

Title of Meeting:	Cabinet Member for Children, Families and Education	
Date of Meeting:	15th December 2022	
Subject:	Children, Families and Education Portfolio Budget Monitoring Report for the Second Quarter 2022/23	
Report from:	Chris Ward, Director of Finance and Section 151 Officer	
Report by:	Angela Mann, Finance Manager	
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 the Capital Programme for the current 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 September 2022.

2. Summary

- 2.1. The forecast is for the total portfolio spending to be £2,766,300 in excess of the current revenue budget provision. This consists of expected pressures of £1,035,000 as a result of the COVID-19 pandemic, £53,100 as a result of increased Energy Costs and £1,678,200 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 across the Capital Programme period to 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 September 2022, together with the variance and pressure explanations.
- ii. in consultation with the Cabinet Member, Directors continue to 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 September 2022

- 5.1 At the end of the second quarter an overspend of £2,766,300 is currently forecast for the financial year as shown in the table below. The Portfolio is facing many pressures and work is ongoing to reduce these. This work includes a close review of the very high cost placements and the role all partners have, introducing new ways of supporting children and young people, their families and carers. However, there is still an increase in the forecast between Quarter 1 and Quarter 2 primarily associated with Looked After Children. 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 £000	Forecast Outturn £000	Forecast Outturn Variance £000	Energy Cost Variance £000	COVID-19 Variance £000	Non COVID-19/Energy Cost Variance £000
Management, Sufficiency & Resources	2,723	3,530	807	2	0	805
Inclusion Services	2,360	2,311	-49	0	0	-49
School Improvement	291	183	-108	0	0	-108
Community Learning	0	-21	-21	0	0	-21
Employment Skills & Learning	65	86	21	0	0	21
Youth & Play Shared Services with the HRA	456	456	0	0	0	0
Total Education Services	5,895	6,545	651	2	0	648
Family Safeguarding Service	7,244	7,910	666	0	174	492
Looked After Children	19,513	22,195	2,682	26	800	1,856
Adolescents & Young Adults	4,850	3,660	-1,190	22	0	-1,212
Safeguarding & Monitoring	740	756	16	0	0	16
Principal Social Worker	351	307	-43	0	0	-43
Support Activities	2,478	2,465	-13	0	0	-13
Early Help and Prevention	470	477	7	2	58	-53
Commissioning & Performance	1,938	1,929	-9	0	3	-12
Total Children and Families	37,584	39,700	2,116	51	1,035	1,030
Total Children, Families and Education Portfolio	43,479	46,245	2,766	53	1,035	1,678

*Forecast outturn variance includes variance due to COVID-19, variance due to increased energy costs and variance 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** (£807,100 overspend): This includes £2,300 of costs relating to recent price rises in energy. The overspend relates to Home to School Transport of which £256,000 relates to higher wage and fuel costs. The 2022/23 academic year has also seen an increase in the number of pupils transported to school. The pressures within the market itself has also meant that a different approach to commissioning the required transport was developed for September.
- 5.3 **Inclusion Services** (£49,000 underspend): The forecast underspend is due to vacancies within the service.
- 5.4 **School Improvement** (£107,600 underspend): The forecast underspend is due to vacancies within the service.
- 5.5 **Community Learning** (£20,500 underspend) and **Employment Skills and Learning** (£20,500 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 with the HRA** (On Budget): This area is projected to be on budget.

5.7 Family Safeguarding Service (£666,300 overspend): This includes £174,100 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 overspend is due to placements for Children with Disabilities where we have children with exceptionally high needs, an overspend due to 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 Youth Offer (On Budget): This area is projected to be on budget.

5.9 Looked After Children (£2,682,000 overspend): This includes £800,000 of COVID-19 pressures due to delayed savings resulting from the implementation of the Family Safeguarding model. This also includes £26,400 of costs relating to recent price rises in energy.

5.10 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'*.

5.11 The projected overspend on placements is £2,242,400, the breakdown of which is in the table below.

September 2022	Budget			Current Projection				
Placement Type	Average	Av Unit Cost	Budget	Current Placements	Average	Av Unit Cost	Forecast Outturn	Budget Pressure
	Nos	£	£	Nos	Nos	£	£	£
External Residential	17.94	246,624	4,424,200	26	23.66	215,595	5,100,975	676,775
Semi Independent	2.29	119,867	274,700	9	7.57	225,300	1,705,521	1,430,821
Independent Fostering Agency (IFA)	26.13	45,374	1,185,700	19	19.73	49,236	971,432	(214,268)
In-House Foster care	242.66	24,997	6,065,800	238	240.22	26,463	6,356,994	291,194
Sub-total	289.02	41,347	11,950,400	292	291.18	48,544	14,134,922	2,184,522
Sub-total Outturn 2021/22 Comparison	317.81	39,337	12,501,700		298.29	45,529	13,580,732	1,079,032
Adoption	50.86	9,565	486,500	45	44.53	9,219	410,534	(75,966)
Child Arrangement Orders	14.38	5,235	75,300	5	5.36	6,179	33,094	(42,206)
Special Guardianship	131.77	6,310	831,500	125	124.16	8,115	1,007,587	176,087
Grand Total Outturn 2022/23	486.05	27,454	13,343,700	467	465.23	33,502	15,586,137	2,242,437
Grand Total Outturn 2021/22 Comparison	496.58	25,806	12,815,000	470	489.95	29,620	14,512,595	1,697,595

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

5.13 Adolescents & Young Adults (£1,189,700 underspend): This includes £22,400 of costs relating to recent price rises in energy. There is an overspend of £344,200 on indigenous care experienced young people which is due to the numbers being supported and also complexity of need. There is an underspend on the budget for care experienced young people who are seeking refuge of £1,029,900, although the direct spend is still higher than the grant that is received. There is also an underspend of £220,600 on the budget for children seeking refuge 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, which 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 experienced young people receive, which should reduce the costs to Portsmouth City Council. Work has also started to look at increasing housing options in Portsmouth which will reduce costs.

- 5.14 **Safeguarding & Monitoring** (£15,500 overspend) and Principal Social Worker (£43,200 underspend): The forecast variances are due to staffing pressures within the teams.
- 5.15 **Support Activities** (£12,800 underspend): The forecast underspend is due to vacancies within the service.
- 5.16 **Early Help and Prevention** (£7,100 overspend): This includes £58,000 of costs relating to COVID-19. The COVID-19 costs are projected for additional staff to help families stay together. This also includes £2,000 of costs relating to recent price rises in energy. The underlying underspend is due to a vacant Head of Service post for part of the year.
- 5.17 **Youth Offer** (On Budget): This area is projected to be on budget.
- 5.18 **Commissioning and Performance** (£9,400 underspend): This includes £3,000 costs relating to COVID-19. The COVID-19 overspend relates to an additional requirement for data therefore an additional officer was in post at the beginning of the year. The non-covid underspend is to be used to offset overspends within the portfolio.

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 £59.4m is some £12.1m 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 £2.9m 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, 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
No.	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
	Total	4,887,800	3,405,700	4,887,800	0

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



Appendix 1 Education Capital Budget forecast

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	1,412,700	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	64,500	158,200	0	
19	School Condition 2017-18	853,200	754,200	843,900	-9,300	
20	Beacon View - Kitchen Block	41,700	41,700	41,700	0	
21	School Condition 2018-19	1,577,400	1,569,600	1,584,200	6,800	
22	Sufficiency of School Places 2018-19	11,343,500	10,529,600	11,343,500	0	
23	Special School Places - Redwood Park	2,805,900	2,831,400	2,914,600	108,700	
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	1,454,300	1,754,600	0	Two years funding for 2019-20 and 2020-21
29	Additional School Places - The Lantern	1,147,100	1,148,700	1,148,700	1,600	
30	Additional School Places in Mainstream Schools - Design	250,000	72,300	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	2,090,000	-110,000	
33	Additional School Places 2020/2021 Wymering Site	220,000	283,700	283,700	63,700	Land covenant and fees to be covered by SEND grants
34	Wimborne Amalgamation	87,000	88,300	88,300	1,300	
35	School Places SEND Phases 1 & 2	1,360,700	2,518,500	3,194,000	1,833,300	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	191,200	1,250,000	0	
38	Maintained Schools- urgent condition projects (2 year planned programme 2021/22 to 2022/23)	1,596,800	499,100	1,596,800	0	
39	Accommodation for Special Education Needs (Additional Schools Places)	7,875,600	1,799,800	8,293,500	417,900	Industry inflationary to be covered SEND grants
43	Accommodation for SEND - Arundel Court Inclusion Centre	550,000	19,600	1,100,000	550,000	Industry inflationary to be covered SEND
TOTALS		71,509,600	59,410,800	74,374,500	2,864,900	