

<b>Title of Meeting:</b>	<b>Cabinet Member for Children, Families and Education</b>
<b>Date of Meeting:</b>	<b>16<sup>th</sup> March 2022</b>
<b>Subject:</b>	<b>Children, Families and Education Portfolio Budget Monitoring Report for the Third Quarter 2021/22</b>
<b>Report from:</b>	<b>Chris Ward, Director of Finance and Section 151 Officer</b>
<b>Report by:</b>	<b>Maria Smith, Group Accountant</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 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 December 2021.

## **2. Summary**

- 2.1. There is a pressure of £4,323,600 projected on the current revenue budget. There is a large pressure on the budget from looked after children and care leaver placements, 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 Portfolio.
- 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 December 2021.
- 3.2 To approve the addition of the £1.18m Special Educational Needs capital grant to scheme **Accommodation for Special Education Needs** and to approve the proposed capital transfers between schemes as set out in paragraph 6.6 and Appendix 1.

#### **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 December 2021**

At the end of the third quarter an overspend of £4,316,600 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	2,283	- 69	72
Management, Sufficiency and Resources	2,789	2,949	161	217
School Improvement	376	216	- 160	32
Family Safeguarding Service	6,581	7,189	608	317
Edge of Care	1,233	1,250	17	-
Looked After Children	21,077	24,515	3,438	1,223
Safeguarding & Monitoring	809	904	96	1
Support Activities	3,067	3,414	347	25
Early Help and Prevention	201	153	- 48	80
Commissioning & Performance	984	919	- 65	29
<b>Total Director of Children's Services and Education</b>	<b>39,468</b>	<b>43,791</b>	<b>4,323</b>	<b>1,996</b>
Community Learning	-	-	-	-
PCMI	67	67	0	8
<b>Total Director of Regeneration</b>	<b>67</b>	<b>67</b>	<b>0</b>	<b>8</b>
Youth & Play Shared Services with the HRA	442	435	- 7	-
<b>Total Director of Housing, Neighbourhood and Building Services</b>	<b>442</b>	<b>435</b>	<b>- 7</b>	<b>-</b>
<b>Total Children, Families and Education Portfolio</b>	<b>39,976</b>	<b>44,293</b>	<b>4,317</b>	<b>2,004</b>

\*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** (£69,400 underspend): This includes £72,000 of costs relating to COVID-19. The COVID-19 overspend is due to reduced income expected through fixed penalty notices for school attendance. The remaining underspend is due to an additional grant within the Virtual School and part-year vacancies within Education Psychology.
- 5.2 **Management, Sufficiency and Resources** (£160,500 overspend): This includes £217,000 of costs relating to COVID-19. The COVID-19 overspend is due to Home to School Transport costs where covid precautions on vehicles are forecast to the end of the financial year.
- 5.3 **School Improvement** (£159,700 underspend): This includes £32,000 of costs relating to COVID-19. The COVID-19 overspend is due to additional spend on a partnership to developing the availability of digital learning in schools. The non-Covid underspend relates to reflecting the Dedicated Schools Grant (DSG)

contribution towards the Early Years team and a one-off underspend on early years building costs.

- 5.4 **Family Safeguarding Service** (£608,200 overspend): This includes £317,000 of costs relating to COVID-19. COVID-19 has meant that additional staff have been recruited to meet the increased demand in the system (i.e. an increase in referrals, assessment work and children subject to a child protection plan). The non-COVID overspend is due to a small number of exceptionally high cost placements for Children with Disabilities.
- 5.5 **Edge of Care** (£17,100 overspend): the overspend is due to remand placements in relation to secure youth detention which is offset by staff income.
- 5.6 **Looked After Children** (£3,437,900 overspend): This includes £1,223,000 costs relating to COVID-19. The COVID-19 pressure is a result of delayed savings on the Adult Family Safeguarding Team, increased costs due to delays in step down in looked after children placements due to the pressures of lockdown and staffing pressures within the Children's Homes.
- 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 age for statutory responsibility for care leavers, and a small number of very high-cost care leavers. This is currently projecting a £879,000 overspend.
- 5.8 The projected overspend on placements is anticipated to be £1,309,000. Work is ongoing to ensure that placements achieve the right outcomes at the best value for money. These costs exclude Unaccompanied Asylum-Seeking Children. The external residential projection allows for a small increase in numbers due to COVID-19.

December 2021	Budget			Current Projection				
Placement Type	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	15.64	329,689	5,156,340	1,302,540
Semi Independent	5.21	51,086	266,400	3.00	1.78	279,499	497,508	231,108
Independent Fostering Agency (IFA)	28.26	47,623	1,345,700	21.00	16.53	55,527	917,861	-427,839
In-House Foster care	237.92	25,033	5,955,800	239.00	250.03	24,837	6,210,085	254,265
<b>Sub-total</b>	<b>286.29</b>	<b>39,895</b>	<b>11,421,700</b>	<b>283.00</b>	<b>283.98</b>	<b>45,009</b>	<b>12,781,774</b>	<b>1,360,074</b>
<b>Sub-total Outturn 2020/21 Comparison</b>	<b>317.81</b>	<b>39,337</b>	<b>12,501,700</b>		<b>298.29</b>	<b>45,529</b>	<b>13,580,732</b>	<b>1,079,032</b>
Adoption	54.29	8,960	486,500	45.00	53.82	8,814	474,330	-12,170
Child Arrangement Orders	12.67	5,945	75,300	9.00	9.07	5,049	45,791	-29,509
Special Guardianship	143.33	5,801	831,500	138.00	132.99	6,179	821,684	-9,816
<b>Grand Total</b>	<b>496.58</b>	<b>25,806</b>	<b>12,815,000</b>	<b>475.00</b>	<b>479.85</b>	<b>29,433</b>	<b>14,123,579</b>	<b>1,308,579</b>
<b>Grand Total Outturn 2020/21</b>	<b>537.63</b>	<b>25,892</b>	<b>13,920,100</b>		<b>495.94</b>	<b>30,048</b>	<b>14,901,616</b>	<b>981,516</b>

- 5.9 Unaccompanied Asylum-Seeking Children (UASC) and UASC Care Leavers are currently forecasting an overspend of £635,000. 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.

- 5.10 **Safeguarding & Monitoring** (£95,500 overspend): The forecast overspend is due to staffing pressures in the Service Quality and Participation and Academy Teams. The COVID cost of £1,000 is an additional staffing requirement due to increased child protection activity.
- 5.11 **Support Activities** (£346,700 overspend): The forecast overspend is due to staffing pressures within the Management Team where agency staff are currently in strategic posts. The COVID costs are £25,000 of additional legal fees as a result of cases running for longer.
- 5.12 **Early Help and Prevention** (£48,400 underspend): This includes £80,000 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.
- 5.13 **Commissioning and Performance** (£65,100 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.
- 5.14 **Community Learning** (On Budget): This area is projected to be on budget.
- 5.15 **PCMI - Portsmouth Craft & Manufacturing Industry** (On budget): This area is projected to be on budget.
- 5.16 **Youth and Play Shared Services with the HRA** (£7,000 underspend): This area has a minor underspend.

#### **Action Plan to mitigate the current financial pressure**

5.17 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 £55.4m is some £14.9m below approved funding for the schemes identified, reflecting the longer-term nature of capital spending. At this stage, however it is forecast that overall there will be a breakeven position against the 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 In 21/22 the Council has received a £1.18m SEND capital grant and it is proposed that this is added to the 21/22 scheme of Accommodation for Special Education Needs.
- 6.5 It should be noted that the current economic climate is increasing the cost of capital works and recent tenders have indicated that costs are approximately 50% higher than expected. The Education Department is working closely with the Design Service, Architects, contractors, and schools to manage costs down and reviewing current and planned schemes to re-prioritise and identify funding to ensure that critical sufficiency works are completed.
- 6.6 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	108,266	108,300	-76,700
2	Children's Case Management Software Replacement	2,707,000	2,371,190	2,707,000	0
3	Tangier Road Children's Home	503,900	503,859	503,900	0
4	Beechside Children's Home	50,100	50,123	61,300	11,200
5	Capital Grant for Disabled Looked after Children	210,200	210,195	210,200	0
6	E C Roberts Centre refurbishment Loan	250,000	7,200	250,000	0
7	Adaptation to Carers Homes	400,000	82,614	465,500	65,500
40	Acquisition of Mosaic Mobile Work Force Cloud Technology	545,000	0	545,000	0
	<b>Total</b>	<b>4,851,200</b>	<b>3,333,447</b>	<b>4,851,200</b>	<b>0</b>

- 6.7 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 and Scheme 4 Beechside Children's Home as part of the budget realignment later in the financial year. Each proposal to adapt carers homes is subject to a separate financial appraisal and approval arrangement. The projection includes three requests which were approved previously and one request for funding currently under consideration. The increased cost on Beechside Children's Home relates to work to improve the garden and leisure facilities.

## **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 on

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Signed by: Cabinet Member



Quarter 3 - Education Capital Budget forecast 2021-22

Appendix 1

Education - Sufficiency Schemes					
Number	Scheme	Current Approved Budget	Actual spend to date	Manager Forecast Spend	Forecast Variance
		£	£	£	£
8	Sufficiency Programme Phase Two 2015- 2017	11,084,864	10,701,307	11,084,864	0
9	Vanguard Centre	3,325,508	3,309,023	3,325,508	0
10	King Richard School Rebuild 900-1000 places	1,562,304	1,411,641	1,562,304	0
14	Secondary School Places Expansion Phase (1)	1,728,700	1,617,662	1,728,700	0
15	Special Education Needs - Building Alterations	2,841,560	2,607,582	2,841,560	0
17	Sufficiency of Secondary School Places	5,517,500	4,748,361	5,517,500	0
18	Future Secondary School Places	158,248	60,000	158,248	0
21	Schools Conditions Project 2018-19	1,577,390	1,568,506	1,577,390	0
22	Sufficiency of School Places 2018-19	11,343,507	10,379,719	11,343,507	0
23	Sufficiency of Special School Places - Redwood Park Academy	2,805,921	2,776,277	2,805,921	0
24	Sufficiency of Special School Places - The Willows Centre	520,000	507,848	520,000	0
25	Milton Childcare Sufficiency	69,784	69,784	69,784	0
26	Forest School at Foxes Forest - Community Accessible Education Centre	30,000	0	30,000	0
27	Early Year Places Provision	10,798	10,798	10,798	0
29	Additional Special School Places - The Lantern	1,134,308	1,148,668	1,148,668	14,360
30	Additional School Places in Mainstream Schools - Design	250,000	62,460	235,640	-14,360
31	Additional Secondary School Places - St Edmunds Catholic School - Grant	650,148	650,148	650,148	0
32	Additional School Places - 2020/21	2,200,000	222,044	1,854,616	-345,384
33	Sufficiency at Wymering Site Improvement	220,000	231,384	231,384	11,384
35	School Places - SEND Phase 1 & Phase 2	1,343,162	1,252,424	1,496,427	153,265
39	Accommodation for Special Education Needs (additional School Places)	7,941,734	1,352,652	8,122,489	180,735
	<b>TOTALS</b>	<b>56,315,436</b>	<b>44,687,286</b>	<b>56,315,436</b>	<b>0</b>

Education - Condition Schemes					
Number	Scheme	Current Approved Budget	Actual spend to date	Manager Forecast Spend	Forecast Variance
12	Schools Conditions Projects - Modernisation	1,427,519	1,422,623	1,427,519	0
13	School Conditions Project 2016-17 Total	878,000	871,955	878,000	0
19	School Conditions Project 2017-18	853,214	746,851	853,214	0
20	Beacon View Primary School - Kitchen Block	41,698	41,698	41,698	0
28	Maintained Schools - Urgent Conditions Projects	1,754,619	1,206,051	1,754,619	0
34	Wimbourne Amalgamation	87,000	77,261	87,000	0
36	Northern Parade Family Hub	25,000	19,627	25,000	0
38	Maintained Schools - Urgent Conditions Projects (2 year Planned Programme 2021/22 to 2022/23)	1,583,400	5,386	1,583,400	0
	<b>TOTALS</b>	<b>6,650,450</b>	<b>4,391,452</b>	<b>6,650,450</b>	<b>0</b>

Education - Other Schemes					
Number	Scheme	Current Approved Budget	Actual spend to date	Manager Forecast Spend	Forecast Variance
11	Universal Infant Free School Meal Works	889,342	889,342	889,342	0
16	Schools DFC Balances and devolved 2016-17	5,232,430	5,461,563	5,232,430	0
37	Replacement Education Case Mngt System	1,250,000	4,526	1,250,000	0
	<b>TOTALS</b>	<b>7,371,772</b>	<b>6,355,431</b>	<b>7,371,772</b>	<b>0</b>
	<b>TOTALS</b>	<b>70,337,658</b>	<b>55,434,171</b>	<b>70,337,658</b>	<b>0</b>