

<b>Title of Meeting:</b>	<b>Cabinet Member for Children, Families and Education</b>
<b>Date of meeting:</b>	<b>1<sup>st</sup> October 2020</b>
<b>Subject:</b>	<b>Children, Families and Education Portfolio Budget Monitoring Report for the Financial Year End 2019/20</b>
<b>Report from:</b>	<b>Chris Ward, Director of Finance and Resources, Section 151 Officer and Alison Jeffery, Director of Children, Families and Education</b>
<b>Wards affected:</b>	<b>All</b>
<b>Key decision:</b>	No
<b>Budget &amp; policy framework decision:</b>	No

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## **1. Purpose of report**

- 1.1. To inform the Cabinet Member of the revenue expenditure position in respect of the portfolio cash limit and capital programme for the financial year 2019/20. This report sets out the budget position and contributing factors to the final portfolio cash limit overspend at the end of the year together with an initial revenue projection for 2020/21.

## **2. Summary**

- 2.1. The Children, Families and Education portfolio was formed in May 2020 and this report brings together the financial position of the amalgamated portfolios. The revenue outturn position for the newly formed portfolio was an overspend of £3.3m.
- 2.2. Following overspend positions in the now decommissioned Children and Families Portfolio in the previous six years, and an initial projected financial pressure of around £1.9m on the budget for this year, the portfolio finished the year with a revenue overspend on its cash limit of £3.2m.
- 2.3. The now decommissioned Education Portfolio finished the year with an overspend of £0.1m, which included an underspend of £0.1m within the Early Help and Prevention service.
- 2.4. The key drivers of the overspend within the Children and Families service have been the placement numbers and costs, particularly in external residential requirements, which has been identified in the financial monitoring reports during the year.
- 2.5. The Education service has seen a continuing pressure within the Home to School Transport service with this being the main area of overspend.

- 2.6. The Children and Families capital programme stayed within budget in 2019/20. The Education capital programme is forecasting an overspend of £0.2m on a budget of £88.7m, arrangements to adjust spending patterns and realign budgets are currently being considered to keep this within the overall budget.

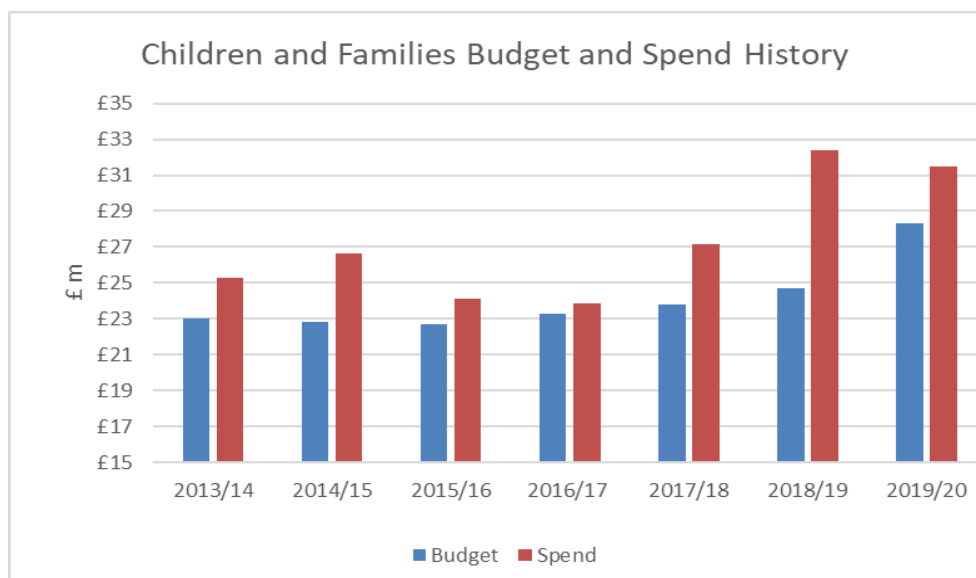
### 3 Recommendations

3.1 It is recommended that the Cabinet Member:

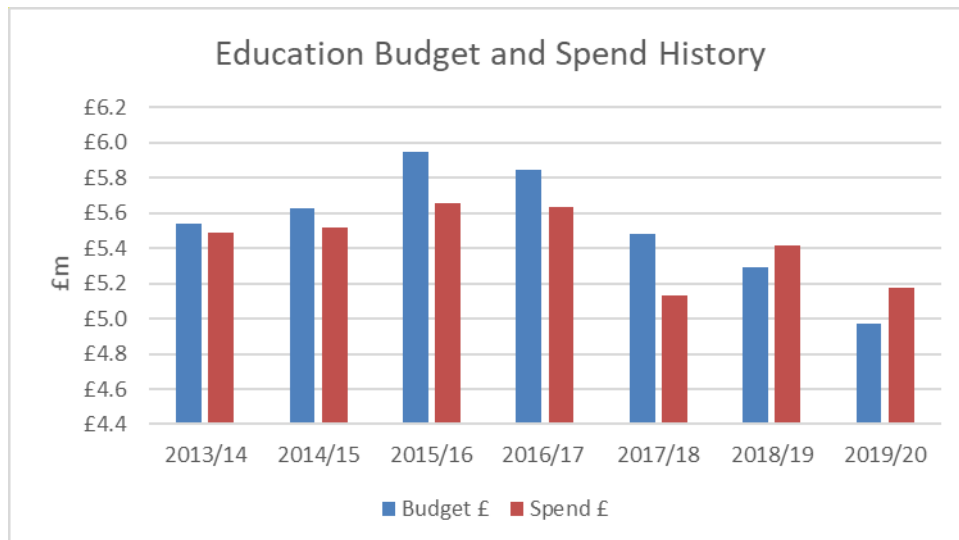
- 3.1.1 Notes the Children, Families and Education Portfolio financial outturn position for 2019/20 of £3.3m in excess of the approved cash limit provision.
- 3.1.2 Notes the ongoing budget pressures within the portfolio, as highlighted in the report.
- 3.1.3 Notes the position in respect of the approved capital schemes for the portfolio.

### 4 Background

- 4.1 Expenditure on Children and Families has exceeded the budget provision for each of the last seven 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, 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.
- 4.2 After a £7.5m overspend in 2018/19, an additional £4m was added to the Children's Social Care Budget in 2019/20, recognising the financial impact of the sustained rise of Looked After Children (LAC) over the last six years.



- 4.3 From 2013/14 until 2017/18 the Education portfolio reported an underspend and in recent years held a small portfolio reserve. However overspends in 2018/19 and 2019/20 as a result of reducing budgets and increased demands on the service have exhausted any portfolio reserve.



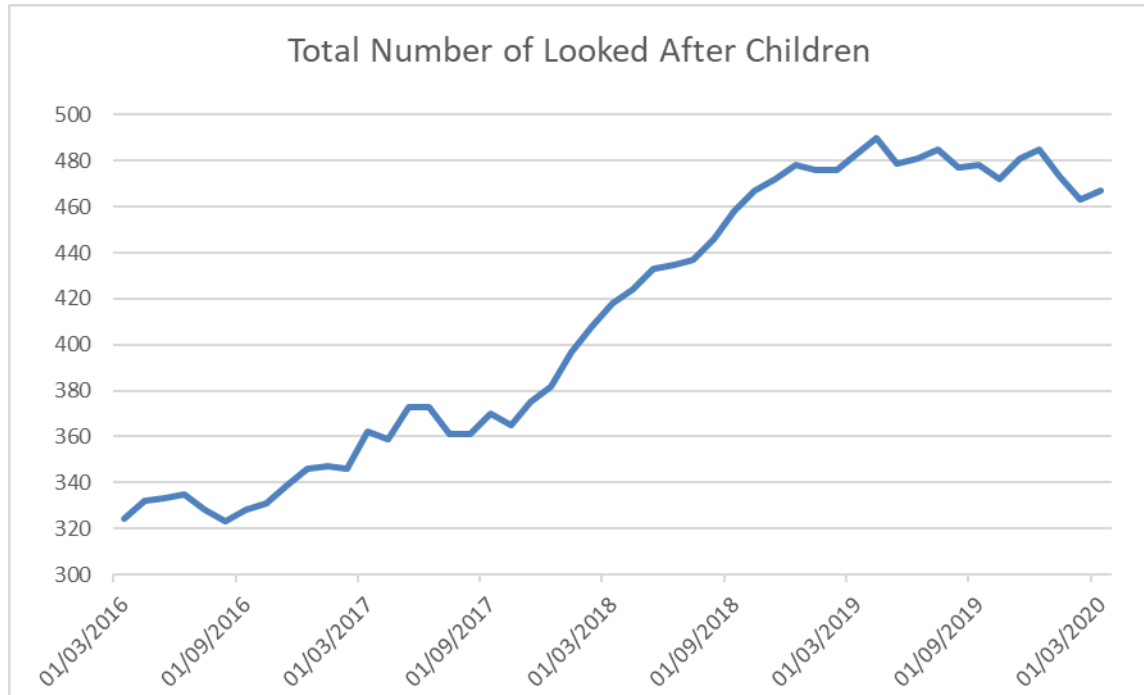
*The table above excludes Early Help and ignores any budget movements for any DSG adjustments.*

## 5 Summary Position against Cash Limited Budget at the end of 2019/20

- 5.1 The combined portfolio had a net spend of £36.6m producing an overspend of £3.3m as identified in the table below.

Service Area	2019/20 Budget £000	2019/20 Spend £000	Variance £000
Management, Sufficiency & Resources	594	494	(100)
Head of School Improvement	352	290	(62)
Head of Inclusion	4,026	4,395	369
Early Help & Prevention	20	(87)	(107)
<b>Education Total</b>	<b>4,992</b>	<b>5,092</b>	<b>100</b>
Assessment & Intervention	5,326	5,406	80
Looked After Children	19,423	22,301	2,878
Commissioning & Performance	140	140	0
Safeguarding & Monitoring	881	1,042	161
Support Activities	2,914	2,969	55
Edge of Care Support Service	569	547	(22)
Troubled Families	(900)	(900)	0
<b>Children and Families Total</b>	<b>28,353</b>	<b>31,505</b>	<b>3,152</b>
<b>TOTAL COMBINED PORTFOLIO</b>	<b>33,345</b>	<b>36,597</b>	<b>3,252</b>

- 5.2 Whilst this encompasses variations across the service areas as outlined below in section 6, the most significant area of overspend relates to the cost of Looked After Children placements.
- 5.3 The total number of Looked After Children has stabilised over the last year from an increasing trend seen throughout 2017/18 and 2018/19.



- 5.4 The number and cost of external residential placements remains a significant driver with an overspend of £2.6m. This is due to having thirteen more external residential placements than budgeted.

## 6 Detailed variance explanations by service area

- 6.1 **Management Sufficiency and Resources** (£100,000 underspend): The underspend in this area is largely a result of a one-off transfer of pension strain costs to academy schools that PCC has been holding for a number of years.
- 6.2 **School Improvement** (£62,000 underspend): Additional income alongside underspends on operational costs within the School Improvement and Ethnic Minority Achievement Service (EMAS) have led to the service underspend.
- 6.3 **Inclusion** (£369,000 overspend): Home to school transport continued to produce budget pressures and eventually overspent by £334,000. Whilst numbers of children transported reduced slightly on the previous year average costs have increased. Further overspends in this area relates to Educational Psychology, and SEND services including tribunal & legal costs which have been partially offset by underspends within the school attendance team and various other services.
- 6.4 **Early Help and Prevention** (£107,000 underspend): The underspend largely relates to staffing vacancies during the year.

**6.5 Assessment and Intervention Service** (£80,000 overspend): The overspend is the result of higher than budgeted costs in relation to Children's Disability Team placements (£165,000), homeless families (£63,000), families with no recourse to public funds (£32,000) and other operational costs (£89,000). Staffing levels, which include the use of agency social workers and general staffing vacancies, have led to staffing costs £269,000 under budget.

**6.6 Looked After Children (LAC)** (£2,878,000 overspend): This covers five main areas - LAC placements & residential units, Unaccompanied Minor (UAM) placements, Adoption & Fostering, Care Leavers and staffing costs. There was an overspend on LAC placements of £2,689,000 as shown in the table below of which £2,566,000 relates to external residential placements. The number of children in external residential placements has been significantly above the budget provision for the last three years. The increase partly reflects the overall increase in numbers of looked after children in 2017/18 but also the increased threats to children, particularly around exploitation and the increased complexity of their needs. The use of external residential placements is not out of line with similar areas. The budget for external residential placements has been increased in 2020/21 to an average of 19 placements. The Director of Children, Families and Education and Deputy Director have introduced a process to review all high cost packages to ensure placements and placement costs are relevant and appropriate. It is acknowledged that whilst there is a need to ensure there is value for money the children in many of these placements have complex needs and present very challenging behaviour. In undertaking this exercise the safety or wellbeing of children will not be compromised.

6.6.1 The below table shows the budgets and actual spend for the different placement types, and how this compares to other years overall, with detailed information in Appendix 1.

Placement Type	Budget			Actual Outturn			
	Average	Av Unit Cost	Budget	Average No.s	Av Unit Cost	Outturn	Budget Pressure
	Nos	£	£	Nos	£	£	£
External Residential	11.95	207,593	2,479,900	27.56	183,087	5,045,879	2,565,979
Independent Fostering Agency (IFA)	40.45	49,575	2,005,400	37.65	48,567	1,828,539	-176,861
In-House Foster care	238.96	24,092	5,757,100	247.67	24,755	6,131,100	374,000
Adoption	54.00	9,009	486,500	53.08	9,099	483,002	-3,498
Residence Orders	19.80	5,071	100,400	10.92	5,318	58,058	-42,342
Special Guardianship	146.01	5,695	831,500	140.75	5,710	803,625	-27,875
<b>TOTAL</b>	<b>513.50</b>	<b>22,708</b>	<b>11,660,800</b>	<b>517.63</b>	<b>27,723</b>	<b>14,350,203</b>	<b>2,689,403</b>
2019/20 Day 1 Projection	514.04	22,899	11,771,000	534.25	25,650	13,703,270	1,932,270
2018/19 Outturn	425.35	20,250	8,613,100	523.28	26,666	13,953,722	5,340,622
2017/18 Outturn	408.60	20,386	8,329,750	501.33	23,711	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.*

6.6.2 The secure placement budget underspent by £151,000 as there were no secure placements used throughout the whole of 2019/20.

- 6.6.3 Unaccompanied Minor (UAM) costs were £187,000 in excess of budget. A £537,000 underspend was shown against under 18 UAM placement costs as all the under 18 UAM grant is shown there. However the grant also covers support costs, which are shown within staffing. The UAM care leavers budget was overspent by £723,000, as the grant does not cover the full placement costs. The grant is also intended to cover support costs, which again are shown within staffing. The Home Office have announced that from the 1 April 2020 they are increasing the rates paid for care leavers from £200 to £240 per week alongside removing reduced rates for legacy cases and allowing Local Authorities to claim for the first 25 care leavers in their care. In addition the rate for the under 18 placements is increasing from £114 per day to £143 per day. This equates to an additional £1.2m of grant funding from the Home Office based on current numbers.
- 6.6.4 At the end of March 2020 there were 98 under 18 Unaccompanied Minor (UAM) placements compared with 43 at the end of March 2018. With the growth of under 18 UAM placements the pressure is now beginning to increase in the UAM care leavers budget as they turn 18.
- 6.6.5 The adoption service ended the year with an overspend of £220,000. This is largely due to the budget being reduced in anticipation of £50,000 savings from the introduction of the regional adoption agency, which were not realised, £60,000 related to the timing of inter-agency placements being made beforehand and high staffing costs (£46,000) and other operational costs (£58,000).
- 6.7 **Commissioning & Performance** (on budget): This is a newly formed service area encompassing the Portsmouth Safeguarding Children's Partnership which was on budget.
- 6.8 **Safeguarding & Monitoring** (£161,000 over spend): Staffing costs were £155,000 in excess of budget due to staffing pressures across the service. An additional independent reviewing officer was required in order to meet statutory duties for Looked After Children, as the previous staffing levels could not fulfil this. There was also the recruitment of an apprentice and additional one-off costs as the result of a restructure.
- 6.9 **Support Activities** (£55,000 overspend): There was an overspend of £141,000 on legal fees. This is partially a result of HM Courts and Tribunal Services identifying a backlog of payments due to them of which £58,000 related to prior financial years. This was largely offset by a one-off underspend on ICT costs as a result of the change to the new care management system.
- 6.10 **Edge of Care Services** (£21,000 underspend): The service faced 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 the Looked After Children section. This was more than offset by a vacant posts within the Edge of Care and Youth Offending teams and an underspend on the remand strategy.

6.11 **Troubled Families** (on budget): The Troubled Families Programme finished the year with a 72% payment by results achieved which resulted in a carry forward of £1,026,000. This underspend has been carried forward to support the ongoing Troubled Families work and the directorate wide strategy identified in the Medium Term Financial Strategy.

## 7 Capital

7.1 Attached at Appendix 2 is the current capital budget monitoring position in respect of all schemes in the capital programme for Education, which was approved by Council on 12 February 2019.

7.2 Current spending at £67.3m is some £21.4 below approved funding for the schemes identified, reflecting the longer term nature of capital spending. At this stage, however, the forecast is an overall breakeven against total approved funding of £88.7m. Any underspending arising from the Capital Programme which was funded from Corporate Capital Resources will be returned and be allocated through the Budget Process, ensuring that the Council are able to allocate capital funding through a competitive basis to the Council's highest priorities.

7.3 It should be noted that Council approved 2 years of funding for condition projects in February 2019, the forecast out turn includes committed projects of £0.931m for 2019-20 and £0.809m for 2020-21.

7.4 Comments related to the variations are noted on Appendix 2, and arrangements to re-align budgets and adjust spending plans are currently being considered.

7.5 The table shown below is the approved capital programme for Children and Families for 201-20, including payments made to the end of 2019/20. Funding for all schemes was approved by Council on 12 February 2019. Further approvals were granted to provide a Capital Grant regarding housing for a looked after child and an increase in funding due to the necessary delay to the case management implementation. Funding for both projects has been identified through transfers from underspent schemes, use of reserves and corporate contingency.

Scheme	Approved funding previous quarter	Actual expenditure to March 2020	Forecast spend	Variance to Budget
	£	£	£	£
Adaptions to Foster carer properties	195,000	108,300	184,800	-10,200
Capital Grant - Housing for Looked After Child	200,000	210,200	210,200	10,200
Children's Case Management software replacement	2,707,000	2,140,700	2,707,000	0
Tangier Road Children's Home	495,000	503,900	503,900	8,900
Beechside Children's Home	55,000	47,100	47,100	-7,900
E C Roberts - Refurbishment Loan	250,000	7,200	250,000	0
Enable and Improve Mobile Working	191,000	0	191,000	0
<b>Total</b>	<b>4,093,000</b>	<b>3,017,400</b>	<b>4,094,000</b>	<b>1,000</b>

- 7.6 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. A further request is currently progressing and it is anticipated that the grant will be fully spent by the end of the financial year
- 7.7 As mentioned in previous reports a grant was approved to provide suitable housing for a disabled looked after child. The budget is forecast to overspend and these costs have been covered through the transfer of funding from the Adaptions to Foster Carer Properties scheme as part of the 2020-21 capital programme approvals.
- 7.8 The new Children's Case Management system went live during March 2020, it is expected that post implementation costs will continue into 2020-21 but that the total cost of implementation will be within the budget allocation.
- 7.9 The Tangier Road and Beechside Children's Homes works have been completed, and are expected to be within budget however final transactions were outstanding at the end of March 2020.
- 7.10 The Enable and Improve Mobile Working Scheme was approved in the capital programme in February 2019, but was published in the wrong portfolio - this has now been corrected. No expenditure is expected on this scheme in 2019-20, as the project is expected to be considered in 2020-21 due to the delay in the Mosaic implementation.

## **8 2020/21 Revenue Financial Projection**

- 8.1 The portfolio revenue budget is overspent by £3.3m, which can largely be attributed to placement costs as described in Section 6.6 of this report.
- 8.2 In the full council meeting on the 11<sup>th</sup> February 2020 the underlying pressures within the portfolio driven by increasing numbers of looked after children and pressure in home to school transport were recognised. As a result the Children and Families budgets for 2020/21 was increased by £3m and the Education budget increased by £0.4m.
- 8.3 The Medium Term Financial Strategy identifies the future demand and cost pressures facing the service. Strategies identified seek to manage this pressure in order to bring financial stability to the service.
- 8.4 At the time of writing, the financial impact of Covid-19 is uncertain. The implementation of the Mockingbird Family of Care Model has been delayed and the Adult Family Safeguarding work although in progress will have been impacted therefore delaying the impact of any savings. It is currently uncertain what the impact of the pandemic will have on new work coming into the service, and the impact on services such as Home to School Transport, numbers of Looked After Children and short breaks. There has also been a reduction in School Attendance Fine income, and income from trading with schools which is expected to put a



pressure on the Education budget. Work is ongoing with managers to identify these costs and also mitigating action where possible.

## **9 Integrated impact assessment**

9.1 An integrated impact assessment is not required as the recommendations do not have a positive or negative impact on communities and safety, regeneration and culture, environment and public space or equality and diversity.

## **10 Legal comments**

10.1 There are no legal implications arising directly from the recommendations set out in paragraphs 3.1.1 to 3.1.3 of this report.

## **11 Director of Finance comments**

11.1 Financial comments are contained within the body of the report.

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**Chris Ward, Director of Finance and Section 151 Officer**

### **11.1.1 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 Member on

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Signed by: Cabinet Member



## Appendix 1

### Historical LAC Placement Information

March 2018 Outturn				Actuals			
Placement Type	Average	Av Unit Cost	Budget	Average No.s	Av Unit Cost	Final Outturn	Budget Pressure
	Nos	£	£	Nos	£	£	£
External Residential	9.02	137,151	1,237,100	21.96	171,992	3,776,284	2,539,184
Independent Fostering Agency (IFA)	37.86	39,379	1,491,000	32.46	50,457	1,637,760	146,760
In-House Fostercare	189.10	23,253	4,483,250	223.08	22,495	5,050,997	567,747
Adoption	41.81	8,371	350,000	63.83	8,489	541,909	191,909
Residence	37.24	4,834	180,000	16.00	4,715	75,437	-104,563
Special Guardianship	93.56	6,289	588,400	144.00	5,591	805,144	216,744
<b>TOTAL</b>			<b>8,329,750</b>			<b>11,887,530</b>	<b>3,557,780</b>

March 2019 Outturn				Actuals			
Placement Type	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	55.5	9,009	5,000,973	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
<b>TOTAL</b>	<b>425.35</b>		<b>8,613,100</b>	<b>523.28</b>		<b>13,953,722</b>	<b>5,340,622</b>

April 2019 Day 1 Projection				Projection			
Placement Type	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
<b>TOTAL</b>	<b>514.04</b>	<b>22,899</b>	<b>11,771,000</b>	<b>534.25</b>	<b>25,650</b>	<b>13,703,270</b>	<b>1,932,270</b>

March 2020				Actual Outturn			
Placement Type	Average	Av Unit Cost	Budget	Average No.s	Av Unit Cost	Outturn	Budget Pressure
	Nos	£	£	Nos	£	£	£
External Residential	11.95	207,593	2,479,900	27.56	183,087	5,045,879	2,565,979
Independent Fostering Agency (IFA)	40.45	49,575	2,005,400	37.65	48,567	1,828,539	-176,861
In-House Fostercare	238.96	24,092	5,757,100	247.67	24,755	6,131,100	374,000
Adoption	54.00	9,009	486,500	53.08	9,099	483,002	-3,498
Residence Orders	19.80	5,071	100,400	10.92	5,318	58,058	-42,342
Special Guardianship	146.01	5,695	831,500	140.75	5,710	803,625	-27,875
<b>TOTAL</b>	<b>513.50</b>	<b>22,708</b>	<b>11,660,800</b>	<b>517.63</b>	<b>27,723</b>	<b>14,350,203</b>	<b>2,689,403</b>



Children and Education Capital Budgets

APPENDIX 2

Number	Scheme	Current Approved Budget £	Actual spend to date £	Manager Forecast Spend £	Forecast Variance £	Explanation
1	Primary Capital Programme	15,827,700	15,826,300	15,827,700	0	
2	Sufficiency Programme Phase One 2013- 2015	6,289,300	6,289,100	6,289,200	0	
3	Sufficiency Programme Phase Two 2015- 2017	11,024,900	10,886,300	11,131,700	106,800	Additional work relating to Arundel Court new build
4	Secondary School Feasibility Study	97,700	97,600	97,600	-100	
5	Temporary Accommodation	358,000	358,000	358,000	0	
6	Vanguard Centre	3,264,900	3,306,900	3,326,300	61,400	
7	King Richard School Rebuild 900-1000 places	1,712,300	1,418,800	1,425,600	-286,700	
8	Portsmouth College Sufficiency Post 16	263,400	263,500	263,600	300	
9	Universal Infant Free School Meal Works	892,800	889,300	889,600	-3,300	
10	Universal Infant Free School Meal Provision	628,700	593,600	593,600	-35,100	
11	Salix	124,200	115,500	115,700	-8,500	
12	Access SEN Pupils	290,600	290,600	292,100	1,500	
13	ALN Lift Repairs	42,200	41,100	41,100	-1,100	
14	St Edmunds SI Provision	557,300	557,300	557,300	0	
15	Schools Conditions Projects - Modernisation	1,447,000	1,422,600	1,428,300	-18,700	
16	School Condition Projects 2014-2016	2,781,100	2,726,500	2,728,200	-52,900	
17	School Conditions Project 2016 - 17	981,400	872,400	878,000	-103,400	
18	Secondary School Places Expansion Phase (1)	1,643,000	1,656,400	1,704,600	61,600	
19	Special Education Needs - Building Alterations	3,191,600	2,511,100	3,213,900	22,300	
20	Schools Devolved Formula Capital 2016-17	4,343,800	4,737,700	4,343,800	0	
21	Sufficiency of Secondary School Places	5,517,500	2,689,200	5,204,300	-313,200	Final tender came in lower than expected
22	Future Secondary School Places Feasibility	304,500	60,000	60,000	-244,500	Expected to undertake 4 feasibility projects, 2 completed to date, currently reviewing requirements
23	School Condition 2017-18	954,300	714,800	853,200	-101,100	
24	Beacon View - Kitchen Block	45,000	41,700	42,400	-2,600	
25	School Condition 2018-19	1,362,200	1,044,200	1,604,300	242,100	Increases due to further works identified on site and Tenders coming in higher than expected. Offset by underspends on previous years condition projects.
26	Sufficiency of School Places 2018-19	10,742,800	4,585,700	11,413,000	670,200	Overspend due additional works at Admiral Lord Nelson
27	Special School Places - Redwood Park	3,053,700	930,900	3,057,600	3,900	
28	Special School Places - Willows	400,000	237,700	410,700	10,700	
29	Milton Childcare Sufficiency	69,100	69,800	72,900	3,800	
30	Forest School - Community Accessible Education Centre	30,000	0	30,000	0	
31	30 Hours Delivery Support EY	10,000	10,800	10,100	100	
32	Maintained Schools Urgent Condition Work	1,700,000	269,700	1,837,300	137,300	Two years of condition funding, £931,000 allocated in 2019-20 and £809,000 held for use in 2020-21
33	Additional School Places - Design	1,037,600	1,095,100	1,112,000	74,400	
34	Additional School Places in Mainstream Schools - Design	250,000	51,600	295,800	45,800	
35	Additional Secondary Schools Places - St Edmunds Catholic School (GRANT)	650,000	650,100	650,100	100	
36	Additional School Places 2020/2021	6,908,000	19,700	6,907,000	-1,000	
TBC	Northern Parade Family Hub	25,000	0	25,000	0	
Income	Academy Income	-340,000	-50,000	-390,000	-50,000	
<b>TOTALS</b>		<b>88,481,600</b>	<b>67,281,600</b>	<b>88,701,600</b>	<b>220,100</b>	