



Meeting	Board
Date	Wednesday, 21 October 2020
Title of report	Finance Report
Purpose	For information
Public/private report	Public
Author	Julie Brown, Director of Resources

KEY POINTS

- The forecast position for the full year is an overspend of £3.949m.
- This forecast incorporates the additional spending, approved by the Ministry of Justice, of £3.4m on operational capacity.
- There is a significant level of effort going in to securing additional operational capacity at practitioner, practice supervisor and service manager level. Roles that play a vital part in the allocation of cases and the oversight when any areas need to begin to prioritise incoming work.

1. AIM AND PURPOSE

- 1.1 To provide an update on the in year and forecast positions for the current financial year.

2. BACKGROUND

- 2.1 Our management accounts at the end September 2020 show spend currently running below the budgeted level by £1.605m. Of this, £1.281m relates to the Operational Area budget and is substantially the effect of a reduction in Travel and Subsistence spending (£1.299m).
- 2.2 The forecast position for the full year is an overspend of £3.949m. This forecast incorporates the additional spending, approved by the Ministry of Justice, of £3.4m on operational capacity to carry the increase in open work held by practitioners, and increasingly service managers, as a result of the reduction in throughput of cases through the court system. The balance of £0.5m relates to the shortfall in funding for the current year against our submissions of minimum spending requirements for 2019/20. We continue to keep under careful review our about patterns of spending in line with current Covid-19 arrangements.
- 2.3 A summary of the year to date position and forecast position is set out here, with commentary on the latter below. The budget is now fully committed, and the executive team will continue to review and manage carefully any new spending pressures against existing spending priorities.

£'000

Budget April to September 2020	62,908
Actual spend April to September 2020	(61,302)
Underspend after six months, carried forward	1,606
Budget September to March 2021	66,856
Forecast spend September to March 2021	(72,411)
Outturn variance for financial year	(3,949)

- 2.4 Our Pay Remit Business Case is with the department for scrutiny. Guidance on a range of increases in remuneration costs has been issued by the Cabinet Office although this is below the level of increase settled across the local authority sector, including children's social workers.

3. KEY STRATEGIC AREAS TO CONSIDER

- 3.1 While the initial response to Covid-19 had a dramatic impact on some areas of spend, such as travel costs, there is a new consistency of spending as some travel is returning and offices opening with limited use, principally for the purpose of seeing children and their families.
- 3.2 These are unlikely to recover to budgeted levels for some months, if ever. There are however significant risks around capacity within the workforce in particular our social workers and their line managers. There is a significant level of effort going in to securing additional operational capacity at practitioner, practice supervisor and service manager level. These roles all play a vital part in the allocation of cases and the oversight when any areas need to begin to prioritise incoming work.
- 3.3 New referral levels are consistent with pre lockdown levels but there is a large backlog that is trickling through but may speed up as additional court and judicial capacity comes on line, although for now throughput of cases has continued to decline month on month.

4. IMPACT ON CHILDREN AND YOUNG PEOPLE

- 4.1 The delivery of safe, high quality and timely services remains a priority for service delivery. In order to achieve this, a budget plan is needed that is sufficient in size and appropriately allocated across functions and geographic areas to ensure resources are available to support service delivery.

5. FINANCIAL ANALYSIS

- 5.1 The financial implications of this paper are contained in the main body of this report.

6. RISK ANALYSIS

- 6.1 General risks associated with the in-year and future year financial positions are discussed within the Strategic Risk Register, considered elsewhere on the agenda today. In particular, we assess the risks relating to the availability of grant funding and its sufficiency within the current and future financial years. Continuing increases in demand always create financial pressures through the need to manage practitioner workloads and the quality of work. The rising stock of open cases is adding further pressure to already stretched capacity.

7. DIVERSITY ANALYSIS

- 7.1 Ensuring Equality and Diversity are central to all our work remains a key operational priority. In much the same way as ensuring the objectives of benefits for children are met through financial planning and management, so the active management of spending against a properly

constructed budget will help ensure an equitable distribution of resources to enable equality of access to services.

8. ACTION REQUIRED

8.1 The Board is asked to **NOTE** the report.