

Title of Meeting:	Cabinet Member for Children's and Families
Date of meeting:	18th December 2018
Subject:	Children and Families Portfolio Budget Monitoring Report for the Second Quarter 2018/19
Report by:	Chris Ward, Director of Finance and Section 151 Officer
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 2018-19. 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 2018.

2. Summary

- 2.1. Following overspend positions in the previous four years, and an initial projected financial pressure of around £4.2m on the budget for this year, the portfolio revenue cash limit is currently forecast to overspend by £5.6m in 2018-19.
- 2.2. The approved capital programme incorporates four capital schemes for the portfolio; despite some operational delays these are forecast to be within budget.

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 2018, of £5.6m 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 move towards the delivery of a balanced budget within the area of Children's Social Care.

3.1.3 Notes the position in respect of the approved capital schemes for the portfolio.

4 Background

4.1 Expenditure on Children's Social Care and Safeguarding has been subject to much scrutiny during the last few years, having exceeded the budget provision for each of the last four years. Under the approved financial arrangements, an overspend is carried forward by the portfolio in the following financial year, since portfolios are expected to manage their financial resources across financial years in order to encourage medium term operational and financial planning. However, recognising the pressures already being placed on the portfolio at the beginning of each year, the portfolio overspends from prior years have been subsumed corporately, thereby providing a clean starting point for the portfolio in the ensuing year.

5 Summary Position against Cash Limited Budget at the end of September 2018

5.1 The current projected overspend for the Children and Families Portfolio is some £5.6m, 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	24,767	30,434	5,667
Early Help and Intervention	57	(3)	-60
Troubled Families	0	0	0
	24,823	30,431	5,607

5.2 Troubled Families is fully grant funded. The grant is estimated at some £426,000 for 2018-19, of which £228,000 is dependent on achieving a cumulative attachment of 1,672 families to the programme. Together with grant brought forward, there is funding available for an anticipated spend level of £671,000 with current spending being in line with these estimates.

5.3 Early Help and Intervention have a cash limit budget of £56,600, which is supplemented by a Public Health funding allocation and other income, providing an overall budget of £1,424,000. Turnover of staffing and vacant posts, which are currently being recruited to, suggest a forecast underspend of £60,000 for the year.

5.4 The Children's Social Care and Safeguarding service is currently forecasting an overspend of £5.7m. This is an increase over the projected position reported at the end of the first quarter and encompasses variations across the service.

5.5 The most significant area of overspend relates to the cost of Looked After Children placements; in particular, external residential placements account for £2.6m of the forecast overspend. This is a reduction in this area of £1.1m compared to the quarter 1 forecast and follows a drive to move children on from expensive external residential placements where it is appropriate to do so; however, the number of children in external residential homes still exceeds the budgeted provision by 12 placements.

5.6 The reduction in residential placements has inevitably had a knock-on effect and has increased the forecast placement costs in other areas, specifically in-house foster placements. Overall, though, the placement forecast has reduced by £0.8m from the quarter 1 position.

5.6.1 **Assessment and Intervention Service** (£148,000 overspend): This level of overspend is predominantly the result of the growing need to deliver support to those who have no recourse to public funds. As well as the direct costs involved, additional travel costs for social workers have been incurred as they regularly have to make visits to looked after children all across the country.

5.6.2 **Looked After Children (LAC)** (£4,996,000 overspend): The overspend on placements is currently projected at £4,170,000 as shown in the table below. This has increased by £419,000 since the beginning of the year, as a result of increased numbers and prices. The number of children in care continues to rise; for example; at the end of 2016/17, we reported an average full time equivalent (FTE) number of children looked after during the year of 474.5; the table below shows a predicted average for the year of 510.9. The table also includes an "overall average placement cost" [the shaded figures] for the current and prior years. These must obviously be treated with some caution given the potential for disparity and lack of comparability in the underlying data.

September 2018 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	20.72	186,561	3,865,536	2,628,436
Semi Residential	0	0	0	2.95	35,367	104,334	104,334
Independent Fostering Agency (IFA)	36.62	39,379	1,442,000	37.48	51,227	1,919,992	477,992
In-House Foster care	206.67	23,253	4,805,700	226.17	24,058	5,441,126	635,426
Adoption	41.81	8,371	350,000	60.75	8,981	545,571	195,571
Residence Orders	37.24	4,834	180,000	14.08	5,047	71,082	-108,918
Special Guardianship	93.56	6,289	588,400	148.75	5,548	825,199	236,799
2018/19 [Sept Projection]	424.92	£20,247	8,603,200	510.90	£25,001	12,772,839	4,169,639
2018/19 [Jun Projection]	424.92	20,247	8,603,200	510.61	26,534	13,548,392	4,945,192
2017/18	408.6	20,386	8,329,750	501.33	23,722	11,892,530	3,562,780
2016/17	439.3	19,098	8,389,900	474.56	21,115	10,020,182	1,630,282

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

- 5.6.3 Work has taken place to reduce reliance on high cost external residential providers which is reflected in the decrease of £0.8m in the placement forecast since June 2018. The Children & Families service has advised that it has implemented a robust system for authorising new placements, as well as a monthly review to ensure that high cost placements are only utilised for as long as necessary and that move-on arrangements are facilitated in a timely manner.
- 5.6.4 Projections are based on current placement numbers being maintained until the year end, unless identified end dates are known for specific placements. These costs exclude unaccompanied minors.
- 5.6.5 Unaccompanied minors (UAM) are currently forecasting an overspend on direct costs of £426,000 as numbers continue to grow (at the end of September, there were 95 UAMs in care, compared to 28 at the end of March 2016). In addition to these directly attributable costs, the level of support needed has caused pressures in other budget areas, so that overall, the unfunded cost is likely to be in the region of £1.3m. The cost of UAM care leavers were previously funded by the care leaver budget. However due to the increase in numbers this budget is no longer sufficient to cover these costs.
- 5.6.6 Three secure placements made during this year, one of which is still currently active, have generated a further budget pressure of £213,000.
- 5.6.7 There is also a probable shortfall of income, in the region of £104,000, within the adoption and fostering service primarily as a consequence of not having adopters available for possible usage by other agencies.
- 5.6.8 A recent recruitment exercise for social workers to fill vacant posts, together with the use of agency social workers to cover maternity leave, has resulted in a combined anticipated overspending against staffing budgets, in the region of £139,000.
- 5.6.9 **Safeguarding & Monitoring** (£176,000 overspend): the increased need and cost of direct support packages to Children with Disabilities that was evident last year has continued and resulted in an anticipated overspend position for the current year.
- 5.6.10 **Support Activities** (£246,000 overspend): This projected overspend is related to staffing requirements within the core support team. This is partly due to backfill arrangements to provide cover for staff absences. In addition, one-off specific staffing pressures have resulted in increased costs. Also, it has not yet been possible to realise planned savings following delays to the introduction of a Regional Adoption Agency.
- 5.6.11 **Edge of Care Services** (£100,000 overspend): Staffing pressures within the MASH and YOT teams are generating the overspend. The budget for the MASH team includes a target for other agencies to contribute to the staffing costs however this has never been realised.

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 13th February 2018.

Scheme	Current Approved Budget	Actual Spend to Sept 2018	Forecast Spend
Adaptations to Foster Carer Properties	195,000	85,724	195,000
Children's Case Management Software Replacement (Mosaic)	1,907,000	373,409	1,907,000
Tangiers Road Children's Home	495,000	317,407	495,000
Beechside Children's Home	55,000	16,291	55,000
	2,652,000	792,831	2,652,000

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 approval arrangement. There has been no expenditure so far during the current financial year.

6.3 The supplier of the current Children's Case Management system has indicated their intention to cease supporting the system from 2020. A contract has been signed with a new supplier for a replacement system which is expected to be in place early in 2019.

6.4 The scheme at Tangier 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. Contractors are on site and have commenced the works with the total costs anticipated to be within budget provision. The scheme has, however, been delayed as the result of an environmental impact assessment.

6.5 The Beechside Children's Home had been identified as requiring some specific renovation works to comply with regulations and standards. These works have now been completed within the budget availability, with some final retention payments outstanding at the end of September.

7 Summary

7.1 The portfolio revenue budget is currently overspending, which in the main can be attributed to placement costs as described in section 5 of this report. There are additional pressures on the staffing budget which are currently being reviewed to identify any mitigating action.

- 7.2 Whilst spending in Children's Social Care is outside of the allocated budget in Portsmouth, we are not considered a high spending service when benchmarked against comparators; rather, recent activity with the LGA (Newton Consultants) highlighted Portsmouth as low spending in Children's Social Care in comparison with other authorities. Recently, two Systems Thinking reviews have been conducted (Multi Agency Safeguarding Hub and Access to Resources), neither of which identified any significant efficiencies. The Service is currently working with Other Local Authorities across the region to identify joint strategies for cost reductions, particularly in relation to placements.
- 7.3 The service has a robust sufficiency plan to manage placement demands, reviewed monthly by the Director of Children's Services, to achieve performance targets and reduce spending. Peopletoo, a consultancy company, has recently been commissioned to work with the council to undertake a diagnostic to test the financial sustainability plan.

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 to 3.1.3 of 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 Beverley Pennekett, 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