

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

Date of meeting: 11th March 2021

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

Report by: Chris Ward, Director of Finance 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 the 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 December 2020.

2 Summary

- 2.1 The forecast for the total portfolio is £39,246,800, which is £60,200 over the current revenue budget. The Portfolio is projecting a £1.1m pressure due to COVID-19, this is comprised of £1.4m of costs offset by £0.3m of savings. The COVID-19 pressure is offset by underspends, which is largely the result of reduced Home to School Transport costs, an increase in Government funding for the costs of unaccompanied asylum seeking minors and reduced access to provision for children with disabilities during lockdown 1.
- 2.2 The financial impact of the COVID-19 pandemic across the whole of the portfolio is still uncertain. The latest variant and closure of schools to all pupils means that the Home to School Transport projections will need to be revised when the situation become clearer. The service saw a large increase in social care referrals between September and December 2020 and it is likely that there will be an additional surge when the current lockdown ends. 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.

The council has an overall strategy for dealing with the financial impact arising from the COVID-19 pandemic. This incorporates the net £1.1m pressure set out within this report. Excluding the COVID-19 additional pressure, which is being



accommodated corporately, the Portfolio is currently expected to underspend by £1.0m. The Portfolio continues to successfully 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.

- 2.3 Following a realignment of budgets as part of the approval of the 2020-21 Capital Programme in February 2020, and subsequent revisions in December 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 December 2020, together with the variance and pressure explanations.

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 Unaccompanied Asylum Seeking Children (UASC) from the levels that were included in the MTFS.

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

5.1 At the end of the third quarter an overspend of £60,000 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	324	311	-13	0
Inclusion Services	4,876	4,484	-393	-19
School Improvement	367	358	-9	56
Community Learning	0	14	14	0
PCMI	116	116	0	0
Youth & Play Shared Services with the HRA	433	433	0	0
Total Education Services	6,116	5,716	-401	37
Family Safeguarding	6,333	6,243	-90	177
Commissioning & Performance	439	376	-63	0
Looked After Children	22,082	22,833	751	835
Safeguarding & Monitoring	848	927	79	0
Support Activities	3,024	2,996	-28	0
Edge of Care	1,228	1,082	-147	0
Early Help and Prevention	17	-26	-42	57
Troubled Families	-900	-900	0	0
Total Children and Families	33,070	33,531	460	1,069
Total Children, Families and Education Portfolio	39,186	39,247	60	1,106

*Total variation includes variation due to COVID-19 and variation not related to COVID-19
Numbers may not exactly add up due to rounding

The forecast variances to budget are explained further below.

5.2 **Management, Sufficiency and Resources** (£13,000 underspend): Staffing costs are currently anticipated to be slightly below budget provision.

5.3 **Inclusion Services** (£393,000 underspend): Within the Inclusion Service, there are pressures of £312,000 resulting from the COVID-19 pandemic, but these have been offset by reductions in Home to School Transport of £329,000 due to the pandemic in the summer term.

Home to School Transport is currently forecasting an underspend of £553,000 (which includes the £329,000 of underspend due to COVID-19). For the period April to July 2020 costs were reduced following the reduction of the services provided. Whilst additional costs have been projected from September to the end of the financial year for social distancing, the forecast also includes additional grant that has been received to help mitigate the additional costs, leaving a pressure of £102,000 relating to COVID-19. The current forecast remains uncertain following the latest lockdown.

Other pressures which relate to COVID-19 are increased costs on short breaks of £79,000 as families need additional support, loss of income of £123,000 as the school absence fine system was suspended and Traded Services income reduced by £8,000 as schools have mainly been purchasing core services.

5.4 **School Improvement** (£9,000 underspend): This includes £56,000 of costs related to COVID-19. A shared funding arrangement with one of our major academy trusts was agreed 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.

The additional COVID-19 costs mentioned above have been offset by reduced operational costs incurred by the EMAS.

5.5 **Community Learning** (£14,000 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.



Family Safeguarding (£90,000 underspend): The underspend in this area is due to reduced spend on care packages for children with disabilities. The underspend on care packages is partially offset by the requirement for additional staff supporting the impact of the COVID-19 pandemic.

5.8 **Commissioning & Performance** (£63,000 underspend): this relates to vacant posts within the service.

5.9 **Looked After Children** (£751,000 overspend): The projected overspend on placements is anticipated to be £746,000. This is largely a result of the delay to the achievement of savings due to the impact of COVID-19 on the introduction of Mockingbird and the Family Safeguarding Service (£400,000). There is also an additional £134,000 of costs 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.

December 2020	Budget			Current Projection			
	Average	Av Unit Cost	Budget	Average Predicted Nos	Av Unit Cost	Estimated Outturn	Budget Pressure
	Nos	£	£	Nos	£	£	£
External Residential (1)	17.58	234,602	4,123,400	23.12	237,770	5,497,251	1,373,851
Semi Independent	6.51	40,918	266,400	8.34	74,934	624,723	358,323
Independent Fostering Agency (IFA) (1)	34.14	49,381	1,685,900	31.97	46,276	1,479,454	-206,446
In-House Foster care	259.58	24,755	6,426,000	236.03	24,480	5,777,971	-648,029
Adoption	54.00	9,009	486,500	54.08	8,797	475,771	-10,729
Residence Orders	19.80	5,071	100,400	10.17	5,629	57,233	-43,167
Special Guardianship	146.01	5,695	831,500	133.67	5,642	754,166	-77,334
2020/21 (December Projection)	537.63	25,892	13,920,100	497.37	29,488	14,666,568	746,468
2019/20 (December Projection)	513.50	22,708	11,660,800	517.23	28,553	14,768,262	3,107,462

External residential placements have long been a key factor in cost variance year on year. High cost placements are reviewed fortnightly by the Director and Deputy Director to ensure that they remain appropriate and that the right plans are in place to move children on to foster care or in some cases the care of their own families where possible. The pandemic has made changes to care arrangements more difficult in some cases but work continues to ensure we do not spend more than is necessary in this area.

The UASC budgets are currently forecasting an underspend of £262,000. The National Transfer Scheme has reduced the number of under 18's from 96 at September 20 to 65 at December 2020. The forecast underspend has reduced as the loss of the grant is greater than the direct cost which would have been incurred, although once they are over 18, the grant reduces and is less than the direct cost incurred.



There are an additional £100,000 of COVID-19 related staffing costs within the Children's residential homes from covering staff absence.

- 5.10 **Safeguarding & Monitoring** (£79,000 overspend): this relates to staffing pressures within the Service Quality Team. There is also an additional £34,000 pressure resulting from the purchase of the 'Mind of My Own' app which helps children and young people express their views and engage.
- 5.11 **Support Activities** (£28,200 underspend): this relates to reduced legal costs from the pause in court hearings. There is likely to be an increased pressure in legal costs in the new financial year as the backlog is cleared.
- 5.12 **Edge of Care** (£147,000 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. In addition there has been lower than anticipated spend on remand costs.
- 5.13 **Early Help and Prevention** (£42,000 underspend): the projection includes £57,000 for additional staff to provide support to help families during the COVID-19 pandemic There have been some vacancy savings which have occurred during the year.
- 5.14 **Troubled Families** (on budget): We are currently forecasting a payment by results target of 80% which if achieved will result in a carry forward of grant of approximately £385,000 into 2021/22 to support next years budget.

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 and subsequently revised in December 2020.
- 6.2 Current spending at £75.5m is some £14.4m 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 £89.9m. 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.



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 and subsequently revised in December 2020.

Children and Families capital programme 2020-21	Current approved Funding	Actual Expenditure to December 2020	Forecast Spend
Scheme	£	£	£
Adaptations to Foster Carer properties	185,000	108,266	185,000
Children's Case Management software replacement	2,707,000	2,430,088	2,707,000
Tangier Road Children's Home	503,900	503,859	503,900
Beechside Children's Home	50,100	50,123	50,100
Capital Grant - Housing for Looked after child	210,200	210,195	210,200
EC Roberts Centre Refurbishment Loan	250,000	7,200	250,000
Adaptations to Carers Home	400,000	0	400,000
Total	4,306,200	3,309,731	4,306,200

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

6.7 The Tangier Road and Beechside Children's Home works have been completed and the projects closed.

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: Chris Ward

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:



Children and Education Capital Budgets

APPENDIX 1

Number	Scheme	Current Approved Budget £	Actual spend to date £	Manager Forecast Spend £	Forecast Variance £	Explanation
1	Primary Capital Programme	15,826,300	15,827,000	15,828,400	2,100	
2	Sufficiency Programme Phase One 2013- 2015	6,289,100	6,289,100	6,289,200	200	
3	Sufficiency Programme Phase Two 2015- 2017	11,089,500	10,920,800	11,085,800	(3,700)	
4	Secondary School Feasibility Study	97,600	97,600	97,600	0	
5	Vanguard Centre	3,325,500	3,308,000	3,327,400	1,900	
6	King Richard School Rebuild 900-1000 places	1,562,300	1,420,200	1,552,100	(10,200)	
7	Portsmouth College Sufficiency Post 16	263,500	263,500	263,600	200	
8	Universal Infant Free School Meal Works	889,300	889,300	889,600	200	
9	Universal Infant Free School Meal Provision	593,600	593,600	593,600	100	
10	Salix	115,500	115,500	115,700	200	
11	Schools Conditions Projects - Modernisation	1,427,500	1,422,600	1,427,500	0	
12	School Condition Projects 2014-2016	2,726,500	2,726,500	2,728,200	1,700	
13	School Conditions Project 2016 - 17	878,000	869,500	878,000	0	
14	Secondary School Places Expansion Phase (1)	1,728,700	1,706,300	1,730,700	2,000	
15	Special Education Needs - Building Alterations	2,841,600	2,583,700	3,213,900	372,300	Additional works at Redwood Park School relating to modular buildings
16	Schools Devolved Formula Capital 2016-17	5,232,400	4,825,000	5,232,400	0	
17	Sufficiency of Secondary School Places	5,517,500	4,593,900	5,254,300	(263,200)	Expected to undertake 4 feasibility projects, 2 completed to date, currently reviewing requirements
18	Future Secondary School Places Feasibility	158,200	60,000	158,200	0	
19	School Condition 2017-18	853,200	714,800	853,200	0	
20	Beacon View - Kitchen Block	41,700	41,700	42,400	700	
21	School Condition 2018-19	1,577,400	1,088,000	1,577,400	0	
22	Sufficiency of School Places 2018-19	11,343,500	9,711,100	11,447,300	103,800	Number of small overspends on four Secondary sufficiency projects
23	Special School Places - Redwood Park	2,805,900	2,497,600	3,053,700	247,800	Increased temporary accommodation costs
24	Special School Places - Willows	520,000	494,000	516,100	(3,900)	Final costs expected to be lower than estimated. Proposal to utilise funding to support childcare facilities at Admiral Lord Nelson project
25	Milton Childcare Sufficiency	69,800	69,800	72,900	3,100	
26	Forest School - Community Accessible Education Centre	30,000	0	30,000	0	
27	30 Hours Delivery Support EY	10,800	10,800	10,900	200	
28	Maintained Schools Urgent Condition Work	1,754,600	413,000	1,754,600	0	Two years of condition funding, £931,000 allocated in 2019-20 and £809,000 held for use in 2020-21
29	Additional School Places - The Lantern	1,134,300	1,120,700	1,140,000	5,700	
30	Additional School Places in Mainstream Schools - Design	250,000	61,600	250,000	0	
31	Additional Secondary Schools Places - St Edmunds Catholic School (GRANT)	650,100	650,100	650,100	0	
32	Additional School Places 2020/2021	3,393,000	45,600	3,438,000	45,000	
33	Additional School Places 2020/2021 Wymering Site	220,000	35,800	175,000	(45,000)	
34	Wimborne Amalgamation	87,000	8,900	87,000	0	
35	School Places SEND Phases 1 & 2	4,591,900	0	4,130,700	(461,200)	Redistribution of funding to support overspend on Redwood Park School projects.
36	Northern Parade Family Hub	25,000	19,200	25,000	0	
TOTALS		89,920,800	75,494,800	89,920,500	0	