

<b>Title of Meeting:</b>	<b>Cabinet Member for Children, Families and Education</b>
<b>Date of Meeting:</b>	<b>20 October 2022</b>
<b>Subject:</b>	<b>Children, Families and Education Portfolio Budget Monitoring Report for the First Quarter 2022/23</b>
<b>Report from:</b>	<b>Chris Ward, Director of Finance and Section 151 Officer</b>
<b>Report by:</b>	<b>Angela Mann, Finance Manager</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 the Capital Programme for the financial year 2022/23. This report sets out the budget position and contributing factors to the projected spend within the portfolio as at the end of June 2022.

## **2. Summary**

- 2.1. The forecast is for the total portfolio spending to be £1,860,700 in excess of the current revenue budget provision. This consists of expected pressures of £1,028,700 as result of the COVID-19 pandemic and £832,000 due to other factors.
- 2.2. The financial impact of the COVID-19 pandemic is still being realised across the whole of the portfolio however it is becoming harder to identify those costs that are a direct result of the pandemic.
- 2.3. Following a realignment of budgets as part of the approval of the 2022/23 capital programme in February 2022, both the Education and Children and Families capital programmes are currently forecasting a breakeven position on capital expenditure for 2022/23.

### 3 Recommendations

- 3.1 It is recommended that:
- i. the Cabinet Member notes the Children, Families and Education Portfolio forecast revenue and capital budget positions, as at the end of June 2022, together with the variance and pressure explanations.
  - ii. in consultation with the Cabinet Member, Directors develop a savings plan which will eliminate the overspend currently being forecast, progress against which is monitored by the Cabinet Member and the Director of Finance on a regular basis.

### 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. This will need to be refreshed for 2023/24 to incorporate the impact of Covid-19 and the Cost of Living pressures.
- 4.2 The report identifies where the impact of Covid-19 is known but it is likely that it has impacted on the availability of placements nationally, and the increase in costs being incurred, and the increase in activity and complexity of cases being supported which forms part of the 'non COVID-19 Variance'.

### 5 Summary Position against Cash Limited Budget at the end of June 2022

- 5.1 At the end of the first quarter an overspend of £1,860,700 is currently forecast for the financial year as shown in the table below. The 2022/23 pay award in excess of the original budget is being met at a corporate level, and so should not result in an additional pressure to the Portfolio budget.

Service Area	Current Budget	Forecast Outturn	*Forecast Outturn Variance	COVID-19 Variance	Non COVID-19 Variance
	£000	£000	£000	£000	£000
Management, Sufficiency & Resources	2,723	3,383	660	0	660
Inclusion Services	2,360	2,281	-79	0	-79
School Improvement	231	165	-66	0	-66
Community Learning	0	-21	-21	0	-21
Employment Skills & Learning	65	85	20	0	20
Youth & Play Shared Services with the HRA	456	456	0	0	0
<b>Total Education Services</b>	<b>5,835</b>	<b>6,349</b>	<b>515</b>	<b>0</b>	<b>515</b>
Family Safeguarding Service	7,244	7,811	567	174	393
Looked After Children	19,513	20,825	1,311	800	511
Adolescents & Young Adults	4,850	4,231	-619	0	-619
Safeguarding & Monitoring	740	756	16	0	16
Principal Social Worker	351	313	-38	0	-38

Support Activities	2,408	2,488	80	0	80
Early Help and Prevention	470	576	106	51	55
Commissioning & Performance	1,666	1,588	-77	3	-80
<b>Total Children and Families</b>	<b>37,242</b>	<b>38,588</b>	<b>1,346</b>	<b>1,029</b>	<b>318</b>
<b>Total Children, Families and Education Portfolio</b>	<b>43,076</b>	<b>44,937</b>	<b>1,861</b>	<b>1,029</b>	<b>832</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.

- 5.2 **Management, Sufficiency and Resources** (£660,000 overspend): The overspend relates to Home to school transport. The increases in the cost of fuel and the cost of living generally has had an impact on the contract costs. The pressures within the market itself has also meant that a different approach to commissioning the required transport has had to be developed for September. The impact of this, along with new pupil numbers and routes for the 2022-23 academic year will allow the forecast to be updated during the year.
- 5.3 **Inclusion Services** (£79,000 underspend): The forecast underspend is due to vacancies within the service.
- 5.4 **School Improvement** (£66,000 underspend): The forecast underspend is due to vacancies within the service.
- 5.5 **Community Learning** (£21,000 underspend) and **Employment Skills and Learning** (£20,000 overspend): The variance is due to the proportion of management costs charged to each area and should be netted off against each other.
- 5.6 **Youth and Play Shared Services** (on budget): This area is projected to be on budget.
- 5.7 **Family Safeguarding Service** (£567,000 overspend): This includes £174,300 of pressures 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 remaining non-COVID overspend is due to placements for Children with Disabilities where we have a small number of children with exceptionally high needs, an overspend due to high numbers of families with no recourse to public funds and the use of agency staff to cover a relatively small number of social worker vacancies.
- 5.8 **Looked After Children** (£1,311,000 overspend): This includes £800,000 of COVID-19 pressures due to delayed savings resulting from the implementation of the Family Safeguarding model.
- 5.9 The overspend on placements is largely in relation to a small number of extremely high cost bespoke arrangements where children can require 3:1 nursing care to

support complex mental health needs. This is recognised as a national challenge as recognised by the ADCS President Steve Crocker who reflected that 'Most councils in England have at least one looked-after child whose private placement costs £10,000 a week or more, with costs running to £60,000 a week in the most extreme cases'.

5.10 The projected overspend on placements (including COVID-19 pressures) is projected to be £906,300.

June 2022	Budget			Current Projection				
Placement Type	Average	Av Unit Cost	Budget	Current Placements	Average	Av Unit Cost	Final Outturn	Budget Pressure
	Nos	£	£	Nos	Nos	£	£	£
External Residential	17.94	246,624	4,424,200	23.00	19.40	217,130	4,212,745	(211,455)
Semi Independent	2.29	119,867	274,700	5.00	6.06	279,648	1,693,868	1,419,168
Independent Fostering Agency (IFA)	26.13	45,374	1,185,700	20.00	19.11	44,343	847,267	(338,433)
In-House Foster care	242.66	24,997	6,065,800	242.00	241.48	25,272	6,102,893	37,093
<b>Sub-total</b>	<b>289.02</b>	<b>41,347</b>	<b>11,950,400</b>	<b>290.00</b>	<b>286.05</b>	<b>44,946</b>	<b>12,856,773</b>	<b>906,373</b>
<b>Sub-total Outturn 2021/22 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	50.86	9,565	486,500	47.00	42.25	9,305	393,170	(93,330)
Child Arrangement Orders	14.38	5,235	75,300	6.00	5.36	6,179	33,094	(42,206)
Special Guardianship	131.77	6,310	831,500	126.00	117.27	8,246	967,007	135,507
<b>Grand Total Outturn 2022/23</b>	<b>486.05</b>	<b>27,454</b>	<b>13,343,700</b>	<b>469.00</b>	<b>450.93</b>	<b>31,602</b>	<b>14,250,044</b>	<b>906,344</b>
<b>Grand Total Outturn 2021/22 Comparison</b>	<b>496.58</b>	<b>25,806</b>	<b>12,815,000</b>	<b>470.00</b>	<b>489.95</b>	<b>29,620</b>	<b>14,512,595</b>	<b>1,697,595</b>

5.11 The remaining overspend within Looked After Children is a result of increased energy costs and staffing pressures within the Childrens Homes and Fostering Teams.

5.12 **Adolescents and Young Adults** (£619,000 underspend): There is an overspend of £423,000 on indigenous care leavers which is offset by an underspend on the budget for Care Leavers who are seeking asylum of £825,000, although the direct spend is still higher than the grant we receive. There is also an underspend of £262,000 on the budget for children seeking asylum where the numbers are greater than budgeted and the grant received is in excess of the direct costs. The threshold for the National Transfer Scheme (NTS) has recently been increased from 0.07 of the child population to 0.1, for Portsmouth City Council this means an increase from 31 unaccompanied looked after children to 45. Whilst the grant covers the direct costs for children under 18, a financial pressure is experienced post 18 as the grant reduces but the level of need does not. Work is ongoing to maximise the income care leavers receive, which should reduce the costs to Portsmouth City Council.

5.13 **Safeguarding & Monitoring** (£16,000 overspend): The forecast overspend is due to staffing pressures in the Service Quality and Participation and Academy Teams.

5.14 **Principal Social Worker** (£38,000 underspend): The forecast underspend is due to vacancies within the service.

5.15 **Support Activities** (£80,000 overspend): The forecast overspend is due to staffing pressures within the management team where agency staff are in strategic posts.

5.16 **Early Help and Prevention** (£106,000 overspend): The main reasons for the overspend are additional staffing to respond to increased levels of need and support families and children to remain at a lower threshold of intervention, and also pressure due to increased energy/cost of living costs.

5.17 **Commissioning and Performance** (£77,000 underspend): At the end of the quarter some of the Supporting Families Income was not committed, but this is likely to change during the year to ensure that families are supported.

## 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 15 February 2022.

6.2 Current spending at £57.8m is some £13.7m below approved funding of £71.5m for the schemes identified, reflecting the longer-term nature of capital spending. It should be noted that the cost pressures seen in the building sector are impacting on the forecast spending levels of the current programme by £5.8m as set out in Appendix 1. These pressures are expected to be covered with the High Needs capital allocations from the Department for Education in 2022-23 and 2023-24, leading to an overall breakeven position. Any underspending arising from the Capital Programme which was funded from Corporate Capital Resources will be returned and will 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 15 February 2022.

Children and Families Capital programme 2022-23					
		Approved budget	Actual Expenditure to date	Forecast Expenditure	Forecast variance
Number	Scheme	£	£	£	£
1	Adaptations to Foster Carer Properties	108,300	108,300	108,300	0
2	Children's Case Management Software Replacement	2,707,000	2,410,500	2,707,000	0
3	Tangier Road Children's Home	503,900	503,900	503,900	0
4	Beechside Children's Home	50,100	63,200	63,200	13,100
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	476,700	102,400	463,600	-13,100
40	Acquisition of Mosaic Mobile Work Force Cloud Technology	545,000	0	545,000	0
41	The White House Children's Home	22,500	0	22,500	0
42	Create garden workspace for young people	14,100	0	14,100	0
	<b>Total</b>	<b>4,887,800</b>	<b>3,405,700</b>	<b>4,887,800</b>	<b>0</b>

## **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



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	11,089,500	10,701,800	11,089,500	0	
9	Vanguard Centre	3,308,000	3,308,000	3,308,000	0	
10	King Richard School Rebuild 900-1000 places	1,562,300	1,412,600	1,562,300	0	
11	Universal Infant Free School Meal Works	889,300	889,300	889,300	0	
12	Schools Conditions Projects - Modernisation	1,422,600	1,422,600	1,422,600	0	
13	School Conditions Project 2016 - 17	869,500	872,000	872,000	2,500	
14	Secondary School Places Expansion Phase (1)	1,728,700	1,617,700	1,728,700	0	
15	Special Education Needs - Building Alterations	2,841,600	2,611,800	2,841,600	0	
16	Schools Devolved Formula Capital 2016-17	5,837,100	6,284,900	5,837,100	0	
17	Sufficiency of Secondary School Places	5,517,500	4,928,500	5,517,500	0	
18	Future Secondary School Places Feasibility	158,200	63,900	158,200	0	
19	School Condition 2017-18	853,200	754,200	850,700	-2,500	
20	Beacon View - Kitchen Block	41,700	41,700	41,700	0	
21	School Condition 2018-19	1,577,400	1,558,900	1,577,400	0	
22	Sufficiency of School Places 2018-19	11,343,500	10,464,700	11,343,500	0	
23	Special School Places - Redwood Park	2,805,900	2,831,400	2,805,900	0	
24	Special School Places - Willows	586,100	516,500	586,100	0	
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	1,372,500	1,754,600	0	Two years funding for 2019-20 and 2020-21
29	Additional School Places - The Lantern	1,147,000	1,148,700	1,148,600	1,600	
30	Additional School Places in Mainstream Schools - Design	250,000	62,500	248,400	-1,600	
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	228,200	2,198,700	-1,300	
33	Additional School Places 2020/2021 Wymering Site	220,000	248,100	248,100	28,100	Land covenant and fees
34	Wimborne Amalgamation	87,000	88,300	88,300	1,300	
35	School Places SEND Phases 1 & 2	1,360,600	1,730,900	3,097,800	1,737,200	Industry inflationary to be covered SEND grants
36	Northern Parade Family Hub	25,000	19,600	25,000	0	
37	Education case management system	1,250,000	169,900	1,250,000	0	
38	Maintained Schools- urgent condition projects (2 year planned programme 2021/22 to 2022/23)	1,596,800	225,800	1,596,800	0	
39	Accommodation for Special Education Needs (Additional Schools Places)	7,875,600	1,518,100	11,366,300	3,490,700	Industry inflationary to be covered SEND grants
43	Accommodation for SEND - Arundel Court Inclusion Centre	550,000	150	1,100,000	550,000	Industry inflationary to be covered SEND grants
	<b>TOTALS</b>	<b>71,509,400</b>	<b>57,823,950</b>	<b>77,315,400</b>	<b>5,806,000</b>	