

## BRIEFING NOTE

### Children's Services Financial Monitoring and Review 2019/20 Overview & Scrutiny Management Board October 2, 2019

#### 1. Introduction

- 1.1 Children & Young People Services are implementing a two-year budget recovery plan to reduce the budget pressures from previous years (£15.7m in 2018/19) and deliver budget savings.
- 1.2 The budget pressure at the end of July is £4.9m and adverse movement of £600k this period, and whilst the Looked After Children number of 634 is just below the budget profile (638) for this period, the placement mix of having too many placements in residential care is leading to budget pressures, see the table below for the budget position per service area;

Service	Budget	Forecast	Variance
Children's Social Care	51,527,833	57,067,513	5,539,680
Commissioning, Perf & Inclusion	4,888,339	4,812,595	-75,744
Directorate Wide	2,596,386	1,884,356	-712,030
Early Help Services	6,721,214	6,865,122	143,908
Education	542,697	536,564	-6,133
<b>Total</b>	<b>66,276,469</b>	<b>71,166,150</b>	<b>4,889,681</b>

#### Pay Budgets

- 1.3 The direct employees budgets stands at £38.8m and is a combination of core and grant funded services. The projected underspend at the end of July is £60k, of which £43k is a general fund overspend, with underspends of £83k on DSG related services and £19k on traded service.

#### CYPS Staffing Budgets - July 2019

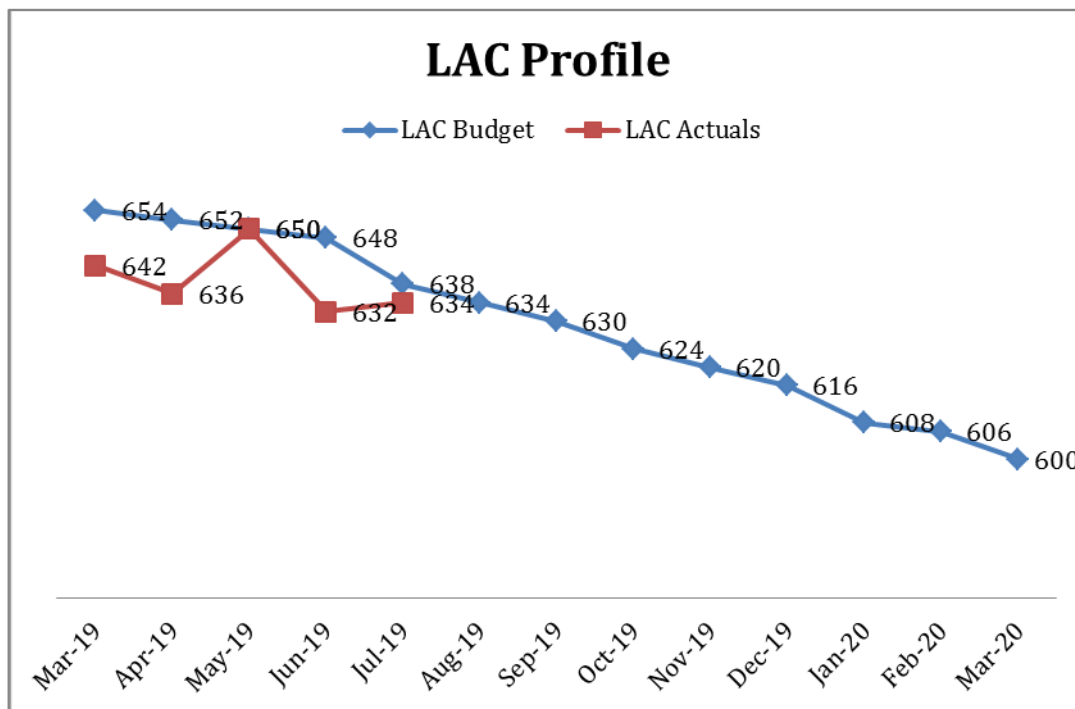
Centre Structure Level 4 Code & Description	Budget	Forecast	Variance
Directorate Wide	255,735	248,832	-6,903
Children's Social Care	18,965,103	19,135,053	169,950
Education	2,256,450	2,186,473	-69,977
Commissioning, Perf & Qual	7,916,393	7,685,967	-230,426
Early Help Services	9,415,398	9,493,093	77,695
Summary	38,809,079	38,749,418	-59,661
	Split By:	DSG	-83,202
		Traded	-19,003
		General Fund	42,544

- 1.4 The staffing budget reflects the work undertaken to date on delivery of the Early Help & Social Care Pathways savings proposal and other staff savings across the CYPS directorate. Further proposals are currently being developed to deliver the 2020/21 budget savings and contribute towards mitigating the current 2019/20 budget pressures.

## Non – Pay Budgets

- 1.5** A significant element of the CYPS non-pay budgets relates to placements which has a net budget of £31.3m with a current projected spend of £35.6m. The financial pressure of £4.3m with an adverse movement of £0.5m this period. The main financial pressures are on residential placements (£3.0m), Special Guardianship Payments £0.8m and a reduction in the estimated income from the Clinical Commissioning Group (£600k).
- 1.6** The £3.0m residential pressures are due to a combination of 12 additional placements above the budget profile (£2.0m) and an increase in the average net unit cost of residential placements (£1m) with the increase in unit costs due to the complexity of current children in residential care.
- 1.7** The placement forecast assumes that from August 2019 to March 2020, the placement budget assumptions (placement reductions and transitions to lower cost placement types) will be achieved for the rest of the financial year. There are several risks linked to achievement of this placement budget profile which are:
- Estimated admissions and discharges from care being in line with expectations
  - The increase in in-house fostering enquires and net growth in foster carers placements are not in line with the estimated projections.
  - Costs of placements increasing above inflationary expectations
- 1.8** The other major budget pressures have also been incurred linked to the current number of Looked After Children this financial year. Transport has a forecast overspend of £530k whilst, section 17 & 23 payments are projected to overspend by £190k. Detailed spend analysis is being undertaken to monitor section 17 and 23 payments, with a task and finish group in place and undertaking work to support a reduction in spend.
- 1.9** Stovewood – The ongoing cost of Stovewood for 2019/20 continues to be monitored against the initial estimate of £7.079m. From April 19, 447 referrals have been reviewed with 249 cases currently open to social workers and is currently lower than the initially anticipated number of 407.
- 1.10** The current cost projections for Stovewood are estimated at £6.992m, with the major costs relating to Social Work time £1.485m and placement costs £3.976m. Work is ongoing to refine the estimated costs of wider associated support services in housing, adults which currently remain at the original estimated spend.
- 1.11** In order to set a robust budget for 2019/20 and 2020/21 a review of the current CYPS budget took place and estimated cost reductions that can be expected to be achieved over and above delivery of the budget savings. To reduce the budget pressure and achieve the budget savings means reducing spend in CYPS by £9.7m in 2019/20 and by £19.9m in 2020/21 from the 2018/19 level of spend.

The CYPS budget plan is based on 654 LAC at 1 April 2019 reducing to 600 by 31st March 2020 and further reductions to 541 by 31 March 2021. When setting the budget plan in November 2018 there were 662 LAC which has now reduced to 634 as at 31 July 2019, see the table below which outlines the actual LAC numbers against the LAC budget profile.



## 2. High Needs Block

**2.1** The High Needs Block (HNB) is £34.3m (including the £2.8m transfer from the schools block) and remains under significant pressure due to rising numbers of children supported in specialist provision and the rising costs of Education Health Care (EHC) plans. Consequently, the central DSG reserve has changed over a three-year period from a £1m reserve deficit at the end of 2015/16 to £15.1m deficit at the end of the 2018/19 financial year (£5.1m overspend in 2018/19).

**2.2** The forecast at the end of July 2019 shows an in-year pressure of £1.3m based on the DSG recovery plan and includes anticipated growth on EHCs numbers and the implementation of new developments linked to the SEND Sufficiency Strategy, see table below for details:

High Needs Block Budget Monitoring 2019/20 as at 31st July 2019						
Area of Spend	Original Budget 2019-20	Budgeted Place Numbers April - August 2019	Budgeted Place Numbers September - March 2020	Revised Budget 2019-20	Forecast Outturn 2019-20	Forecast Variance 2019-20
	£				£	%
<b>Special Schools</b>	<b>13,526,593</b>	<b>675</b>	<b>682</b>	<b>13,526,593</b>	<b>13,526,593</b>	<b>0</b>
Primary Schools	126,990	15	15	126,990	126,990	0
Secondary Schools	194,719	20	15	194,719	194,719	0
Top-Up Funding	5,712,280	1,299	1,292	5,712,280	5,704,348	-7,932
Alternative Provision	4,238,806	198	198	4,238,806	4,411,877	173,071
External Residential	1,980,227	41	40	1,980,227	3,039,758	1,059,531
Independent Service Providers	4,585,374	155	132	4,757,374	4,920,377	163,003
Inclusion Services	2,333,618			2,333,618	2,355,571	21,953
Other Education Services	469,150	24	24	469,150	455,091	-14,059
CCP & FE Places	1,126,000	362	380	1,134,000	1,126,000	-8,000
<b>Total</b>	<b>34,293,756</b>	<b>2,810</b>	<b>2,795</b>	<b>34,473,756</b>	<b>35,861,323</b>	<b>1,387,567</b>

**2.3** Both the Early Years and the Schools' block are expected to be broadly in line with allocations in 2019/20.

2.4 The key areas of focus to reduce the current High Needs Block pressures are:

- A review of high cost, external education provision to reduce cost and move children back into Rotherham educational provision;
- Develop additional SEN provision in Rotherham linked to mainstream schools and academies;
- Work with schools and academies to maintain pupils in mainstream settings wherever possible;
- A review of inclusion services provided by the Council

### **3. Budget Projects**

#### *3.1 Retention Policy*

A full review of the social work retention payment has been undertaken to clarify the benefit of this payment to date, the benefits of continuing the scheme and the risks of ceasing to operate the scheme, a report with proposed options is currently being finalised.

#### *3.2 Placements Tracker & Budget Impact*

As highlighted in para 1.5 CYPS placement budgets are under significant financial pressure predominantly due to the number of residential placements and special guardianship orders.

The placement budget for 2019/20 is a net budget of £31.3m and was costed based on a placement profile by placement type, see appendix 1 for details. The current projected overspend of £4.3m is based on the project costs of current placements adjusted for estimated reductions and transition across placement types between now and the year end.

The placements profile was agreed as part of the 2019/20 budget exercise and is monitored on a monthly basis by the service and finance colleagues.

The forecast is based on the current children in placement and the adjusted to take account of agreed assumptions linked to the Demand and Market Management strategies combined with individual children's placement plans.

The key elements of the market management strategy are growth in residential block booking placements and increasing the capacity of in-house fostering placements, with the outcome of reducing high cost external residential and Independent Fostering placements.

The Demand Management strategy includes monitoring and tracking of the Right Child Right Care, House Project and Adoption placements with further work to ensure all children and young people are captured within the placement projections.

#### *3.3 Transport*

The Children in Care transport budget is £119k and is operating with a projected overspend of £530k.

The transport is split into two cohorts with those placed within Rotherham (commissioned by Transport) and those children placed outside Rotherham which are commissioned directly by CYPS as Transport do not operate outside of the Rotherham borough.

Both cohorts are monitored on spreadsheets with the child's journeys and associated transport costs.

Review of the in borough transport has determined minimal savings can be achieved on current transport costs unless linked to the RCRC work.

In terms of the those children placed outside of Rotherham work is ongoing to ensure journeys are cost effective and where the child is in an independent fostering place the transport costs are outside of the IFA contractual agreement.

#### **4. Summary and Next Steps**

- 4.1. Work is ongoing to progress the budget saving proposals linked to the 2020/21 Early Help & Social Care Pathway which is £4.3m.
- 4.2. Further work is ongoing to refine the placement profiles for each young person and also enhance the process to identify the expected net increase in in-house foster care places linked to recruitment, additional capacity of current foster carers and IFA transfers.
- 4.3. Develop the in-house residential business case.
- 4.4. All provision within High Needs Block is being reviewed and placement monitoring being further enhanced to track and profile the opening of new SEND provision and estimated placement moves across education placement types.