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| Title of Meeting: | Cabinet Member for Children and Families |
| Date of meeting: | 5th March 2019 |
| Subject: | Children and Families Portfolio Budget Monitoring Report for the Third 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 December 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 £7.0m in 2018-19.
- 2.2. This forecast overspend has, however, been fully provided for within the Revenue Budget proposals for 2018/19, which were approved by the Council on 12th February 2019.
- 2.3. The approved capital programme incorporates four capital schemes for the portfolio; despite some operational delays these are currently 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 December 2018, of £7.0m 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 December 2018

5.1 The current projected overspend for the Children and Families Portfolio is some £7.0m, 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 | 24,753 | 31,792 | 7,039 |
| Early Help and Intervention | 68 | 1 | -67 |
| Troubled Families | 0 | 0 | 0 |
| | 24,821 | 31,793 | 6,972 |

5.2 Troubled Families is fully grant funded. Following a review by managers, the grant is currently estimated at some £629,400 for 2018-19, of which £431,000 is dependent on achieving a cumulative attachment of 1,875 families to the programme. Together with grant brought forward, there is funding available for an anticipated spend level of £688,000 with current spending being in line with these estimates.

5.3 Early Help and Intervention have a cash limit budget of £68,200, which is supplemented by a Public Health funding allocation and other income, providing an, overall budget of £1,568,200. Turnover of staffing and vacant posts, which ,are currently being recruited to, suggest a forecast underspend of £67,600 for the year.

- 5.4 The Children's Social Care and Safeguarding service is currently forecasting an overspend of £7.04m. This is an increase over the projected position reported at the end of the second quarter of £1.37m 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 £3.0m of this forecast overspend. This is an increase in this area of £0.4m compared to the quarter 2 forecast and is due to a mix of increased average costs and new placements. The number of children in external residential homes exceeds the budgeted provision by 13 placements. There has also been a sustained increase in the use of in-house foster care placements which accounts for £1m of the forecast overspend. Whilst this is £0.4m above the quarter 2 forecast, the increased usage of our in-house providers is the most cost effective solution for placements.
- 5.6 Overall, the placement forecast has increased by £0.9m from the quarter 2 position.
- 5.7 With regard to each service area the main variances are detailed below.

5.7.1 **Assessment and Intervention Service** (£79,000 overspend): The position has improved since quarter 2, however, the remaining overspend is predominantly the result of the growing need to deliver support to those who have no recourse to public funds.

5.7.2 **Looked After Children (LAC)** (£6,442,000 overspend): The overspend on placements is currently projected at £5,039,000 as shown in the table below. This has increased by £1,289,000 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 (excluding Unaccompanied Asylum Seeking Minors (UAMs)); the table below shows a predicted average for the year of 526.3. 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.

| December 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 | 21.55 | 198,446 | 4,276,514 | 3,039,414 |
| Semi Residential | 0 | 0 | 0 | 3.22 | 34,998 | 112,694 | 112,694 |
| Independent Fostering Agency (IFA) | 36.62 | 39,379 | 1,442,000 | 40.27 | 49,682 | 2,000,678 | 558,678 |
| In-House Foster care | 207.10 | 23,253 | 4,815,600 | 241.08 | 24,263 | 5,849,444 | 1,033,844 |
| Adoption | 41.81 | 8,371 | 350,000 | 58.17 | 8,768 | 510,003 | 160,003 |
| Residence Orders | 37.24 | 4,834 | 180,000 | 13.33 | 5,026 | 67,014 | -112,986 |
| Special Guardianship | 93.56 | 6,289 | 588,400 | 148.67 | 5,624 | 836,061 | 247,661 |
| 2018/19 [Dec Projection] | 425.35 | £20,250 | 8,613,100 | 526.29 | £25,941 | 13,652,408 | 5,039,308 |
| 2018/19 [Sep Projection] | 424.92 | 20,247 | 8,603,200 | 510.90 | 25,001 | 12,772,839 | 4,169,639 |
| 2017/18 | 408.60 | 20,386 | 8,329,750 | 501.33 | 23,722 | 11,892,530 | 3,562,780 |
| 2016/17 | 439.30 | 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

- 5.7.3 Work has taken place to reduce reliance on high cost external residential providers although since September the average unit cost has increased. A sustained increase in the usage of in-house foster care placements has been reflected in the average predicted numbers, causing an increase in the estimated outturn. The Children & Families service has advised a robust system for authorising new placements has been implemented, 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 where appropriate.
- 5.7.4 Projections are based on current placement numbers being maintained until the year end, unless identified end dates are known for specific placements.
- 5.7.5 Unaccompanied minors (UAM) are currently forecasting an overspend on direct costs of £805,000 as numbers continue to grow (at the end of December, there were 92 UAMs in care, compared to 69 at the end of December 2017). The forecast has increased by £379,000 since quarter 2 following a revision to the projected grant income to be more reflective of the full time equivalent numbers and mix of age associated with UAMs this year. An increase in both the number of and support costs for UAM care leavers has also contributed to the additional pressure. The above figure includes the cost of UAM care leavers. These were previously covered by the care leaver budget, however due to the increase in numbers this budget is no longer sufficient to cover these costs. In addition to these directly attributable costs, it is estimated that indirect costs, currently being absorbed within the overall Children and Families service, could be in the region of £1m.
- 5.7.6 Four secure placements made during this year, two of which are still currently active, have generated a further budget pressure of £384,000.
- 5.7.7 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.
- 5.7.8 The use of agency social workers to cover maternity leave, alongside staffing pressures in the residential homes has resulted in a combined anticipated overspending against staffing budgets, in the region of £163,000.
- 5.7.9 **Safeguarding & Monitoring** (£239,000 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.
- 5.7.10 **Support Activities** (£224,000 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.

- 5.7.11 **Edge of Care Services** (£55,000 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 12th February 2019.

| Scheme | Current Approved Budget | Actual Spend to Dec 2018 | Forecast Spend |
|--|-------------------------------|-----------------------------------|-------------------|
| Adaptations to Foster Carer Properties | 195,000 | 94,516 | 195,000 |
| Children's Case Management Software Replacement (Mosaic) | 1,907,000 | 406,759 | 1,907,000 |
| Tangiers Road Children's Home | 495,000 | 421,644 | 495,000 |
| Beechside Children's Home | 55,000 | 48,345 | 55,000 |
| | 2,652,000 | 971,264 | 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 and/or service appraisal and approval arrangement. There has been one support payment of £8,792 made 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. Work is underway to implement a replacement system and whilst the project has experienced some delays, the system is expected to be in place from October 2019 and within the budget allocation.
- 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 work is due to complete before the end of the financial year. The scheme has, however, been delayed as the result of an environmental impact assessment, this may result in additional cost, some of which would be met through "staying close" funding.
- 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 still outstanding at the end of December.

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 also pressures on the staffing budgets, which have been reviewed and mitigating action has been taken wherever possible.
- 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.
- 7.4 The current forecast overspend of £7m has been fully provided for within the Revenue Budget proposals for 2018/19 which were approved by the Council on 12th February 2019.
- 7.5 The underlying deficit (i.e. that amount of the current forecast overspend which is expected to continue into 2019/20) is currently estimated to be £5.1m, which includes £800,000 in respect of the direct cost of supporting UAMs. The Budget proposals, to be considered by the Council on 12th February 2019, provide for an additional £4m to be allocated to Children's Social Care, recognising the sustained increase in Looked After Children (equating to over 40% in the last 5 years). The additional funding, alongside the Financial Sustainability Strategy being developed by the Service in conjunction with Peopletoo, is expected to be able to accommodate the £5.1m underlying deficit.

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