

Title of Meeting: Cabinet Member for Children's and Families

Date of meeting: 27th September 2019

Subject: Children and Families Portfolio Budget Monitoring Report for the First Quarter 2019/20

Report from: Chris Ward, Director of Finance and Section 151 Officer and Alison Jeffery, Director of Children, Families and Education

Report by: Angela Mann, 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 2019/20. 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 2019.

2. Summary

- 2.1. Following overspend positions in the previous six years, and an initial projected financial pressure of around £1.9m on the budget for this year, the portfolio revenue cash limit is currently forecast to overspend by £1.5m in 2019/20.
- 2.2. The Council agreed capital programme incorporates two ongoing capital schemes for the portfolio. As at the end of June 2019 both schemes were projected to stay within budget. Since then, it has been necessary to delay the implementation of the case management system, which has a financial consequence, but additional funding has been approved from corporate reserves and contingency to ensure that the scheme can continue on a fully funded basis. More information on this will be reported in the Quarter 2 Budget Monitoring Report.

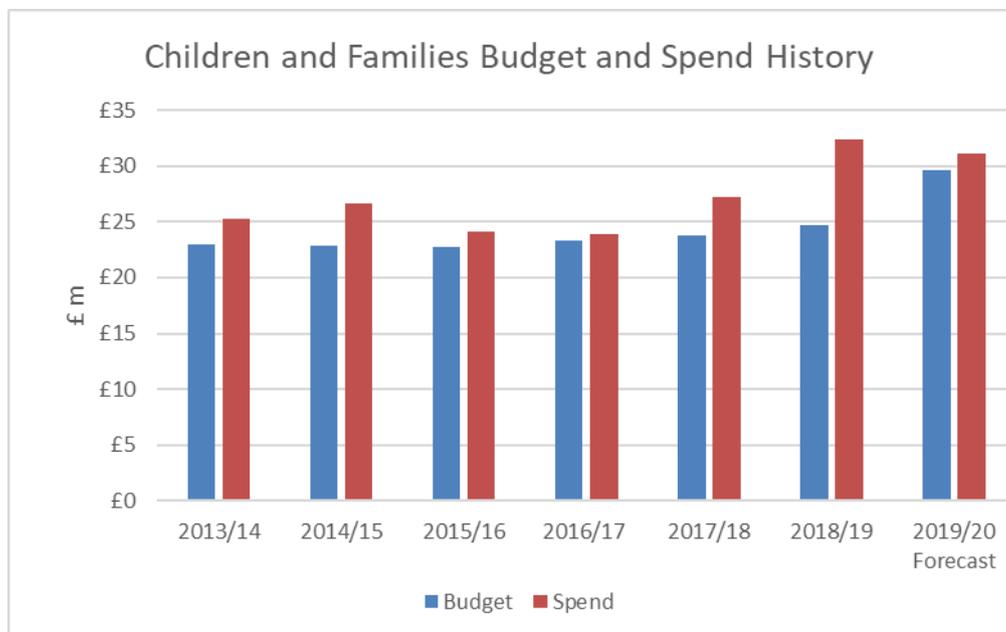
3 Recommendations

- 3.1 It is recommended that the Cabinet Member:

- 3.1.1 Notes the Children and Families Portfolio forecast budget position as at the end of June 2019, of £1.5m in excess of the current approved cash limit provision.
- 3.1.2 Notes the continuing implementation of the "Stronger Futures" strategic programme designed to reduce the number of looked after children in the city, the key driver of the overspend in this portfolio.
- 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, exceeding the budget provision for each of the last six years as it has. 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, the overspends in this portfolio from prior years have been subsumed corporately, recognising the pressures already being placed on the portfolio at the beginning of each year and providing a clean starting point for the portfolio. It is worthy of recognition that the forecast outturn position for the current financial year is a spending level less than that of 2018/19 in both real terms and cash terms.



- 4.2 In Autumn 2018 the Government announced additional funding for Adults and Children's Social Care (confirmed for 2019/20 only at that time but which has now been confirmed for 2020/21 in the recent Spending Review announcement). Full Council on 12 February 2019 approved the allocation of £1m of this funding to the Children and Families portfolio. A further £3m was also added to the Children's Social Care Budget on an ongoing basis, recognising the financial impact of the

sustained rise of Looked After Children over the last five years, which in the last two years alone has seen an increase of 108 (29%) Looked After Children.

5 Summary Position against Cash Limited Budget at the end of June 2019

5.1 The current projected overspend for the Children and Families Portfolio is £1.5m, all attributable to the Children's Social Care and Safeguarding service. The table below shows the projection in comparison to the Day 1 projection, the 2018/19 position and the June 2018/19 projection..

| Service Area | Budget | Forecast/Outturn | Variation |
|-------------------------------------|---------------|------------------|--------------|
| | £000 | £000 | £000 |
| Children Social Care & Safeguarding | 29,672 | 31,166 | 1,494 |
| Troubled Families | 0 | 0 | 0 |
| 2019/20 (June Projection) | 29,672 | 31,166 | 1,494 |
| 2019/20 (Day 1 Projection) | 29,422 | 31,417 | 1,996 |
| 2018/19 (Outturn) | 24,699 | 32,411 | 7,712 |
| 2018/19 (June Projection) | 24,514 | 29,680 | 5,165 |

5.2 The Children's Social Care and Safeguarding position is broken down in the table below, and more information can be found in paragraphs 5.9.1 to 5.9.11.

| | Current | | |
|---|----------------|----------------|---------------|
| | Budget | Forecast Spend | Variation |
| | £000 | £000 | £000 |
| <i>Assessment & Intervention</i> | £5,517 | £5,621 | £104 |
| <i>Looked After Children</i> | £17,851 | £18,826 | £976 |
| <i>Safeguarding & Monitoring</i> | £2,229 | £2,525 | £295 |
| <i>Support Activities</i> | £2,934 | £2,931 | £3 |
| <i>Edge of Care Support Service</i> | £1,141 | £1,263 | £122 |
| Children's Social Care And Safeguarding | £29,672 | £31,166 | £1,494 |
| Troubled Families | | | |
| TOTAL PORTFOLIO | £29,672 | £31,166 | £1,494 |

5.3 Whilst this encompasses variations across the service areas as outlined below, the most significant area of overspend relates to the cost of Looked After Children placements.

5.4 The number and cost of external residential placements remains a significant driver with an overspend on that budget line of £1.5m. This is due to having six more external residential placements than budgeted, and the average annual cost is higher than budgeted. However it should be noted that this is four less than at the end of 2018/19.

5.5 Residential placements is the focus of a significant commissioning project being undertaken across the South East region with DFE financial support; the aim is to develop a collaborative approach with children's home providers which reduces

cost overall as well as meeting the range of children's needs, which are complex, more effectively. This should help bring down costs for Portsmouth in due course.

- 5.6 Within the overall number of looked after children, the proportion of placements provided through the less expensive in-house fostering service has increased further from its already high baseline. This helps to keep placement costs down although the additional in-house placements has put pressure on the fostering service which supports these carers (see below).
- 5.7 The strategy to reduce the number of children needing to be looked after is known as the "Stronger Futures" strategy. It is wide ranging and is overseen closely by the Director, Children, Families and Education. The first phase of the strategy, from 2016-2018, saw the establishment of a much stronger, targeted whole family early help service, integrated with a refocused health visiting service. This enabled a better line of sight on need in the city but also a more effective earlier response which is now keeping down the total number of children requiring a statutory children's social care intervention. The second phase of the strategy while maintaining appropriate focus on early intervention has two new strands:
- (i) reshaping statutory work to provide stronger whole family support with new adult service posts co-located with children's social workers (family safeguarding)
 - (ii) remodelling our in-house foster care service to strengthen support to carers and provide a more collective approach to meeting children's needs (implementing the Mockingbird Family Model of Care).
- 5.8 Both strands increase staffing costs, to the Assessment and Intervention and Looked After Children's services respectively, but are designed to reduce costs overall by reducing LAC numbers and providing more stable in-house care where needed. The short term increase in staffing costs will be mitigated by the Troubled Families carry forward referred to in paragraph 5.10.
- 5.9 The detailed reasons for the projected variations are detailed in the following paragraphs.
- 5.9.1 **Assessment and Intervention Service** (£104,000 forecast overspend): This level of overspend is the result of higher than budgeted costs in relation to homeless families (£35,000), social worker travel costs visiting Looked After Children (£32,000) and other operational costs (£20,000). Current staffing levels, which include the use of agency social workers have led to staffing costs projected at £17,000 over budget. The new adult service workers recruited for the "Family Safeguarding" programme will also add to staffing costs in this area in future months, but will be offset by Troubled Families grant income.
- 5.9.2 **Looked After Children (LAC)** (£976,000 forecast overspend): This covers four main areas - LAC placements (excluding Unaccompanied Minors (UAM)), UAM placements, Adoption and Fostering, and staffing costs. There is a projected overspend on LAC placements of £1,411,000

as shown in the table below. This has decreased by £521,000 since the beginning of the year, as a result of decreased numbers of external residential placements. Review work is ongoing throughout the year to ensure placements and placement costs are relevant and appropriate.

- 5.9.3 The below table shows the budgets and projections for the different placement types, and how this compares to other periods overall, with detailed information in Appendix 1.

| June 2019 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 | 12.48 | 207,593 | 2,590,100 | 20.80 | 197,129 | 4,099,558 | 1,509,458 |
| Independent Fostering Agency (IFA) | 40.45 | 49,575 | 2,005,400 | 34.82 | 47,841 | 1,665,932 | -339,468 |
| In-House Fostercare | 238.96 | 24,092 | 5,757,100 | 250.83 | 24,022 | 6,025,519 | 268,419 |
| Adoption | 54.00 | 9,009 | 486,500 | 54.25 | 9,100 | 493,667 | 7,167 |
| Residence Orders | 19.80 | 5,071 | 100,400 | 12.00 | 5,097 | 61,163 | -39,237 |
| Special Guardianship | 146.01 | 5,695 | 831,500 | 146.25 | 5,721 | 836,631 | 5,131 |
| TOTAL | 511.71 | 23,003 | 11,771,000 | 518.95 | 25,402 | 13,182,471 | 1,411,471 |
| 2019/20 (Day 1 Projection) | 514.04 | 22,899 | 11,771,000 | 534.25 | 25,650 | 13,703,270 | 1,932,270 |
| 2018/19 | 425.35 | 20,250 | 8,613,100 | 523.28 | 26,666 | 13,953,722 | 5,340,622 |
| 2017/18 | 408.60 | 20,386 | 8,329,750 | 501.33 | 23,722 | 11,892,530 | 3,562,780 |

The figures in the above table are subject to rounding and may not calculate exactly. Numbers for Adoption, Residence Orders and Special Guardianship only reflect those children for whom we pay financial support. See Appendix 2 for numbers of placements made so far this year and compared to last year.

- 5.9.4 UAM placement costs are currently forecasting an underspend of £534,000. A £734,000 underspend is projected against under 18 UAM placement costs as all the UAM under 18 UAM grant is included there. However the grant also covers support costs, which are shown within staffing. This was not previously budgeted for as notification of the grant increase was given in May 2019. There remains a pressure on the UAM care leavers placements budget of £200,000, as the grant does not cover the full placement costs. The Home Office are currently reviewing their funding arrangements for UAM care leavers.
- 5.9.5 The adoption service is currently forecasting an overspend of £120,000. This is due to the budget being reduced in anticipation of £50,000 savings for the introduction of the regional adoption agency, which has yet to be realised, and also timing issues of inter-agency placements being made beforehand.
- 5.9.6 Staffing forecasts in this area are showing an overspend of £116,200. This relates to pressures within the Fostering Support and Supervision team. The staffing costs of £44,000 relating to the Mockingbird project are included in this area which should enable the Service to enhance and expand the in-house fostering provision. As noted earlier, these costs will be mitigated in the short term by the additional Troubled Families grant income.

- 5.9.7 **Safeguarding & Monitoring** (£295,000 forecast 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 of £222,000.
- 5.9.8 The service have also had to employ one more independent reviewing officer in order to meet statutory duties for Looked After Children, and the previous staffing levels could not fulfil this (there has been an increase of 108 Looked After Children since June 2017 to June 2019). This has put an additional pressure of £87,000 on the budget for the time being.
- 5.9.9 **Support Activities** (£3,000 forecast under spend): Under and over spends are being managed to create a small overall underspend.
- 5.9.10 **Edge of Care Services** (£122,000 forecast overspend): The grades of posts have had to be reviewed in line with current responsibilities, and along with a high level of maternity leave, this has placed a £81,000 pressure on staffing. The service is also facing a £50,000 pressure as it is funding the reunification work, which improves the outcomes of the children and young people, and reduces our Looked After Children numbers and costs, which are reported under Looked After Children section.
- 5.10 The Troubled Families Scheme is within its last financial year of grant funding. At the end of the year, we are expecting a carry forward with the amount dependent on achieving between 60-80% of family attachments. If 60% of families are attached this will result in a carry forward of £857,000 which is planned to be invested in two transformational projects as part of the financial sustainability plan aimed at reducing the overall numbers of LAC. In the recent Spending Review announcement, the Government have confirmed that funding for the Troubled Families programme to support families with complex needs will continue, but no details have yet been published.

6 Capital

- 6.1 Shown below is the approved capital programme as at the end of June, including (for completeness) funding for a capital grant approved shortly after the 30 June and payments made to date. Funding for all schemes was approved by Council on 12th February 2019.



| Scheme | Current approved funding | Actual expenditure to June 2019 | Forecast spend |
|---|--------------------------|---------------------------------|------------------|
| | £ | £ | £ |
| Adaptions to Foster carer properties | 195,000 | 108,266 | 195,000 |
| Capital Grant - Housing for Looked After Child | 200,000 | 0 | 200,000 |
| Children's Case Management software replacement | 1,907,000 | 900,800 | 1,907,000 |
| Tangier Road Children's Home | 495,000 | 492,664 | 495,000 |
| Beechside Children's Home | 55,000 | 49,047 | 55,000 |
| Total | 2,852,000 | 1,550,777 | 2,852,000 |

- 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 one payment of £13,750 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. As referenced in 2.2, the go live date for the replacement has recently had to be put back; the financial consequences of this will be reported as part of the quarter two report.
- 6.4 The Tangier Road Children's Home works have been completed, following a challenge to the level of fees charged to the project, the project is expected to be completed within the available budget, however we are expecting some final transactions outstanding at the end of June.
- 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 payments outstanding at the end of June.

7 Summary

- 7.1 The portfolio revenue budget is currently overspending, which can largely be attributed to placement costs as described in section 5 of this report.
- 7.2 Whilst spending in Children's Social Care is outside of the allocated budget, Portsmouth, is not considered a high spending service when benchmarked against comparators. The Children and Families Department has begun implementation of the 'Stronger Futures - Phase Two' strategy to enable the service to achieve financial sustainability over the 2019 - 2023 period. This is closely overseen by the Director, Children, Families and Education. The strategy has been externally scrutinised by external consultants from Peopletoo who have endorsed that the strategy is fit for purpose.

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 Angela Mann, 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



Appendix 1

Historical and current placement information

| June 2018 Projection | 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 | 24.73 | 199,878 | 4,942,987 | 3,705,887 |
| Independent Fostering Agency (IFA) | 36.62 | 39,379 | 1,442,000 | 39.38 | 50,482 | 1,987,992 | 545,992 |
| In-House Fostercare | 206.67 | 23,253 | 4,805,700 | 222.33 | 23,403 | 5,203,083 | 397,383 |
| Adoption | 41.81 | 8,371 | 350,000 | 62.25 | 8,535 | 531,294 | 181,294 |
| Residence Orders | 37.24 | 4,834 | 180,000 | 14.83 | 4,925 | 73,050 | -106,950 |
| Special Guardianship | 93.56 | 6,289 | 588,400 | 147.08 | 5,507 | 809,987 | 221,587 |
| TOTAL | | | 8,603,200 | | | 13,548,392 | 4,945,192 |

| March 2019 Outturn | Budget | | | Current Projection | | | |
|------------------------------------|---------|--------------|------------------|--------------------|--------------|-------------------|------------------|
| | Average | Av Unit Cost | Budget | FTE 2018/19 | Av Unit Cost | Final Outturn | Budget Pressure |
| | Nos | £ | £ | Nos | £ | £ | £ |
| External Residential | 9.02 | 137,151 | 1,237,100 | 25.79 | 183,415 | 4,729,486 | 3,492,386 |
| Independent Fostering Agency (IFA) | 36.62 | 39,379 | 1,442,000 | 40.07 | 49,575 | 1,986,669 | 544,669 |
| In-House Fostercare | 207.10 | 23,253 | 4,815,600 | 242.25 | 24,092 | 5,836,264 | 1,020,664 |
| Adoption | 41.81 | 8,371 | 350,000 | 55.50 | 9,009 | 500,010 | 150,010 |
| Residence Orders | 37.24 | 4,834 | 180,000 | 12.75 | 5,071 | 64,653 | -115,347 |
| Special Guardianship | 93.56 | 6,289 | 588,400 | 146.92 | 5,695 | 836,641 | 248,241 |
| TOTAL | | | 8,613,100 | | | 13,953,722 | 5,340,622 |

| April 2019 - Day 1 Projection | Budget | | | Current Projection | | | |
|------------------------------------|---------------|---------------|-------------------|------------------------|---------------|-------------------|------------------|
| | Average | Av Unit Cost | Budget | Average Predicted No.s | Av Unit Cost | Estimated Outturn | Budget Pressure |
| | Nos | £ | £ | Nos | £ | £ | £ |
| External Residential | 12.48 | 207,593 | 2,590,100 | 23.00 | 183,649 | 4,223,930 | 1,633,830 |
| Independent Fostering Agency (IFA) | 40.45 | 49,575 | 2,005,400 | 45.25 | 46,733 | 2,114,668 | 109,268 |
| In-House Fostercare | 238.96 | 24,092 | 5,757,100 | 254.00 | 23,567 | 5,985,905 | 228,805 |
| Adoption | 54.00 | 9,009 | 486,500 | 54.00 | 9,009 | 486,496 | -4 |
| Residence Orders | 19.80 | 5,071 | 100,400 | 12.00 | 5,071 | 60,850 | -39,550 |
| Special Guardianship | 146.01 | 5,695 | 831,500 | 146.00 | 5,695 | 831,421 | -79 |
| TOTAL | 511.71 | 23,003 | 11,771,000 | 534.25 | 25,650 | 13,703,270 | 1,932,270 |

| June 2019 Projection | Budget | | | Current Projection | | | |
|------------------------------------|---------------|---------------|-------------------|------------------------|---------------|-------------------|------------------|
| | Average | Av Unit Cost | Budget | Average Predicted No.s | Av Unit Cost | Estimated Outturn | Budget Pressure |
| | Nos | £ | £ | Nos | £ | £ | £ |
| External Residential | 12.48 | 207,593 | 2,590,100 | 20.80 | 197,129 | 4,099,558 | 1,509,458 |
| Independent Fostering Agency (IFA) | 40.45 | 49,575 | 2,005,400 | 34.82 | 47,841 | 1,665,932 | -339,468 |
| In-House Fostercare | 238.96 | 24,092 | 5,757,100 | 250.83 | 24,022 | 6,025,519 | 268,419 |
| Adoption | 54.00 | 9,009 | 486,500 | 54.25 | 9,100 | 493,667 | 7,167 |
| Residence Orders | 19.80 | 5,071 | 100,400 | 12.00 | 5,097 | 61,163 | -39,237 |
| Special Guardianship | 146.01 | 5,695 | 831,500 | 146.25 | 5,721 | 836,631 | 5,131 |
| TOTAL | 511.71 | 23,003 | 11,771,000 | 518.95 | 25,402 | 13,182,471 | 1,411,471 |

Appendix 2

Numbers of Adoption Orders, Special Guardianship Orders and Child Arrangement Orders

| | Adoption Orders | Special Guardianship Orders (previously LAC) | Special Guardianship Orders (total) | Child Arrangement Orders (previously LAC) |
|-------------------|-----------------|--|-------------------------------------|---|
| Quarter 1 2019/20 | 7 | 3 | 7 | 1 |
| Quarter 1 2018/19 | 3 | 3 | 7 | 1 |
| Total 2018/19 | 15 | 10 | 18 | 10 |

Child Arrangement Orders numbers are for residential arrangements only