

BRIEFING NOTE

Children's Services Financial Monitoring and Review 2018/19 Overview & Scrutiny Management Board 24 April 2019

1. Introduction

Children & Young People Services face significant financial pressures on their placement budgets and in the delivery of key social work services due to the number of children in the care system.

The budget pressure had been increasing month on month due to a steady rise in LAC numbers, but numbers and the budget have now stabilised (the budget position forecasting a financial pressure of £15.7m since October 2018) linked to the various projects instigated by the Directorate.

At the end of February the projected overspend is £15.7m which in the main reflects pressures on staffing, transport and placement budgets, see the table below for the budget position per service area

Budget Position Report

Service	Prev Year Actuals	Budget	Forecast	Variance
Children's Social Care	57,512,449	47,135,266	62,312,094	15,176,828
Commissioning, Perf, Qual & Inclusion	2,266,077	2,627,447	2,595,949	-31,498
Directorate Wide	2,195,860	955,104	1,150,670	195,566
Early Help Services	6,930,416	7,150,294	7,620,646	470,352
Education	902,898	667,143	560,372	-106,771
Overall Total	69,807,700	58,535,254	74,239,731	15,704,477

Pay Budgets

The direct employees budgets stands at £40.9m and is a combination of core and grant funded services, the projected overspend at the end of February is £618k across the directorates, a £182k favourable movement from the previous period due to savings across Children's Social Care. The table below provides the position per service area this period.

CYPS Staffing Budgets @ February (P11)

Centre Structure Level 4 Code & Description Level 5	Budget	Forecast	Variance
District Wide	390,562	425,653	35,091
Children's Social Care	21,816,551	22,579,639	763,088
Education	2,320,155	2,192,147	-128,008
Commissioning, Performance, Quality & Inclusion	6,610,279	6,195,562	-414,717
Early Help Services	9,799,511	10,162,073	362,562
Summary	40,937,058	41,555,074	618,016

The above projected spend includes both employees and agency staff with spend being closely monitored through the recruitment process and agency staff reducing month on month (see 2.1 below).

Non- Pay Budgets

A significant element of the non-pay budgets relates to placements (£23.430m) with an estimated spend of £36.475m (excluding DSG funded placements). The financial pressure at the end of February is £13.045m, an adverse movement of £447k this period which is mainly due to a reduction in estimated CCG income (£461k), see Appendix 1 for details.

Current place pressures reflect LAC numbers remaining at circa 645 despite the various strategies in place.

Rotherham Clinical Commissioning Group contributes to funding placements if the child is eligible for NHS Continuing Care or funding based on Section 117 of the Mental Health Act. Detailed work has been completed in partnership with the CCG which will result in a clearer basis on which funding packages will be agreed from 2019/20.

Other major budget pressures have also been incurred linked to the increase in number of LAC Children this financial year. Transport (car allowances, public transport and vehicles) as a forecast overspend of £670k and section 17 & 23 payments which are projected to overspend by £250k. There is work being done to identify spend categorised coded to section 17 & 23, with financial reports being developed this month to improve the monitoring of spend to assist in delivery of cost efficiencies. A task and finish group is in place and undertaking work to support a reduction in section 17 and 23 spend.

The budget pressure of £15.7m is based on numbers remaining stable and not increasing between now and the year end. Various projects are now in place as outlined in the next section and impact is being closely monitored.

2019/20 Budget

In order to set a robust budget for 2019/20 and 2020/21 a review of the current CYPS budget has taken place and estimated cost reductions that can be expected to be achieved over and above delivery of the budget savings, which leaves a budget gap of £9.5m in 19/20 and £7.5m in 20/21. To reduce the budget pressure and achieve the budget savings will mean reducing spend in CYPS by £9.7m in 2019/20 and by £19.9m in 2020/21.

The £9.7m reductions in 2019/20 is a combination of budget savings of £3.6m and cost reductions of £6.1m.

The £9.5m budget requirement in 2019/20 is provided through investment to provide a balanced budget, which then reduces to £7.5m in 2020/21

2. Budget Projects

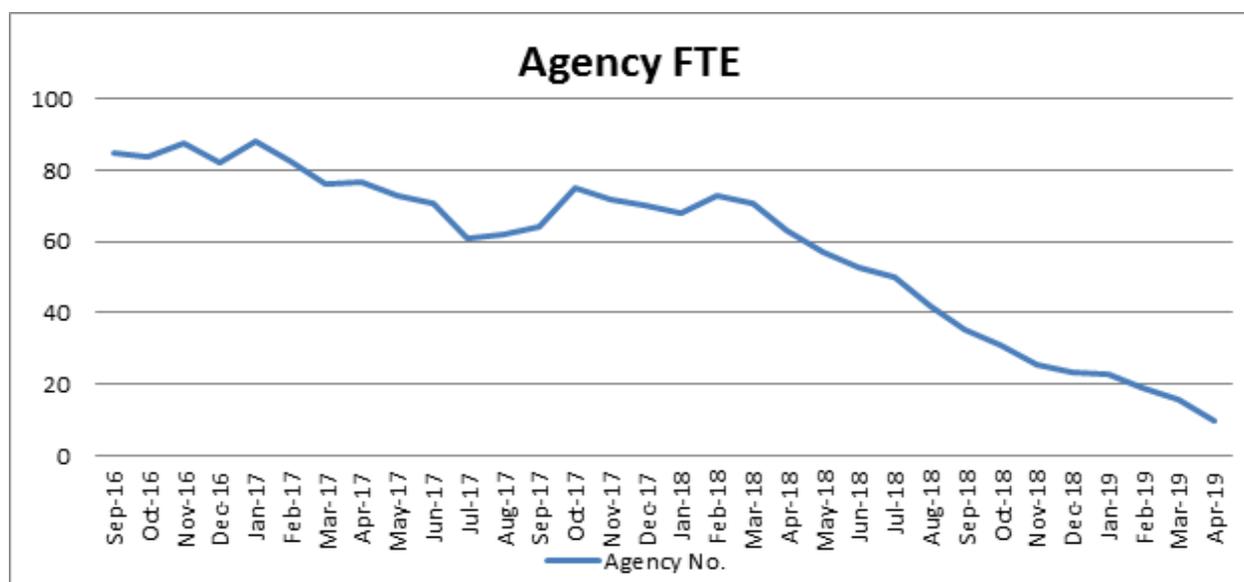
2.1 Staffing & Agency

The £618k net staffing pressures outlined in the table on page 1 relate to staffing and agency cost pressures in children's social care £763k due to the number of agency workers across the service during this financial year and business support £833k (part of the £362k overspend in Early Help) in the main from delays in implementing the new staffing structure. The staffing forecast has reduced across Children's Social Care by £200k in February in the main due to vacancies across the service area.

There has been a positive month on month reduction in the number of agency staff in Children's Social Care from 63 in April to 16 at the end of March and is projected to reduce to 10 by the end of April, see table and graph below.

Agency Profile

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19
Agency FTE	31.1	25.5	23.5	23	19	16	10
Reduction		5.6	2	0.5	4	3	6



In 2017/18 financial year agency workers within Social Care cost £4.9m and the estimated spend in 2018/19 cost £2.5m, a reduction of £2.4m which exceeds the target to meet all the associated agency savings / cost reductions in the table below:

Staffing Savings	18/19 £000	Managed by:
NQSW - Agency Release (Investment Bids 16/17)	385	Budget Reduced
Regional Agency Agreement (17/18 Savings Plan)	200	Budget Reduced
Regional Agency Agreement (18/19 Demand Management)	200	Reflected in Forecasting
Agency - reduced %	200	Budget Reduced
NQSW - further reduction in agency (18/19 Demand Management)	300	Reflected in Forecasting
Advanced Social Worker Posts - funded by vacancies in CYPs (18/19 Demand Management)	489	Reflected in Forecasting
Shortfall in In house fostering saving, met from Agency	100	
Total Due to be Saved	1,874	

2.2 Business Support

A review of business support is underway and phase 1 of revised operating model has now been implemented in January 2019, with phase 2 to be implemented in June 2019. There has been delay due to challenges in identifying and testing the technology and management changes. The 2019/20 budget has been set on the new service structure so there will be cost pressures linked to reduction of the supernumerary posts in the first quarter.

Placement Projects

As an overview the placement projects below are all having a positive impact on the budget position, but are not envisaged to reduce the LAC numbers between now and the end of the 2018-19 financial year, but stop the growth in LAC numbers.

2.3 In-house fostering

In 2018/19 the target increase in foster carers was not achieved due to the number of foster carer de-registrations, which outweighed the number of new foster carer approvals.

At the start of the financial year there were 170 In house foster carers. During 2018/19 there have been 14 new foster families approved with a further 3 assessments ongoing. Therefore there is a projected 17 new foster families this year. However foster carer de-registrations are current 21 with a further 1 expected by the end of the financial year which will mean a net reduction in foster carers of 5 in this financial year.

	2018-19		
	Completed	Awaiting Completion	Total
	No:	No:	No:
Foster Carers 01.04.18			170
Foster carer approvals	14	3	17
Foster carer de-registrations	-21	-1	-22
Net position	-7	2	-5
Foster Carers as at 31.03.19			165

The Market Management Project, part of the Big Hearts Big Changes programme, will prioritise the recruitment of in-house foster carers. A revised Foster Carer recruitment strategy is being developed outlining a comprehensive approach to improve recruitment performance. This will include increasing the number of enquiries (currently 18 per month on average) and ensuring that the conversion process is effective and timely. As well as existing strategies, including the Foster Carer Diversity project and 'Refer a Foster Carer' incentives, there are proposals to significantly enhance Rotherham's profile through targeted use of social media.

Incremental gains are also expected through the introduction of a Carers Transfer Protocol with Independent Fostering Agencies and incentives to increase child to carer ratios.

2.4 Review of care leavers accommodation & support costs

Rotherham's higher than average costs of care leaver accommodation can be attributed to the 'Coming Home' project whereby LAC aged 16-17 living in OoA residential placements have had their care plan formally reviewed by senior managers and where appropriate supported to semi/independent accommodation prior to their 18th birthday. Although these placements are more expensive than for other care leavers they are less expensive than it would have been to retain the young person in a residential placement until their 18th birthday.

The current 2018-19 forecast spend of £2,102m includes previous high costs placements that have now ended. Despite placement numbers remaining similar across the year (currently 48) the forecast has seen a reduction of £490k from the start of the financial year.

A Commissioned Care and Support Panel for Looked after Children is in place which has seen an increased awareness in costs of placements, the increased challenge of commissioned placements and an improvement in the right care at the right costs for young people. A more robust process is in place around commissioning, monitoring and reviewing placements for young people. In addition placements are reviewed by Commissioning as part of QA process and contract review meetings to ensure best value.

2.5 **The House project** is a cabinet approved scheme which aims to take 10 children per annum from their current placement and house them in Council void properties to make it their 'forever home' avoiding the need to stepdown into supported accommodation. The first cohort of 10 will move to their new property in July 2019. This will see a saving to placements of £1,051m for 2019-20 based on a 100% success rate. The cost of the scheme is £400k per annum and the CYPS recovery plan includes profiled budget savings of £565 for this scheme.

3. Summary and Next Steps

- 3.1 Work is ongoing to achieve the budget savings and costs reductions as outlined in the CYPS budget plan for 2019/20 and 2020/21 financial years.
- 3.2 The High Needs Block is being reviewed through the SEMH Strategy Group and SEND Sufficiency Board as part of the plan to reduce the DSG overall deficit.

4. Accountable Officers

Name: Jon Stonehouse

Role: Strategic Director, Children and Young People's Services

Date of Approval: 12.04.19

Report Author: Neil Hardwick, CYPS Head of Finance

2018/19 CYPS Placements Summary P11 FEBRUARY 2019

Cost	Budget - Net Latest Estimate (LE)	Net Forecast LP P11	Net Variance (Fore P11 - Budget LE)
In - house Fostering	3,494,279	3,238,353	-255,926
Fostering Independent Placements	7,715,979	11,274,459	3,558,480
External Residential Placements	6,156,886	11,921,078	5,764,192
Parent and Baby Units		226,406	226,406
Remand Placements		106,102	106,102
Secure Placements		182,085	182,085
Emergency	400,000	700,000	300,000
Supported Accommodation - Care Leavers (LAC ONLY)	421,811	2,102,832	1,681,021
Total Looked after Children, net	18,188,955	29,751,315	11,562,360
Other placements			
EHC Personal Budget (Direct Payments)	600,000	870,063	270,063
Short Break Unit (Liberty House)	703,062	831,537	128,475
Child Arrangement Orders (Non Agency)	1,257,197	1,702,024	444,827
Special Guardianship Payment (Non Agency)	1,165,406	1,941,191	775,785
Adoption Allowance (Non Agency) - Post Adoption Non LAC	1,030,746	964,865	-65,881
Leaving Care Accommodation (RMBC)	484,462	414,329	-70,133
Total other placements	5,240,873	6,724,009	1,483,136
Grand total	23,429,828	36,475,324	13,045,496