

BRIEFING NOTE

Children's Services Financial Monitoring and Review 2018/19 Overview & Scrutiny October 2018

Background

Demand on Children's Services is high and continuing to rise across all key areas which include children in need of help, protection and children requiring care. The main factors that have impacted on demand are:

- Complex abuse inquiry and Operation Stovewood – the service has worked with over 600 children that have been referred from these investigations and there are currently over 200 open cases where children are in need, have a child protection plan or are in care;
- Improved social work practice intervention in legacy cases specifically re neglect; and
- National increase in statutory intervention and a national budget shortfall of £2bn predicted by 2020.

The Children's Services current budget for 2018/19 is £58.7m with forecast expenditure at £71.7m (including a contribution of £1m from reserves for 2018/19 only). An in year pressure of £13m which has increased compared to the £10m previously reported after mitigations due to a continued net increase in the number of children admitted into care.

The table below shows the Rotherham position compared to its 'neighbours' up to March 2017.

Looked after Children - numbers (position at end of March)						Increase since March 2014	
	2013	2014	2015	2016	2017		
Nearest neighbours							
1	Barnsley	235	225	240	280	290	28.9%
2	Rotherham	390	395	405	430	487	23.3%
3	Telford and Wrekin	320	310	295	300	380	22.6%
4	Stoke-On-Trent	480	535	610	655	655	22.4%
5	Tameside	385	425	415	430	515	21.2%
6	Darlington	210	190	200	205	220	15.8%
7	Kirklees	650	610	620	655	700	14.8%
8	Stockton-On-Tees	360	380	375	375	435	14.5%
9	Gateshead	390	355	335	345	380	7.0%
10	Wakefield	440	490	495	480	520	6.1%
11	Doncaster	500	500	480	485	510	2.0%
12	St Helens	440	430	410	410	425	-1.2%
13	Calderdale	335	320	320	300	315	-1.6%
14	Wigan	510	495	505	485	445	-10.1%
15	Dudley	730	755	740	725	675	-10.6%
16	Rochdale	505	530	525	480	460	-13.2%
Statistical neighbours							
1	Redcar and Cleveland	175	175	185	200	235	34.3%
2	Barnsley	235	225	240	280	290	28.9%
3	Hartlepool	185	200	165	205	255	27.5%
4	Rotherham	390	395	405	430	487	23.3%
5	Telford and Wrekin	320	310	295	300	380	22.6%
6	Tameside	385	425	415	430	515	21.2%
7	Wakefield	440	490	495	480	520	6.1%
8	Doncaster	500	500	480	485	510	2.0%
9	St Helens	440	430	410	410	425	-1.2%
10	Wigan	510	495	505	485	445	-10.1%
11	Dudley	730	755	740	725	675	-10.6%

At the end of March 2017, as can be seen from the table above the number of looked after children was 487, at the beginning of this financial year it was 628 and it has increased to 655 in September 2018. This rise in LAC numbers has been compounded by the increasing complexity of children admitted to care requiring more expensive accommodation and rising prices due to market forces. As a result, the in-year cost pressure attributable to a higher number of placements and the increase in unit costs continues to rise. Of this pressure, a significant amount relates directly to complex child protection work, the associated costs of which are substantial.

Budget Changes

It is important to understand the background to the Children's Service Budget and to look at the overall investment and savings into the service.

In November 2016 Children and Young People's Budget Sustainability proposals were presented to Cabinet as part of a wider report updating the Council's Medium Term Financial Strategy (MTFS). The report recommended setting a budget and financial plan over the period through to 2020/21 which would enable the delivery of sustainable children's social care services.

The council's medium term financial strategy allowed for investment into the service during 2017/18 through a budget increase of £8.346m which has been further increased by £2.056m in 2018/19, with a further £2.056m to be invested in 2019/20.

There have also been additions to the budget for pay awards and contract inflation.

Further investment and savings were planned and budget increases and reduction made accordingly:

Budget Reductions	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Investment Bids 16/17: Investment	0.179	3.428	0.108	(0.188)	0.051	3.578
Investment Bids 16/17: Saving		(2.276)	(2.914)	(2.871)	(1.540)	(9.601)
ASRs in 2017/18: Saving		(2.610)	(0.891)	(0.288)		(3.789)
Budget Setting 2018/19: Saving			(1.432)			(1.432)

In year mitigations

Early monitoring reports indicated that there remained pressure on the Children's Service Budget.

A number of mitigating actions or spend reduction projects have been implemented to reduce in year demand and spend by an estimated £5.7m.

Further savings were identified to reduce the spend (budgets were not reduced), however some of the areas monitored under the banner of demand management savings (business support, regional agency rate and CPQ staffing) were included within the original budget savings so they weren't all 'additional' savings.

In year Mitigations	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Demand Management			(5.571)	(14.595)		(20.166)
Additional mitigations			(0.280)	(0.050)		(0.330)
2018/19 ASRs			(0.960)			(0.960)

2019 and beyond

Business Cases were presented to Overview and Scrutiny Management Board on 26 October 2018 outlining budget reduction plans for the following:

Business Case	Description	Savings 2018/19 £m	Savings 2019/20 £m	Savings 2020/21 £m	Total Savings £m
Demand Management	Focusses on right decision being made and right reviews taking place.		(0.317)	(0.683)	(1.000)
Early Help & Social Care Pathway	Focusses on how demand for social care and early help can be effectively signposted to		(1.435)	(4.305)	(5.740)

Business Case	Description	Savings 2018/19 £m	Savings 2019/20 £m	Savings 2020/21 £m	Total Savings £m
	the right service, and managing the collaboration and movement of the supporting teams.				
Performance & Quality Review	Review of service area and functions	(0.050)	(0.150)		(0.200)
Market Management	Block commissioning, and initiatives to rebalance the mix of LAC placements that are with IFAs and in house fostering	(0.037)	(0.277)	(2.753)	(3.607)
		(0.087)	(2.179)	(7.741)	(10.007)

It is intended that these business cases should expand on the work being undertaken to achieve existing demand management savings, and ultimately replace the demand management savings value so that there is no confusion over the total amount of savings required. Therefore, there will be work done to ensure that some of the demand management savings plans continue to be progressed to reduce the overspending in the current year and to avoid any overspending in 2019/20.

Progress of Sustainability Plan and Demand Management Initiatives

A report to Cabinet on 17th September 2018 showed there is a projected £13m overspend in the current year, which is a combination of additional demand and initiatives taking time to achieve full impact.

The list of savings / demand management initiatives and values are shown in Appendix 1 with narrative on the specific 2016/17 investments and savings in Appendix 2. To provide the holistic view on the progress of the savings plans and the risks identified to achieving these savings, they have been grouped, irrespective of origin of saving, under the following headings:

- Staffing related savings

Staffing

The overall employee budget (excluding grant funded and traded services) is forecasting an overspend of £1.1m due to the heavy reliance on agency in the first few months of the year and the delay in implementing the review of CYP business support which had received a £750k reduction to its base budget in 2017/18 and this is unlikely to achieve any significant in 2018/19.

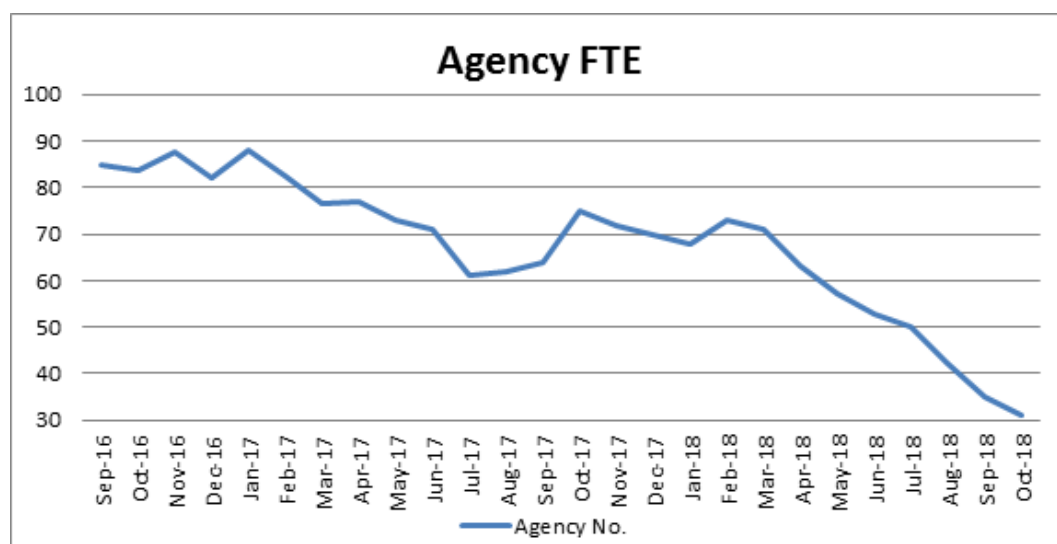
However the overall staffing pressures are reducing month on month linked to the controls on release of vacant posts and the trend of reduced agency workers each month.

	Budget £m	Forecast £m	Variance £m
Basic pay & oncosts	24.9	23.6	(1.3)
Agency	0.6	3.0	2.4
Total	25.5	26.6	1.1

Agency

Agency costs have reduced from £4.8m in 2017/18 to a forecast spend of £3.0m in 2018/19, a cost reduction of £1.8m on agency expenditure compared to last financial year and it is estimated to have a further significant reduction in 2019/20 due to the full year effect of reduced agency numbers and the expectation that they continue to reduce.

The graph below shows the reduction in the number of agency staff over the last year.



In addition, the council monitors its agency rate for social work staff, this is currently running at 8.58% compared to the national average of 10%.

- Early Help, Edge of Care, Preventative and Support Related Savings

The number of looked after children has stabilising at circa 650 over the last four months and there is evidence to suggest that investment is now having an impact on children being looked after, see table below:


	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
	2017	2017	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
LAC	535	568	592	607	610	626	624	639	645	652	655	651
Admissions	39	37	27	18	44	16	37	19	34	22	16	21
Ceased	6	13	12	15	28	18	22	13	27	19	20	13
Net +/-	33	24	15	3	16	-2	15	6	7	3	-4	8

As can be seen from the table above the number of admissions in care has reduced from 121 for the period November 17 to February 18 down to 93 for the period July 18 to October 18 and discharges have increased from 46 for the period November 17 to February 18 to 79 for the period July 18 to October 18.

It is anticipated that if this trend continues the number of looked after children should now start to reduce.

- Looked After Child Related Savings

Budget reductions for the majority of initiatives are made against the looked after children placement budgets, and work is being undertaken to monitor the targeted reduction of children in care placements linked to the various projects which have seen the placement budgets reduced. The placement budget is currently projection an overspend of £10.3m (see table below), but as outlined under early help and prevention the projects such as Right Child Right Care (RCRC) are beginning to have a positive impact in reducing down placement spend.

CYPS Placements			
 Placement Type	Budget	Forecast	Variance (Fore - Bud)
Adoption Allowances	1,030,746	1,030,746	0
Special Guardianship Orders	1,165,406	1,782,632	617,226
In-house Fostering Allowances	3,494,279	3,434,279	-60,000
Independent Fostering Placements	7,030,586	10,755,011	3,724,425
Child Arrangement Orders	1,257,197	1,649,936	392,739
Residential OOA Placements	6,108,100	9,808,176	3,700,076
Liberty House	794,191	884,098	89,907
Leaving Care Supported Accom	421,811	2,242,203	1,820,392
Summary	21,302,316	31,587,081	10,284,765

Achieving a financially sustainable budget is reliant on each of the savings strategies as outlined in Appendix 1, with a key element being to increase the number of 'in house' foster care places. The RCRC approach is absolutely the correct thing to do but it may not be a 'quick fix' to budgetary issues as the legal process takes some to allow for the plans to come to fruition.

- Commissioning & Other Service Expenditure Related Savings

Commissioning initiatives are broadly around developing more cost effective children in care placements in the Rotherham district, and supporting the sufficiency strategy.

One of the main elements is to establish residential provision through block contracts within the Rotherham district and reduce the number of high cost out of area residential placements.

- Education Related Savings

The education savings have or are on target to be delivered, see details in Appendix 1.

A challenging examination of potential efficiencies is underway, recognising the need for these to be thoroughly reviewed, discussed and considered so that the Directorate can bring forward options for immediate implementation. Proposals are being actively pursued to identify savings in the current financial year, having due regard for the continued safeguarding of vulnerable children. Reducing the budget pressure remains a priority for the service.