

Title of meeting: Cabinet Member for Children, Families and Education

Date of meeting: 16th December 2020

Subject: Children, Families and Education Portfolio Budget Monitoring Report for the Second Quarter 2020/21

Report by: Chris Ward, Director of Finance & Resources and Section 151 Officer

Wards affected: All

Key decision: Yes/No

Full Council decision: Yes/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 2020/21. This report sets out the budget position and contributing factors to the projected spend within the portfolio as at the end of September 2020.

2 Summary

- 2.1. The forecast for the total portfolio is £39,368,000, which is £99,000 under the current revenue budget. The Portfolio is projecting a £2.0m pressure due to COVID-19, but this is offset by £2.1m of underspends, which is largely the result of an increase in Government funding for the costs of unaccompanied asylum seeking minors, providing a better reflection of actual costs previously met by the council unassisted (£1.2m) and reduced Home to School Transport costs.
- 2.2. The financial impact of the COVID-19 pandemic across the whole of the portfolio is still very uncertain. At this stage, additional costs and loss of income estimates have been included however, it is unclear what the increase in demand on the Children, Families and Education service will be and the timeframes, and also the additional costs providers may incur. The effect on children, their families and their education from the pandemic will become apparent over a longer period of time. The financial impact of this will continue to be reviewed and updated as appropriate.
- 2.3. The council has an overall strategy for dealing with the financial impact arising from the COVID-19 pandemic. This incorporates the £2.0m set out within this report. Excluding the COVID-19 additional pressure, which is being accommodated corporately, the Portfolio is currently expected to underspend by



£2.1m. The Portfolio continues successfully to implement the agreed financial sustainability strategy described below, designed to reduce the overall cost associated with alternative care for children. While there is inevitably an element of uncertainty in this area the service will continue its endeavours to work strategically to bear down on costs.

- 2.4. Following a realignment of budgets as part of the approval of the 2020-21 Capital Programme in February 2020, both the Education and Children and Families capital programmes are currently forecasting a breakeven position for 2020-21.

3 Recommendations

- 3.1. It is recommended that the Cabinet Member:

- 3.1.1. Notes the Children, Families and Education Portfolio forecast revenue and capital budget positions, as at the end of September 2020, together with the variance and pressure explanations.
- 3.1.2. Approves the proposed Education capital scheme budget virements to realign the budgets in-line with the capital scheme changes as set out in the Schools Modernisation Programme report and section 6 of this report.

4 Background

- 4.1. Pressure on the previously separate Children and Families and Education Portfolios along with an agreed Medium Term Financial Strategy (MTFS) resulted in an additional budget allocation (on top of inflation) for 2020/21 of £3m to Children and Families and £0.4m to Education.
- 4.2. The Medium Term Financial Strategy identified the future demand and cost pressures facing the service, along with strategies to improve outcomes and manage within budget.
- 4.3. 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 of 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).

- 4.4. Since the Medium Term Financial Strategy was agreed and the 2020/21 budgets were set, the financial impact of the COVID-19 pandemic has started to be realised.

There has also been an increase in the grant from the Home Office in relation to UASC from the levels that were included in the MTFs that has helped in the short term to offset the additional financial pressures from the COVID-19 pandemic.

5 Summary Position against Cash Limited Budget at the end of September 2020

- 5.1. At the end of the second quarter an underspend of £99,000 is currently forecast for the financial year as shown in the table below.

| Service Area | Current Budget | Current Forecast | Total Variation* | COVID-19 Variation Pressures |
|---|----------------|------------------|------------------|------------------------------|
| | £000 | £000 | £000 | £000 |
| Management, Sufficiency and Resources | 485 | 488 | 2 | 0 |
| Inclusion Services | 4,789 | 4,620 | -169 | 598 |
| School Improvement | 508 | 583 | 76 | 56 |
| Community Learning | 0 | 38 | 38 | 0 |
| PCMI | 53 | 53 | 0 | 0 |
| Youth & Play Shared Services with the HRA | 267 | 267 | 0 | 0 |
| Total Education Services | 6,101 | 6,048 | -53 | 654 |
| Family Safeguarding** | 6,333 | 6,360 | 26 | 114 |
| Commissioning & Performance | 677 | 706 | 29 | 0 |
| Looked After Children | 22,240 | 22,028 | -212 | 1,009 |
| Safeguarding & Monitoring | 913 | 998 | 85 | 0 |
| Support Activities | 2,867 | 2,792 | -75 | 0 |
| Edge of Care | 1,228 | 1,126 | -102 | 0 |
| Early Help and Prevention | 7 | 205 | 199 | 224 |
| Troubled Families | -900 | -895 | 5 | 0 |
| Total Children and Families | 33,365 | 33,319 | -46 | 1,347 |
| Total Children, Families and Education Portfolio | 39,466 | 39,368 | -99 | 2,001 |

*Total variation includes variation due to COVID-19 and variation not related to COVID-19



**The Family Safeguarding Service was previously known as the Assessment & Intervention Service

Numbers may not exactly add up due to rounding

The forecast variances to budget are explained further below.

5.2 **Management, Sufficiency and Resources** (£2,000 overspend): Operational costs are currently anticipated to be slightly above budget provision.

5.3 **Inclusion Services** (£169,000 underspend): Within the inclusion service, there are £598,000 of costs resulting from the COVID-19 pandemic, which includes £215,000 to support families over the Christmas period whose children receive free school meals. The recently announced Covid Winter Grant Scheme by the Government may improve this position when further details are released.

Home to School Transport is currently forecasting an underspend of £519,000. However, the forecast remains uncertain whilst new routes for the start of the new academic year settle, especially with new social distancing measures being in place. Whilst additional costs have been projected from September to the end of the financial year for social distancing, the forecast also includes £193,000 of grant that has been received to help mitigate the additional costs from September to the end of December.

Increased costs on short breaks are forecast, as families need additional support as a result of the COVID-19 pandemic. There has been a loss of income of £123,000 as the school absence fine system has been suspended. Traded Services income is forecast to be reduced by £8,000 as schools have mainly been purchasing core services.

5.4 **School Improvement** (£76,000 overspend): this includes £56,000 of costs related to COVID-19. A shared funding arrangement with one of our major academy trusts has been agreed for the cost of a temporary project manager for supporting remote learning in relation to the COVID-19 pandemic.

There is also a pressure in the Ethnic Minority Achievement Service (EMAS) where traded income is forecast to be £24,000 less than budgeted due to schools reducing their usage of the pay as you use services.

5.5 **Community Learning** (£38,000 overspend): the decline in the number of new apprenticeships across the Council has resulted in less income than was originally anticipated.

5.6 **PCMI - Portsmouth Craft & Manufacturing Industry** (On Budget): the income is expected to cover the costs for this area.

5.7 **Youth & Play Shared Services with the HRA** (On Budget): the income is expected to cover the costs for this area.



- 5.8 **Family Safeguarding** (£26,000 overspend): this relates to the requirement for additional staff supporting the impact of the COVID-19 pandemic and use of agency staff who are covering general vacancies.
- 5.9 **Commissioning & Performance** (£29,000 overspend): this relates to one-off staffing costs and additional costs of IT systems support.
- 5.10 **Looked After Children** (£212,000 underspend): the underspend is as a result of the increase in the Home Office grant relating to UASC of £1.2m, which better reflects the costs incurred by Portsmouth. However, additional costs due to the pandemic are forecast, along with a reduction in the ability to achieve the savings identified in the MTFs.

The projected overspend on placements is anticipated to be £743,000. This is a result of the budget being reduced in anticipation of savings as a result of the introduction of Mockingbird and the Family Safeguarding Service (£400,000) and an additional £340,000 is forecast due to the anticipated impact of the first COVID-19 Lockdown.

Projections are based on current placement numbers being maintained until the year end, unless there are identified placement end dates known along with an estimate for additional placements as a result of the COVID-19 pandemic as mentioned above. These costs exclude UASC. The increase in unit costs reflect the anticipated increase due to COVID-19.

| September 2020 | Budget | | | Current Projection | | | |
|---------------------------------------|---------------|---------------|-------------------|-----------------------|---------------|-------------------|------------------|
| | Average | Av Unit Cost | Budget | Average Predicted Nos | Av Unit Cost | Estimated Outturn | Budget Pressure |
| | Nos | £ | £ | Nos | £ | £ | £ |
| External Residential | 17.59 | 234,602 | 4,127,300 | 21.12 | 239,286 | 5,054,517 | 927,217 |
| Semi Independent | 6.51 | 40,918 | 266,400 | 8.54 | 61,480 | 524,851 | 258,451 |
| Independent Fostering Agency (IFA) | 34.14 | 49,381 | 1,685,900 | 36.13 | 46,375 | 1,675,478 | -10,422 |
| In-House Fostercare | 259.58 | 24,755 | 6,426,000 | 245.58 | 25,077 | 6,158,342 | -267,658 |
| Adoption | 54.00 | 9,009 | 486,500 | 53.83 | 8,496 | 457,356 | -29,144 |
| Residence Orders | 19.80 | 5,071 | 100,400 | 10.50 | 5,188 | 54,477 | -45,923 |
| Special Guardianship | 146.01 | 5,695 | 831,500 | 135.92 | 5,458 | 741,767 | -89,733 |
| 2020/21 (September Projection) | 537.64 | 25,898 | 13,924,000 | 511.62 | 28,668 | 14,666,787 | 742,787 |
| 2019/20 (September Projection) | 511.71 | 23,003 | 11,771,000 | 522.40 | 26,115 | 13,642,276 | 1,871,276 |

The UASC budgets are currently forecasting an underspend of £907,000. The £1.2m increase in UASC grant is partly as a result of increase in rates for Care Leavers, but also as Portsmouth is supporting UAMs over 0.07% of its child population, it is receiving a higher rate for all under 18s. The Leaving Care UASC grant still does not cover the full placement costs of care leavers. The UASC forecast is expected to change over the coming months due to an

expected decrease in new UAMs and an increase in the use of the National Transfer Scheme. The financial impact of this is uncertain due to the difference in placement costs against the home office grant. This could have the effect of reducing the grant greater than the cost avoided, which will create a pressure in the short term, however it will reduce significant future pressures when these young people become care leavers.

- 5.11 **Safeguarding & Monitoring** (£85,000 overspend): this relates to staffing pressures within the Service Quality Team.
- 5.12 **Support Activities** (£75,000 underspend): this relates to staffing vacancies within Management and Support.
- 5.13 **Edge of Care** (£102,000 underspend): this relates to staffing vacancies and agency staff spend which is less than budgeted within the Edge of Care and Youth Offending teams alongside reduced operational costs.
- 5.14 **Early Help and Prevention** (£199,000 overspend): this relates to additional support required to help families stay together during the COVID-19 pandemic, which is forecast at a £224,000 pressure, which is partly offset by some vacancy savings which have occurred during the year.
- 5.15 **Troubled Families** (£5,000 overspend): this relates to staff paid at scale points higher than budgeted for.

6 Capital Programme

- 6.1. Attached at Appendix 1 is the current capital budget monitoring position in respect of all schemes in the capital programme for Education, which was approved by Council 11 February 2020.
- 6.2. Current spending at £79.7m is some £8.0m below approved funding for the schemes identified, reflecting the longer term nature of capital spending. However, at this stage, a breakeven position is forecast against the total approved funding of £89.7m. 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.
- 6.3. 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.
- 6.4. Comments related to the variations are noted on Appendix 1, and approval is sought to re-align budgets in accordance to adjusted spending plans set out in the Schools Modernisation report on the agenda of this meeting. Transferring

funding from the following capital schemes to those overspent budgets as set out in Appendix 1:

- Future Secondary school places
- Additional school places 2020-21
- Schools places SEND Phase 1 and Phase 2
- Sufficiency of school places - Redwood Park.

6.5. The table shown below is the current approved capital programme for Children and Families, including payments made to date. Funding for all schemes was approved by Council 11 February 2020.

| Children and Families capital programme 2020-21 | Current approved Funding | Actual Expenditure to September 2020 | Forecast Spend |
|--|---------------------------------|---|-----------------------|
| Scheme | £ | £ | £ |
| Adaptations to Foster Carer properties | 185,000 | 108,266 | 185,000 |
| Children's Case Management software replacement | 2,707,000 | 2,292,993 | 2,707,000 |
| Tangier Road Children's Home | 506,000 | 503,859 | 505,800 |
| Beechside Children's Home | 56,700 | 47,123 | 56,700 |
| Enable and improve mobile working | 191,000 | 0 | 191,000 |
| Capital Grant - Housing for Looked after child | 210,000 | 210,195 | 210,200 |
| EC Roberts Centre Refurbishment Loan | 250,000 | 7,200 | 250,000 |
| Adaptations to Carers Home | 1,000,000 | 0 | 1,000,000 |
| Total | 5,105,700 | 3,169,636 | 5,105,700 |

6.6 Adaptations to Carers Homes relates to capital grants that assist in delivering placements for children which otherwise would not be possible. Each proposal is subject to a separate financial appraisal and approval arrangement. There are three requests for funding currently under consideration totalling £122,000 which are included in the forecast outturn.

6.7 The Children's Case Management system went live in March 2020 with post implementation work continuing, but the project remains on budget.

6.8 The Tangier Road and Beechside Children's Home works have been completed, both these projects are in the process of being closed and the final payments made.

7 Integrated impact assessment

7.1 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.

8 Legal implications

8.1 There are no legal implications arising directly from the recommendations set out in paragraph 3.1 of this report.

9 Director of Finance's comments

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

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Signed by:

Appendices:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document | Location |
|-------------------|----------|
| | |
| | |

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: