

Title of Meeting:	Cabinet Member for Children, Families and Education
Date of Meeting:	9th December 2021
Subject:	Children, Families and Education Portfolio Budget Monitoring Report for the Second Quarter 2021/22
Report from:	Chris Ward, Director of Finance and Section 151 Officer
Report by:	Maria Smith, Group Accountant
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 2021/22. This report sets out the budget position and contributing factors to the projected spend within the portfolio as at the end of September 2021.

2. Summary

- 2.1. There is a pressure of £4,277,600 projected on the current revenue budget. There is a large pressure on the budget from all care leavers and also a significant reduction in grant income from Unaccompanied Asylum Seeking Children, as well as expected pressures as result of the COVID-19 pandemic on expenditure and savings plans.
- 2.2. The financial impact of the COVID-19 pandemic is still being realised across the whole of the portfolio. At this stage it is unclear what ongoing impact the COVID-19 pandemic will have in terms of demands on the Children, Families and Education service.
- 2.3. Following a realignment of budgets as part of the approval of the 2021/22 capital programme in February 2021, both the Education and Children and Families capital programmes are currently forecasting a breakeven position on capital expenditure across the Capital Programme period to 2024/25.

3 Recommendations

- 3.1 It is recommended that the Cabinet Member notes the Children, Families and Education Portfolio forecast revenue and capital budget positions and mitigating actions, as at the end of September 2021.

4 Background

- 4.1 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, but the impact of Covid-19 is to be provided for centrally as it was in 2020/21.

5 Summary Position against Cash Limited Budget at the end of September 2021

At the end of the second quarter an overspend of £4,277,600 is currently forecast for the financial year as shown in the table below.

Service Area	Full Year Budget	21-22 Forecast	Variance*	Variance of which relates to COVID-19 expenditure and loss of income
	£000	£000	£000	£000
Inclusion Services	2,352	2,448	96	72
Management, Sufficiency & Resources	2,697	2,865	168	127
School Improvement	376	365	-11	32
Family Safeguarding Service	6,581	6,757	177	292
Edge of Care	1,233	1,334	101	0
Looked After Children	21,077	24,651	3,573	1,273
Safeguarding & Monitoring	822	966	144	1
Support Activities	3,032	3,207	175	0
Early Help and Prevention	25	12	-13	39
Commissioning & Performance	984	853	-131	29
Total Director of Children's Services and Education	39,178	43,456	4,278	1,865
Community Learning	0	0	0	0
PCMI	66	66	0	0
Total Director of Regeneration	66	66	0	0
Youth & Play Shared Services with the HRA	435	435	0	0
Total Director of Housing, Neighbourhood and Building Services	435	435	0	0



Total Children, Families & Education Portfolio	39,679	43,956	4,278	1,865
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*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.

- 5.1 **Inclusion Services** (£95,900 overspend): The overspend relates to reduced income expected through fixed penalty notices for school attendance and a small overspend on operational costs.
- 5.2 **Management, Sufficiency and Resources** (£167,600 overspend): The overspend relates to a large overspend on home to school transport where bubbles on vehicles are still required to be maintained.
- 5.3 **School Improvement** (£10,700 underspend): This includes £32,000 of costs relating to COVID-19. The COVID-19 costs are due to additional spend on a partnership to develop the availability of digital learning in schools. This is offset by a one-off underspend on early years building costs.
- 5.4 **Family Safeguarding Service** (£176,500 overspend): This includes £292,000 of costs relating to COVID-19. COVID-19 has meant that additional staff have been recruited to meet the increase demand in the system (i.e. an increase in referrals, assessment work and children subject to a child protection plan). The resulting non-COVID underspend is due to vacancies within the service that are being recruited to.
- 5.5 **Edge of Care** (£100,700 overspend): the overspend is due to remand placements in relation to secure youth detention.
- 5.6 **Looked After Children** (£3,573,300 overspend): This includes £1,273,000 costs relating to COVID-19. The COVID-19 pressure is a result of delayed savings that were anticipated following the development of Mockingbird (fostering) and the Family Safeguarding model, and an expected increase in looked after children placements due to the pressures of lockdown. Additional pressure on the placements budget reflects the increased complexity (mental health and anti-social behaviours) in the needs of children looked after and is considered to be the longer term impact of the pandemic.
- 5.7 The non-COVID overspend is largely in relation to care leavers where we have a growing number of care leavers due to the increase in statutory responsibility for care leavers, and a small number of very high-cost care leavers.
- 5.8 There is a pressure on UASC under 18 placements where reduced numbers have resulted in a greater loss of Home Office income than the reduction in cost.
- 5.9 The projected overspend on placements is anticipated to be £1,701,000. These costs exclude Unaccompanied Asylum-Seeking Children. The external residential projection allows for a small increase in numbers due to COVID-19.



September 2021 Placement Type	Budget			Current Projection				
	Average	Av Unit Cost	Budget	Current placements	Average Predicted	Av Unit Cost	Final Outturn	Budget Pressure
	Nos	£	£	Nos	Nos	£	£	£
External Residential	14.90	258,686	3,853,800	20.00	20.43	288,238	5,888,694	2,034,894
Semi Independent	5.21	51,086	266,400	7.00	1.15	328,581	377,868	111,468
Independent Fostering Agency (IFA)	28.26	47,623	1,345,700	18.00	18.40	48,133	885,654	-460,046
In-House Fostercare	237.92	25,033	5,955,800	236.00	247.51	24,492	6,062,096	106,296
Sub-total	286.29	39,895	11,421,700	281.00	287.49	45,964	13,214,312	1,792,612
Sub-total Outturn 2020/21 Comparison	317.81	39,337	12,501,700		298.29	45,529	13,580,732	1,079,032
Adoption	54.29	8,960	486,500	48.00	54.46	8,661	471,654	-14,846
Child Arrangement Orders	12.67	5,945	75,300	7.00	9.24	4,958	45,791	-29,509
Special Guardianship	143.33	5,801	831,500	122.00	132.82	5,906	784,433	-47,067
Grand Total	496.58	25,806	12,815,000	458.00	484.01	29,992	14,516,190	1,701,190
Grand Total Outturn 2020/21	537.63	25,892	13,920,100		495.94	30,048	14,901,616	981,516

5.10 Unaccompanied Asylum-Seeking Children (UASC) and UASC Care Leavers are currently forecasting an overspend of £1,003,100. This overspend is caused by the income from the Home Office that does not cover the costs of care leaver placements and the number of under 18 UASC (where the Home Office grant exceeds the placement costs) being less than budgeted for.

5.11 There is also staffing pressures in one of the Children's Homes where there is a use of agency staff and a high number of casual employees, partly as a result of staff taking 2020 annual leave this year due to COVID-19 pressures on the homes last year and partly covering a high level of sickness in the homes.

5.12 **Safeguarding & Monitoring** (£143,600 overspend): The forecast overspend is due to staffing pressures in the Service Quality and Participation and Academy Teams.

5.13 **Support Activities** (£175,000 overspend): this relates to staffing pressures due to agency staff filling strategic posts whilst permanent recruitment is underway.

5.14 **Early Help and Prevention** (£13,200 underspend): This includes £39,000 of costs relating to COVID-19. The COVID-19 costs are projected for additional staff to help families stay together. The underlying underspend is due to several vacant posts that are actively being recruited to.

5.15 **Commissioning and Performance** (£131,100 underspend): This includes £29,000 costs relating to COVID-19. The COVID-19 overspend relates to an additional requirement for data therefore an additional officer has been recruited. The non-covid underspend is due to vacancies within the service.

5.16 **Community Learning** (On Budget): This area is projected to be on budget.

5.17 **PCMI - Portsmouth Craft & Manufacturing Industry** (On Budget): This area is projected to be on budget.

5.18 **Youth and Play Shared Services with the HRA** (On Budget): This area is projected to be on budget.

Summary of Non COVID-19 overspend

5.19 The main reasons for the non COVID-19 overspend are:

- ❖ a small number of high cost indigenous care leavers along with the extended statutory responsibility (£1.0m)
- ❖ UASC care leavers where the grant is insufficient to cover the cost of the placement (£0.8m)
- ❖ reduction in the UASC numbers where the numbers of children are less than budgeted (£0.2m)
- ❖ use of welfare secure placements (£0.2m)
- ❖ use of agency staffing for strategic and other posts (£0.2m).

Action Plan to mitigate the current financial pressure

5.20 Plans to mitigate the current overspend position include:

- ❖ use of the Children, Families and Education portfolio reserve (£0.4m)
- ❖ a weekly review of high cost placements
- ❖ ensuring that all eligible young people are in receipt of universal credit
- ❖ a review of the care leaver offer
- ❖ lobbying of government for additional funding to reflect the increase in statutory responsibility to 25 for care leavers
- ❖ lobbying the Home Office for an increase in the grant for UASC care leavers and timely assessments for the Right to Remain.

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 9 February 2021.
- 6.2 Current spending at £54.6m is some £15.7m below approved funding for the schemes identified, reflecting the longer-term nature of capital spending. At this stage, however, the forecast eventual spending levels suggest a possible overall breakeven against total approved funding of £70.3m. 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 Comments related to the variations are noted on Appendix 1, and arrangements to re-align budgets and adjusted spending plans are currently being considered.

- 6.4 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 9 February 2021.

Children and Families Capital programme 2021-22		Approved budget	Actual Expenditure to date	Forecast Expenditure	Forecast variance
Number	Scheme	£	£	£	£
1	Adaptations to Foster Carer Properties	185,000	108,300	108,300	-76,700
2	Children's Case Management Software Replacement	2,707,000	2,371,200	2,707,000	0
3	Tangier Road Children's Home	503,900	503,900	503,900	0
4	Beechside Children's Home	50,100	50,100	50,100	0
5	Capital Grant for Disabled Looked after Children	210,200	210,200	210,200	0
6	E C Roberts Centre refurbishment Loan	250,000	7,200	250,000	0
7	Adaptation to Carers Homes	400,000	76,200	476,700	76,700
40	Acquisition of Mosaic Mobile Work Force Cloud Technology	545,000	0	545,000	0
	Total	4,851,200	3,327,100	4,851,200	0

- 6.5 Adaptations to Foster Carer properties relates to capital grants that assist in delivering foster placements. The underspend on this project will be moved to Scheme 7 Adaptions to Carers Homes as part of the budget realignment later in the financial year. Each proposal is subject to a separate financial appraisal and approval arrangement. The projection includes two requests which were approved during the last quarter and one request for funding currently under consideration.

7 Equality impact assessment (EIA)

- 7.1 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.

8 Legal comments

- 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 comments

- 8.1 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 Member for Children, Families and Education on

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Signed by: Cabinet Member



Children and Education Capital Budgets

APPENDIX 1

Number	Scheme	Current Approved Budget	Actual spend to date	Manager Forecast Spend	Forecast Variance	Explanation
		£	£	£	£	
8	Sufficiency Programme Phase Two 2015- 2017	11,084,900	10,746,900	11,084,900	0	
9	Vanguard Centre	3,325,500	3,308,000	3,325,500	0	
10	King Richard School Rebuild 900-1000 places	1,562,300	1,411,600	1,562,300	0	
11	Universal Infant Free School Meal Works	889,300	889,300	889,300	0	
12	Schools Conditions Projects - Modernisation	1,427,500	1,422,600	1,427,500	0	
13	School Conditions Project 2016 - 17	878,000	872,000	878,000	0	
14	Secondary School Places Expansion Phase (1)	1,728,700	1,619,300	1,728,700	0	
15	Special Education Needs - Building Alterations	2,841,600	2,651,800	2,841,600	0	
16	Schools Devolved Formula Capital 2016-17	5,232,400	5,319,700	5,232,400	0	??
17	Sufficiency of Secondary School Places	5,517,500	4,803,400	5,517,500	0	
18	Future Secondary School Places Feasibility	158,200	60,000	158,200	0	
19	School Condition 2017-18	853,200	742,800	853,200	0	
20	Beacon View - Kitchen Block	41,700	41,700	41,700	0	
21	School Condition 2018-19	1,577,400	1,522,500	1,577,400	0	
22	Sufficiency of School Places 2018-19	11,343,500	10,219,700	11,343,500	0	
23	Special School Places - Redwood Park	2,805,900	2,762,300	2,805,900	0	
24	Special School Places - Willows	520,000	543,100	543,100	23,100	Soft play area, land purchase and associated legal costs
25	Milton Childcare Sufficiency	69,800	69,800	69,800	0	
26	Forest School - Community Accessible Education Centre	30,000	0	30,000	0	
27	30 Hours Delivery Support EY	10,800	10,800	10,800	0	
28	Maintained Schools Urgent Condition Work	1,754,600	1,087,100	1,754,600	0	Two years of condition funding for 2019-20 and 2020-21
29	Additional School Places - The Lantern	1,134,300	1,151,700	1,151,700	17,400	Additional statutory works
30	Additional School Places in Mainstream Schools - Design	250,000	62,500	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	2,200,000	448,000	2,200,000	0	
33	Additional School Places 2020/2021 Wymering Site	220,000	223,800	223,800	3,800	Overspend related to costs associated with land covenant and legal fees
34	Wimborne Amalgamation	87,000	9,300	87,000	0	
35	School Places SEND Phases 1 & 2	1,343,200	1,009,000	1,343,200	0	
36	Northern Parade Family Hub	25,000	19,600	25,000	0	
37	Education case management system	1,250,000	0	1,250,000	0	
38	Maintained Schools- urgent condition projects (2 year planned programme 2021/22 to 2022/23)	1,583,400	600	1,583,400	0	
39	Accommodation for Special Education Needs (Additional Schools Places)	7,941,700	911,400	7,897,400	-44,300	Funding to be transferred to Schemes 24, 29 and 33 to cover overspend on Special Education Needs projects
TOTALS		70,337,500	54,590,400	70,337,500	0	