

Summary Sheet

Council Report

Overview and Scrutiny Management Board – 13th January 2017

Title

Budget pressures in relation to Looked After Children.

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

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Ward(s) Affected

All

Executive Summary

This report sets out the management actions and budget proposals that are underway to address the Looked After Children budget pressure both in the short and long term.

The original 2016/17 Looked After Children (LAC) budget was sufficient to fund only 400 placements, 88 less than Rotherham's total of 488 as of 31st December 2016. This increase to the current level could not have been foreseen at the start of the year but estimates prior to April 2016 by the Directorate Leadership Team did put the number at between 440 and 450.

There is no hiding the fact that intervention costs and Rotherham, like all seriously inadequate authorities has had to spend a significant sum to make the system safer. With the system now more stable it is essential that a realistic budget – reflecting the current number of looked after children – is set going forward.

The challenge now, after the rebasing of the budget to reflect actual numbers and activity, is two-fold. Firstly, to continue work that has begun this year to address the lack of good placement provision in borough. Getting the setting mix right in Rotherham will mean better outcomes for Children at a lower cost to the Council. Secondly, to put in place edge of care and preventative measures to reduce the

growth in demand so that numbers reach a peak, plateau and then slowly start to reduce.

The in-year budgetary position for Children's Services is challenging. To date approved savings of £1.267m and cost avoidance of £3.063m has been delivered; and further in-year mitigation of £2.126m is on target. However, medium and long term financial sustainability will only be possible through the commitment to investment in the workforce and edge of care preventative services that will enable a pathway to significant cost reduction, a balanced budget for Children's Services in future years and significantly better outcomes for children.

Recommendations

That the Overview and Scrutiny Management Board:

- Note the reasons for the pressures facing Looked After Children budgets
- Note the mitigation and cost avoidance implemented through in-year management actions.
- Note that if LAC numbers continue to increase then there will be a further pressure on social care budgets and a risk that the reported position will worsen before the end of the financial year.
- Note the long term impact of the Sustainability and Sufficiency Strategies and the resulting forecast cost reduction of £4m, against a baseline of £64m, by 2020/21.

List of Appendices Included

None

Background Papers

Revenue Budget and Council Tax Setting Report for 2016/17 to Council 2nd March 2016

MTFS Update report – Cabinet – 11th July 2016

MTFS Update report – Cabinet – 14th November 2016

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Budget pressures in relation to Looked After Children

1. Recommendations

1.1 That the Overview and Scrutiny Management Board:

- Note the reasons for the pressures facing Looked After Children budgets
- Note the mitigation and cost avoidance implemented through in-year management actions.
- Note that if LAC numbers continue to increase then there will be a further pressure on social care budgets and a risk that the reported position will worsen before the end of the financial year.
- Note the long term impact of the Sustainability and Sufficiency Strategies and the resulting forecast cost reduction of £4m, against a baseline of £64m, by 2020/21.

2. Background

- 2.1 The duty to provide or procure placements for Children Looked After by the local authority is explicit in the Children Act 1989. This has since been strengthened by the introduction of Sufficiency Statutory Guidance (2010) and the Care Planning, Placement and Case Review Regulations (implementation April 2011). There is a duty of 'sufficiency' that requires Local Authorities and Children's Trust partners to ensure that there is a range of sufficient placements which meet the needs of children and young people in care, and to take steps to develop and shape service provision to meet the needs of all children and young people in care at a local level, as far as is reasonably possible.
- 2.2 There has been an upward trend year on year in the numbers of children and young people Looked After by Rotherham. Overall the number of children in care has increased from 407 at end of 2014/15 to 433 at the end of 2015/16. This year the trend has continued and is currently 488 (31st December 2016).
- 2.3 At 87 per 10k child population the number of Looked After Children in Rotherham is high when compared to latest published (March 2016) Statistical Neighbours and England averages of 73 and 60 respectively. However, given the national increases in demand reported recently by CAFCASS (Children and Family Court Advisory and Support Service) both Statistical Neighbour and National averages are expected to show an increase over the last year. Until these more recent figures are published comparisons with Rotherham's current trend are not possible. The Authority acknowledges historically poorly performing services have left a legacy of need as well as a legacy of numbers. In addition, too many children are in out of authority placements which as well as having implications for the child and family, are the most expensive settings.

- 2.4 Rotherham has a disproportionate number of older LAC with 58% of children looked after aged 10 and over. The likelihood of these young people returning to their birth families or achieving permanency through adoption or special guardianship orders diminishes the older they become and they are more likely to remain looked after. Often the older children have a greater complexity of need which impacts on education and stability of school placements.
- 2.5 Rotherham's LAC Sufficiency Strategy, which will be published before the end of the financial year, analyses the needs of children and young people in care that are not currently being met within Rotherham. It also considers the likely changes in the overall care population between now and 2020, taking into account the ambition to improve preventative services, increase the number of children for whom permanency is secured and ensuring children are matched to the right placement to meet their needs.
- 2.6 The Looked After Children Peer Review, undertaken in October 2016, highlighted the legacy issues arising from poor social work practice and that they were likely to have a significant impact on the rate of improvement likely to be achieved within the Looked After Children Service. It is in this context that the continued budget pressures outlined in this paper must be considered.
- 2.7 The Edge of Care preventative interventions in the CYPS Sustainability Strategy, approved at Cabinet on 14th November and ratified by Council on 7th December, will enable the service to address the deficiencies in practice and service provision; this will lead to greater efficiency and effectiveness – improved value for money – from 2017/18 and in future years.

3. Key Issues

- 3.1 There are too many looked after children in the care of Rotherham MBC. Historically poorly performing services have left a legacy of more complex need as well as a legacy of rising numbers.
- 3.2 The LAC budget has not been sufficient for the numbers of children in care and corresponding cost of placements at the start of the financial year.
- 3.3 There is a need to ensure that the Local Authority is able to manage demand and that preventative provision is in place to minimise the number of children coming into care. For some children, for whom the right decision has been to become looked after, there is insufficient timely access to appropriate specialist support.
- 3.4 The number of those children in care placed out of borough is too high; closing gaps in the provision of sufficient local placement accommodation is required so children and young people in care and care leavers are able to continue to live within or close to the Borough.
- 3.5 There is a need to work with key providers of specialist provision to help to meet a range of needs and sufficiency of placement provision. More needs to be done to ensure the efficient and effective operation of the local market.

Delivering much better value in terms of quality, price, unit costs and outcomes is essential across all provision.

4. Management Response, Sustainability and Sufficiency Strategies

- 4.1 Children and young people on the edge of care will be supported to stay with their parents or extended family and only come into care when it is absolutely necessary and justified in the best interests of the child or young person; and when all support options and strategies have been exhausted.
- 4.2 The return of young children to their birth or extended families will be a priority, when it is safe to do so. For those where this is not possible, the aim will be for permanency through adoption or special guardianship orders.
- 4.3 For children who remain in care the Council will ensure that there is a good quality placement in a family setting or suitable residential provision in or close to Rotherham.
- 4.4 Young people leaving care will be actively encouraged to remain looked after until they are 18 where this is appropriate. They will receive help to 'stay put' in their placement after they are 18. Where this is not possible or appropriate the Council will ensure provision of accommodation locally to meet their needs including support to enable smooth transition to independent living.
- 4.5 The CYPS Sustainability Strategy, approved by Cabinet on 14th November 2016 and ratified by Council on 7th December, contained budget investment proposals based on the CYPS Directorate's professional view of need, and how demand for services will be managed by investing in: the right support at the right time for families across early help and on the edge of care; children's social care and education settings to develop better, more affordable placement choices through a sufficiency strategy for LAC. Appendix 1 outlines the edge of care and LAC sufficiency proposals and the expected budgetary outcomes.
- 4.6 The LAC Placement Sufficiency Strategy is currently at the final draft stage. It sets out how Rotherham Children's Services will fulfil its role as a Corporate Parent and meet its statutory sufficiency duty by providing good quality care, effective parenting and support to children and young people in and leaving our care. It describes a 'one market' approach to the commissioning and provision of secure, safe and appropriate accommodation and support to children in care and care leavers.
- 4.7 This Strategy also describes the on-going needs of children. The Council will develop additional provision with key providers to ensure a range of specialist support and choice. It will focus on ensuring that the local market is developed over time so children and young people who remain in care are able to continue to live in a family setting with the right support within or close to the Borough.
- 4.8 Achieving this requires the collective engagement of the local authority and its partners working together, involving children and young people in the decisions affecting their lives. As a Corporate Parent the Council will provide scrutiny and seek assurance that the Strategy and the actions are owned and implemented

by all professionals and partner organisations working with children, young people, their parents and carers to secure the best outcomes for children in Rotherham. This is based on our fundamental commitment to being a Child Centred Borough.

- 4.9 The immediate management actions taken across the directorate this financial year to mitigate the social care overspend have been well documented in previous budget monitoring and scrutiny reports. Cost avoidance and mitigation through a variety of decisions currently stands at £6.5m this financial year.
- 4.10 The CYPS Directorate Leadership will, through their dedicated budget focused “DLT Resources” weekly meeting, continue robust challenge of planned expenditure. The new approval limits put in place across the council and phase 2 of the line by line budget review will ensure that wherever possible all discretionary non-essential expenditure is avoided or placed on hold until the new financial year.
- 4.11 The department has begun to make sure the new edge of care initiatives are in place by April, including the preparation for recruitment to new posts, so that full year benefits for children and families and savings from a budgetary perspective are delivered.
- 4.12 The Council has recently received news from the Central Government Cabinet Office that an Expression of Interest to the Life Chances Fund (LCF), submitted at the end of September for funding to support our Edge of Care interventions, has been successful in passing the first stage and can now progress to a full application.
- 4.13 The LCF will contribute towards payment for outcomes focused upon tackling complex social problems and in the case of the Council’s expression of interest – reducing the time children spend in residential care and preventing early entry into care. The Cabinet Office will shortly confirm whether or not the Council will receive a Development Grant to help facilitate a full application and aid understanding of how outcome-based commissioning through a Social Impact Bond can generate greater value for money.

Appendix 1: CYPs Sustainability Strategy Budget Investments

Table 1: Budget proposals to achieve a sustainable Children's Service budget

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Net Budget	56.468	55.017	53.717	52.717	52.717
Pressure (Demand/Demographic)	7.848	7.346	8.402	9.458	10.514
Pressure (Reduction in Short Term Reserve)	0.000	1.000	2.000	3.000	3.000
Investment	0.179	3.607	3.716	3.527	3.579
Savings / Cost Avoidance (from Investment)	0.000	(2.276)	(5.190)	(8.061)	(9.601)
Net Forecast	64.495	64.694	62.645	60.641	60.209
Overall Investment / Funding Support	8.027	9.677	8.928	7.924	7.492

Budget Proposals to address LAC budget pressure

(Please note: Net Savings are shown as negative figures; a positive number represents a net investment/cost in the year in question.)

CYPs 1A – Foster Carer Payments Scheme, Support and Development

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.000	1.276	1.718	2.182	2.182	7.359	
Gross Saving	0.000	(1.374)	(2.660)	(3.980)	(3.980)	(11.994)	
Net Saving	0.000	(0.098)	(0.942)	(1.798)	(1.798)	(4.635)	Year 2

% of placements with LA Fostering	43%	48%	53%	57%	62%		
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Rotherham, in common with local authorities across the Yorkshire and Humber region, has a shortage of all foster care placements, but particularly foster care placements for adolescents and larger sibling groups. The Council places too many young people in residential care. The implementation of the allowances offer and a resulting rise in placements with in-house foster carers could lead to long term savings on the overall Looked after Children budget. From 2017/18 the investment will seek to provide a net 15 additional in-house foster places each year to 2019/20 - 45 in total. As a consequence there would be a corresponding fall in the number of LAC being placed in more expensive settings (Independent Fostering Agency (IFA) and residential placements). This investment was approved at Cabinet on 12th September 2016.

CYPS 1B – Therapeutic Service

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.000	0.270	0.270	0.270	0.270	1.080	
Gross Saving	0.000	0.000	0.000	0.000	0.000	0.000	
Net Saving	0.000	0.270	0.270	0.270	0.270	1.080	N/A

This bid for budget investment seeks funding for additional clinical practitioners to deliver highly responsive and intensive interventions for Rotherham’s children in care identified as needing it most. This proposal will operate in conjunction with the fostering ‘offer’ and special guardianships whereby children ‘most at risk’ within Rotherham will have access to good quality and responsive wrap around therapeutic support to address the child’s specific emotional and mental well-being needs.

There will be a reduction in the likelihood of placement breakdowns and special guardianship breakdowns which often result in the use of more expensive placement provision, including re-entry to care or move to more expensive residential placements. The service can deliver therapeutic interventions more cost effectively than by commissioned services. There is a clear argument that breaking the cycle of disruptions through intensive provision early in the child’s care journey will lead to better emotional wellbeing for children and better outcomes for these children in later life. The monetary benefit, therefore, will be one of cost avoidance rather than a direct budget saving.

The proposal has direct staff costs of a social worker and business support officer and commissioning costs of 2.5 clinical practitioners.

CYPS 2 – Family Group Conferencing

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.100	0.164	0.164	0.164	0.164	0.756	
Gross Saving	0.000	(0.165)	(0.627)	(1.254)	(1.914)	(3.960)	
Net Saving	0.100	(0.001)	(0.463)	(1.090)	(1.750)	(3.204)	Year 2

LAC Reduction	0	15	27	30	30	102	
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Family Group Conferencing is an effective tool for identifying and engaging with wider family members at an early stage of concern about a child. This initiative seeks to minimise the financial pressure within the LAC budget by working to prevent children entering the care system.

The proposal is to deliver the service in-house. The workload is estimated to require a team of 1 coordinator and 4 family group conference practitioners. Some training would be required along with a small amount of other running costs. A total investment of £164k is required on a recurrent basis to deliver the expected savings above. It is estimated that Family Group Conferencing could prevent 15 children entering care in the first year, increasing to 25 – 30 per year thereafter.

CYPS 3 – Special Guardianship Looked After Children

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.000	0.052	0.103	0.155	0.206	0.516	
Gross Saving	0.000	(0.066)	(0.198)	(0.330)	(0.462)	(1.056)	
Net Saving	0.000	(0.014)	(0.095)	(0.175)	(0.256)	(0.540)	Year 2

LAC Reduction	0	6	6	6	6	24	
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Special Guardianship Orders (SGO) offer the opportunity for family, friends or existing foster carers to give a permanent home to the child without Social Care input. The SGO arrangement attracts an allowance, the average cost of which is £8.6k per annum. The total cost of additional allowances for the estimated 6 additional SGO's through this initiative would be £52k per year. Whilst there is still a cost implication to Special Guardianship it is significantly less than a LAC placement.

CYPS 4 – Pause Project

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.018	0.000	0.000	0.000	0.000	0.018	
Gross Saving	0.000	0.000	0.000	0.000	0.000	0.000	
Net Saving	0.018	0.000	0.000	0.000	0.000	0.018	N/A

Rotherham works with a number of mothers who have had multiple children taken into care. Pause, an organisation co-founded by Sophie Humphreys, former head of safeguarding at Hackney, works entirely outside of the usual local authority structure and independently of the social care services. The programme engages with mothers on a one-to-one basis, creating a bespoke programme of intensive therapeutic activities and practical support.

Women working with Pause are supported to focus on themselves to take control of their lives. To do this they are required to take Long Acting Reversible Contraception (LARC) during the intervention, thereby creating a space to pause, reflect, learn and aspire.

Initial scoping identifies around 25 Rotherham women who could be worked with who have been the subject of a repeat removal of a child following pregnancy. This investment of £18k will be for a formal review of the scope in Rotherham. It is not proposed at this stage to implement the Pause project. Further consideration of this will be given following the completion of the review but it is worthy of note that initial work indicated that between 10 and 15 placements might be avoided per year.

CYPS 5 – Edge of Care

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.000	0.350	0.350	0.350	0.350	1.400	
Gross Saving	0.000	(0.165)	(0.594)	(1.188)	(1.848)	(3.795)	
Net Saving	0.000	0.185	(0.244)	(0.838)	(1.498)	(2.395)	Year 3

LAC Reduction	0	15	24	30	30	99	
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The Edge of Care service will involve the recruitment and development of a team of practitioners who will offer structured direct support to young people and their families in crisis, to enable them to remain within their immediate or wider extended family. This recurrent investment is in a new Edge of Care team consisting of a team manager, social worker, psychologist, care co-ordinator (x2), family support worker (x4), and business support.

The implementation of Edge of Care and the expected reduction in LAC could lead to long term savings on the overall Looked After Children budget. It is estimated that Edge of Care could prevent 15 children entering care in the first year, increasing to 25 – 30 per year thereafter.

CYPS 6 – Multi-systemic Therapy (MST)

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.000	0.000	0.000	0.000	0.000	0.000	
Gross Saving	0.000	(0.044)	(0.132)	(0.220)	(0.308)	(0.704)	
Net Saving	0.000	(0.044)	(0.132)	(0.220)	(0.308)	(0.704)	Year 2

LAC Reduction	0	4	4	4	4	16	
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MST is an intensive therapeutic programme that works within the whole ecology of a young person. The MST therapist will work with the whole family; the parents, the community and the school at the same time. The aim is to work in a solution-focused, strengths-based approach to empower the family to take responsibility for solving problems and to improve family functioning. The model acknowledges the fact that the family will be there for the young person into the future and beyond any service intervention.

A shared service agreement is in place between Barnsley and Rotherham. This means that each authority shares fifty percent of the cost and fifty percent of the capacity. The cost of this to RMBC is met through the Troubled Families Grant and so there is no call on mainstream resources to fund this investment. It is estimated that MST could prevent four children entering care per year.

CYPS 7 – Reunification Project

	2016/17 (£m)	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	Cumulative (£m)	Payback
Investment	0.000	0.090	0.000	0.000	0.000	0.090	
Gross Saving	0.000	(0.132)	(0.264)	(0.264)	(0.264)	(0.924)	
Net Saving	0.000	(0.042)	(0.264)	(0.264)	(0.264)	(0.834)	Year 2
LAC Reduction	0	12	0	0	0	12	

A reunification scheme, endorsed by Ofsted and run by the NSPCC for Rotherham, based on providing good quality support and training to social care staff to enable successful reunification of LAC with their birth families is currently operating as a pilot. The contract is for a two year period to improve the care experience for children in Rotherham by ensuring that wherever possible they are looked after in their own family environment. This bid seeks budget investment for the second year of the pilot with the aim of reuniting 12 children with their families for the long term.

A further benefit of the pilot will be that skills will be transferred to existing workers which will ensure that reunification is embedded in everyday practice.