisions have been individually approved by the Deputy Director, Children and Families. All have been unavoidable, as the only way the council has been able to provide a safe placement for the young people concerned. The young people have complex needs and have generally experienced significant placement instability. Foster carers and in some cases our own in house residential care, have been unable to meet those needs effectively. To prevent the need for these placements the Council needs to try to improve local placement stability. The plan for this involves stepping up expert specialist mental health advice for social workers and foster carers to help them meet the needs of the young people at risk. Investment in support for staff and carers has been secured from the Public Health Transformation Fund to help with this. Additional demand management measures this year have included the creation of two new services: the Prevention and Early Help service working to reduce demand into statutory services, and more recently the Edge of Care service working to prevent admission of children and young people, particularly teenagers, into care.
- 5.4.9 Expenditure on looked after children this year is also significantly affected by the increase in the number of unaccompanied asylum seeking children under the age of 18 (UAMs) who have arrived in Portsmouth. The unfunded costs of this pressure, spread across budgets, are currently estimated to be around £1m in total. The council has lobbied the Government to strengthen the National Transfer Scheme through which responsibility for UAMs is shared across local authorities. Currently the scheme is voluntary and is not working effectively to achieve its aim of a fairer distribution of costs between authorities.
- 5.4.10 Reduced income expectations arising from the "sale" of adoption places are generating an anticipated overspend of £133,000
- 5.4.11 Staffing underspends as a result of turnover and vacancies provide an underspend of £205,000.
- 5.4.12 **Safeguarding & Monitoring** (£61,000 under spend): due to vacant posts within the young carers team who have transferred from public health and an underspend within the Portsmouth Children's Safeguarding Board.
- 5.4.13 **Support Activities** (£20,000 over spend): Recruitment and retention (golden hello) payments and delay in delivery of savings from the development of a Regional Adoption Agency are forecast to add pressures of £79,000 which is largely offset by reduced expenditure within the training and ICT budgets.

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 the competitive procurement process with a contract placement expected by the end of January.

Scheme	Current Approved Budget	Actual Spend to December 2017	Forecast Spend
	£	£	£
Adaptations to Foster Carer Properties	195,000	85,724	195,000
Children's Case Management Software Replacement	1,907,000		1,907,000
Tangier Road Children's Home	495,000	40,546	495,000
Beechside Children's Home	55,000	3,379	55,000
Total	2,652,000	129,649	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, primarily 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 1 March 2018

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Signed by: Cabinet Member