

**CHILDRENS SERVICES BUDGET PRESSURES**

**To:** Children and Young People Committee

**Meeting Date:** 11 September 2018

**From:** Will Patten, Director of Commissioning and Lou Williams,  
Service Director Childrens and Safeguarding

**Electoral division(s):** all

**Forward Plan ref:** n/a                      **Key decision:** No

**Purpose:** To provide an update on current budget pressures within  
Children's Services

**Recommendation:** To note and comment on the report.

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## **1. BACKGROUND**

- 1.1** The purpose of this report is to set out the cost pressures that Children's Services are facing through demand changes, legislation, inflation and savings delivery, as well as the plans in place to mitigate these in-year and address them in future years.

## **2. MAIN ISSUES**

### **2.1 Key Messages**

#### **Executive Summary**

Numbers of children in care have been increasing nationally over recent years, with a particular increase in the last financial year. In addition, funding has been reducing. In particular, we have seen reductions in the Dedicated Schools Grant, as well as changes to the funding route; that is, via schools rather than the local authority.

There are significant pressures within children's services for the current financial year as a result of higher than anticipated placement costs and non-delivery of savings targets. This position should be seen in the context that £1.2M has been removed from children's budgets through Phase 1 and 2 of the Children's Change Programme. These savings were based on assumptions about demand reductions that were not delivered.

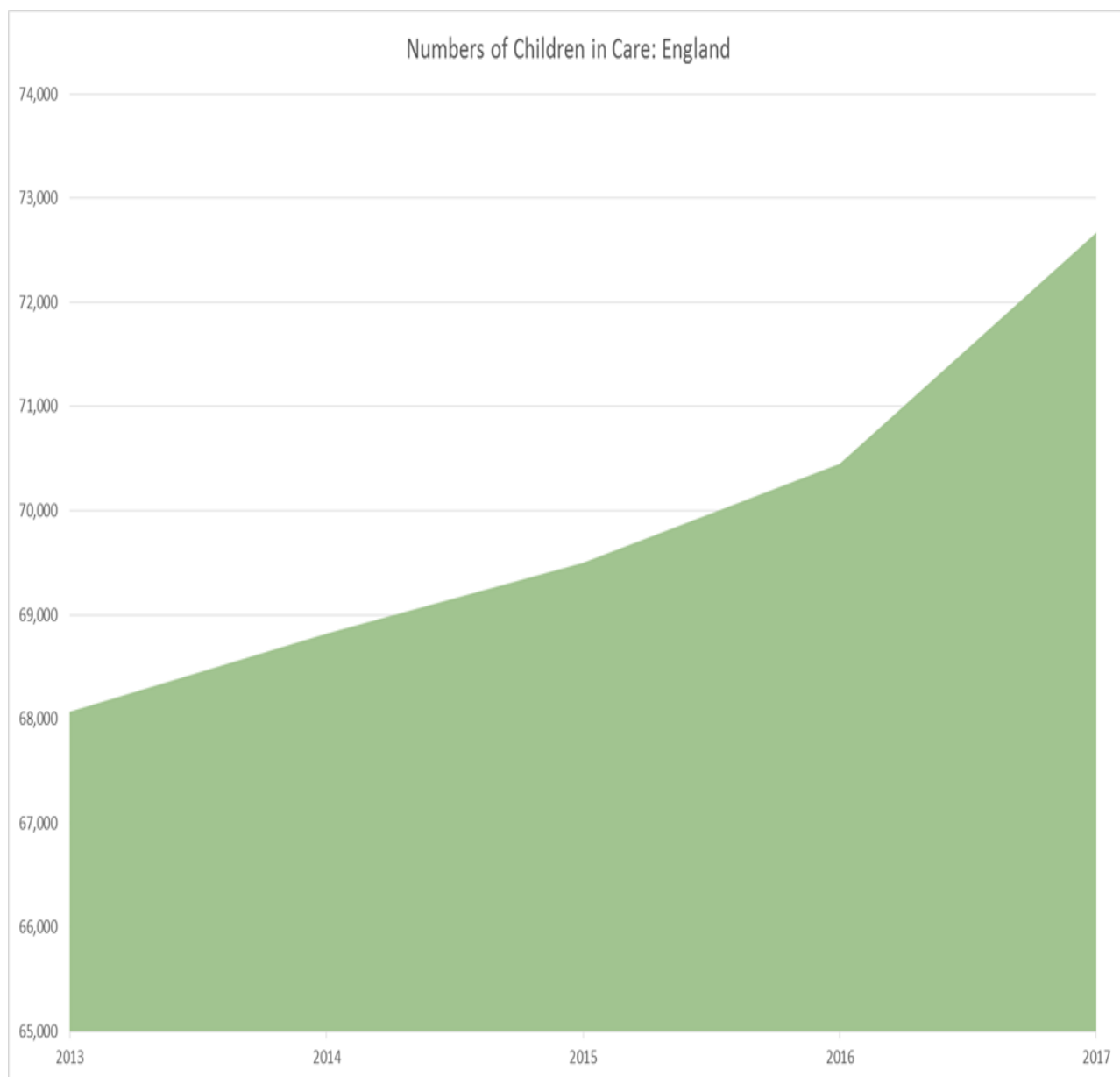
There is a significant pressure of £4.6m for Children's Services in 2018/19, of which the bulk is a result of placement cost pressures. It is anticipated that there will be an overspend of between £2m and £2.75m on direct placement costs in 2018/19. This includes only partial-delivery of a £1.5M savings target for the current financial year. In addition to placement budgets, there are two key areas where overspends are inevitable. Where overall numbers of children in care are higher, costs associated with supervised contact and with transport for children in care also present a financial pressure.

Whilst the Council has worked hard to mitigate these pressures, the transformation changes carried out in 2017 have not delivered reductions in demand, especially where this is of most importance in terms of managing high cost activity. Specifically, the changes in 2017 failed in two key areas:

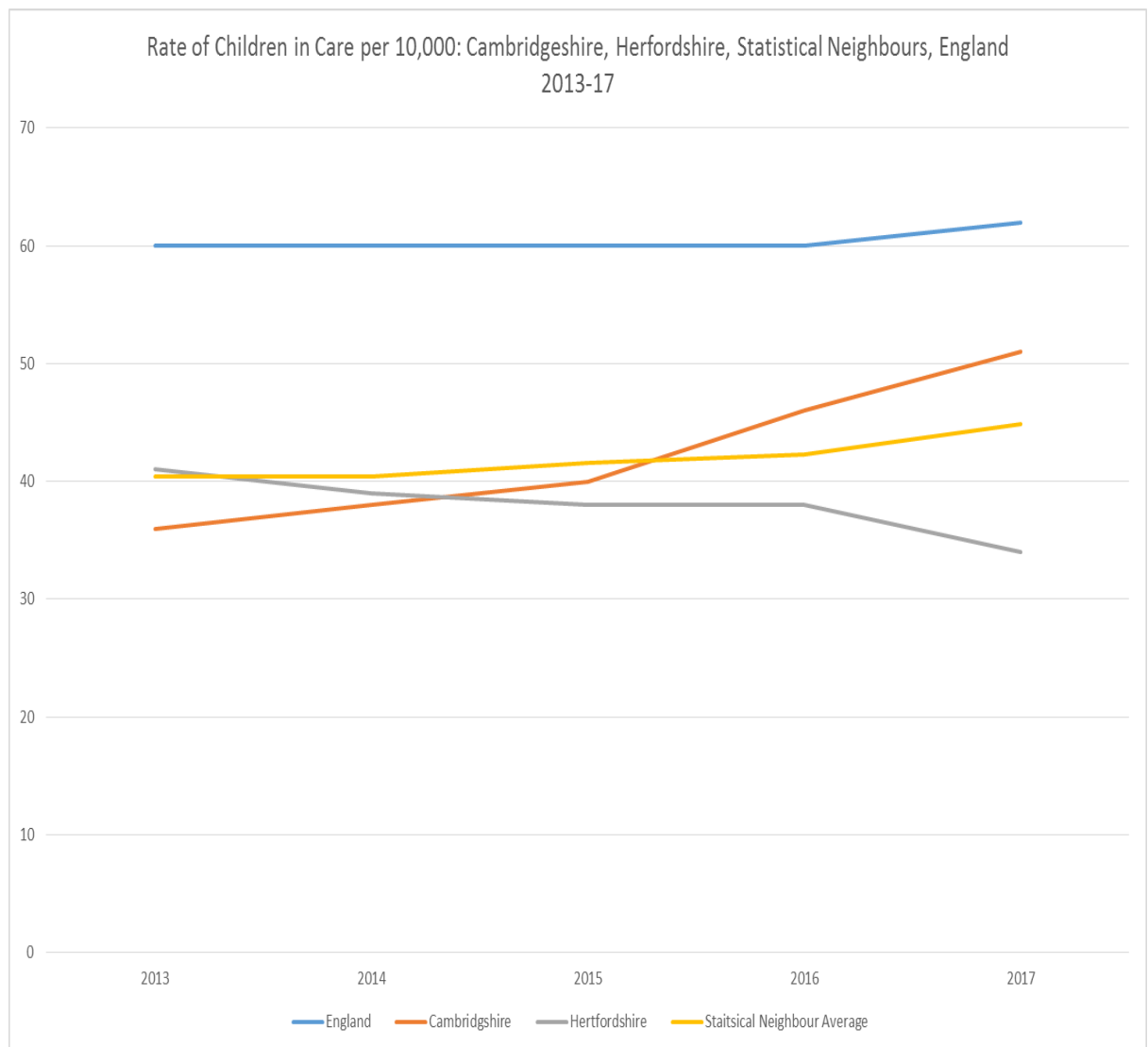
- To reduce numbers of children in care;
- To reduce the amount of work coming into the system through the Integrated Front Door and the Multi-Agency Safeguarding Hub.

#### **Demand**

Numbers of children in care have been increasing nationally over recent years, with a particular increase in the last financial year. In Cambridgeshire, the national increase in rate of care is compounded by both local population expansion and the previous increase in numbers of unaccompanied asylum seekers requiring care.



When compared with our statistical neighbours, Cambridgeshire is **above average** for the rate of children in care. We are now looking after approximately 100 more children than we would be if the rate were at the average for a similar authority.



### Cost of Care

The financial impact of the rising numbers of children in care is compounded by the lack of capacity in both the in-house services and local market to cope with the higher numbers:

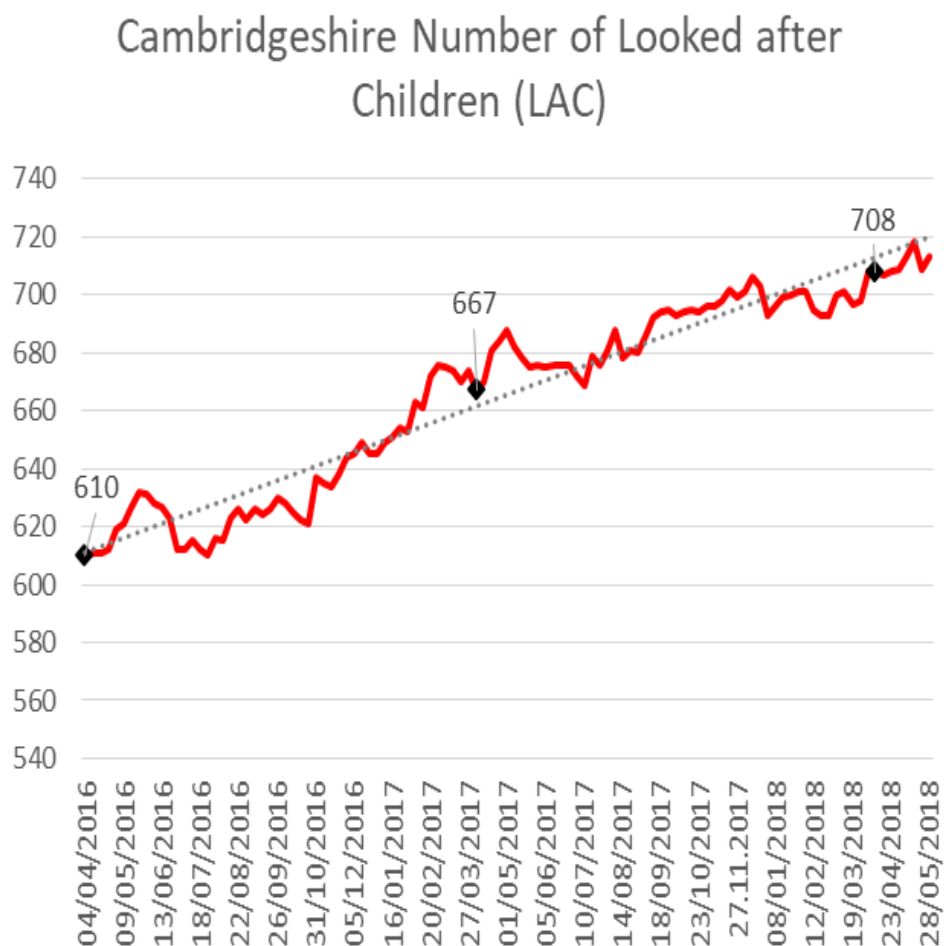
- The supply of in-house foster carers to meet the needs of our looked after children, meaning we are reliant on independent providers which are twice as costly
- The overall lack of supply makes it much more difficult to match the right carer or setting to the needs of each child – leading to instances of placement breakdown when carers cannot cope; leading to a more specialist/costly placement being required
- The lack of capacity also has a straightforward unit price effect with independent providers able to charge high premiums to meet the needs of any child who has more complex needs or who comes into care in an emergency

## Overview of Financial Pressures

### Placement Pressures

There are two main contributors to overall placement costs: numbers of children and young people in care and placement mix. The position continued to deteriorate in the latter part of 2017/18:

- Overall numbers of looked after children have only increased since April 2017
- Although demand management activity is starting to have a positive impact on numbers, currently numbers have continued to rise.
- Based on current levels of growth there could be a **pressure of £2.5m+** at the end of the year.
- This will only begin to reduce if numbers in care fall, and when we increase the supply of in-house foster placements

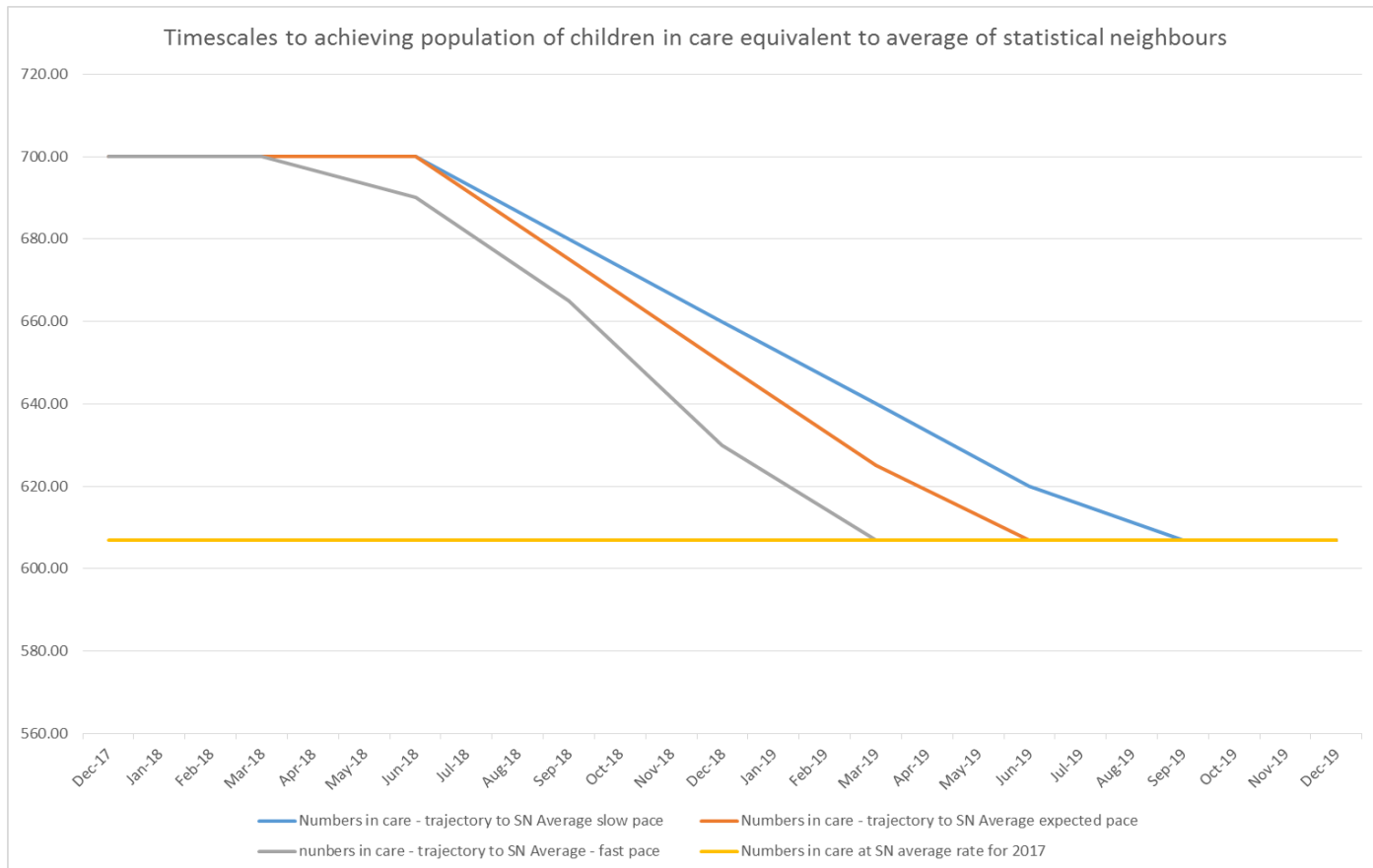


Numbers of children in care remain at around 100 higher than they should be if our performance was in line with the average of our statistical neighbours. These higher than anticipated numbers in care have resulted in continuing overspends in directly related budgets, in particular those associated with placement costs, supervised contact and transport costs.

We have completed a diagnostic review of our care system -to be followed by a major programme of work focussed on

- Reducing number coming into care
- Facilitating prompt reunification work and exits from care
- Major investment in in-house provision, recruitment and retention of foster carers

We anticipate that the numbers in care and financial pressure should be reducible over time  
However in the short term the pressure will remain significant



It is likely that there will be an overspend of between £2M and £2.75M on direct placement costs in 2018/19. Based on current pressures we are forecasting to be at the higher end of the scale, but the Council is working hard to mitigate this pressure. This includes the partial delivery of a £1.5M savings target for the current financial year.

While the changes proposed to the children's services structure will address our higher than expected children in care numbers, these changes will not be implanted until autumn 2018 and so are unlikely to begin to have any impact until 2019/20. This means placement numbers are unlikely to begin to reduce in the current financial year.

There should, however, be some benefits emerging from changing of placement mix as we head towards the end of the current financial year. Innovative recruitment campaigns are about to commence and we expect to see an increase in the numbers of households applying to become

foster carers with Cambridgeshire. This is important, since in-house fostering unit costs are around 50% of the unit cost of Independent fostering agency placements.

Enquiries by prospective carers received now, however, will not convert into new placements for between 4 to 6 months, as all carers have to be, assessed, trained and then approved by panel. This means that the benefits from the new approaches to recruitment will again only begin to take effect during 2019/20.

## **2019/20 and 2020/21**

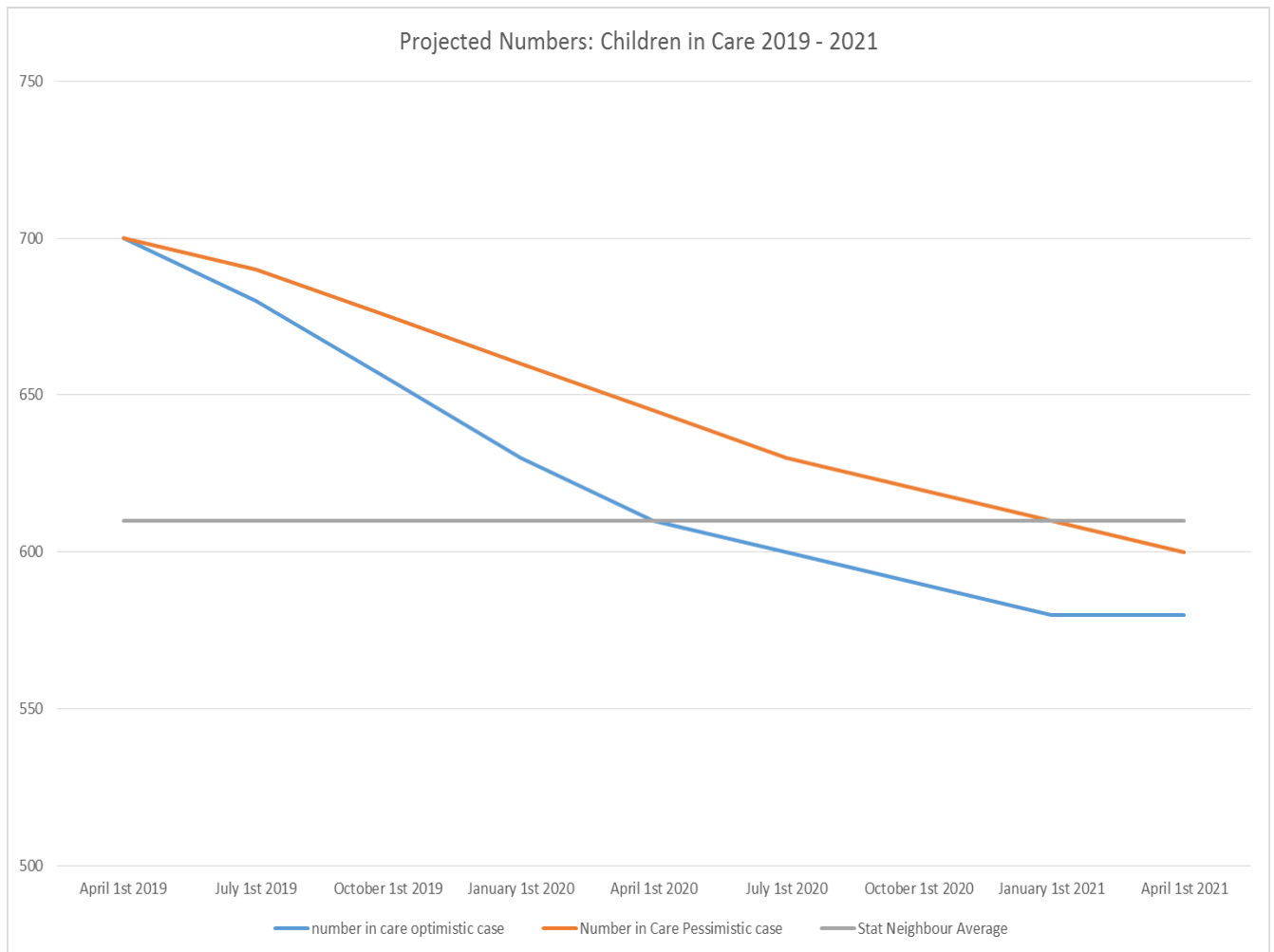
Although there are some important constraints summarised below, by 2019/20 we should be seeing the impact of reducing overall numbers of children in care as well as a changing placement mix.

Predicting the rate of reduction in numbers in care is always a difficult task. In Cambridgeshire's case, this is further complicated by the features of our current care population and the context of an increasing number of children and young people in the general population. There are also some constraints on changing placement mix. In summary, constraints on making positive change include:

- A larger than expected group of children of primary school age among our child in care population;
- The need to ensure that children and young people are not moved from placements where they are settled, unless this is their best longer term interests and is in accordance with their care plans.
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In their extensive case sampling, Oxford Brookes identified a history of over-optimism in our work with families facing significant challenges, before action was taken and children removed. This means that we have more children in our care who came into care at primary school age, for whom adoption and other permanent options outside the care system are less likely. Analysis indicates that there are around 40 more children of primary school age in care than there were two years ago, for example, and it is this age group that are most likely to be looked after until they reach adulthood. This will have an impact on our ability to reduce overall numbers in care. As we move closer to statistical neighbour averages of children and young people in care, it is likely that an increasing proportion of those remaining will be in stable and settled placements, which will slow down the rate of change associated with increased use of in-house fostering placements.

The chart below illustrates the impact of numbers in care based on achieving statistical neighbour average rate during 2019/20 [the optimistic case] and achieving this rate during 2020/21. Given the amount of early help provision in Cambridgeshire we should aspire to an eventual target of a lower number of children in care than statistical neighbours, as indicated below:

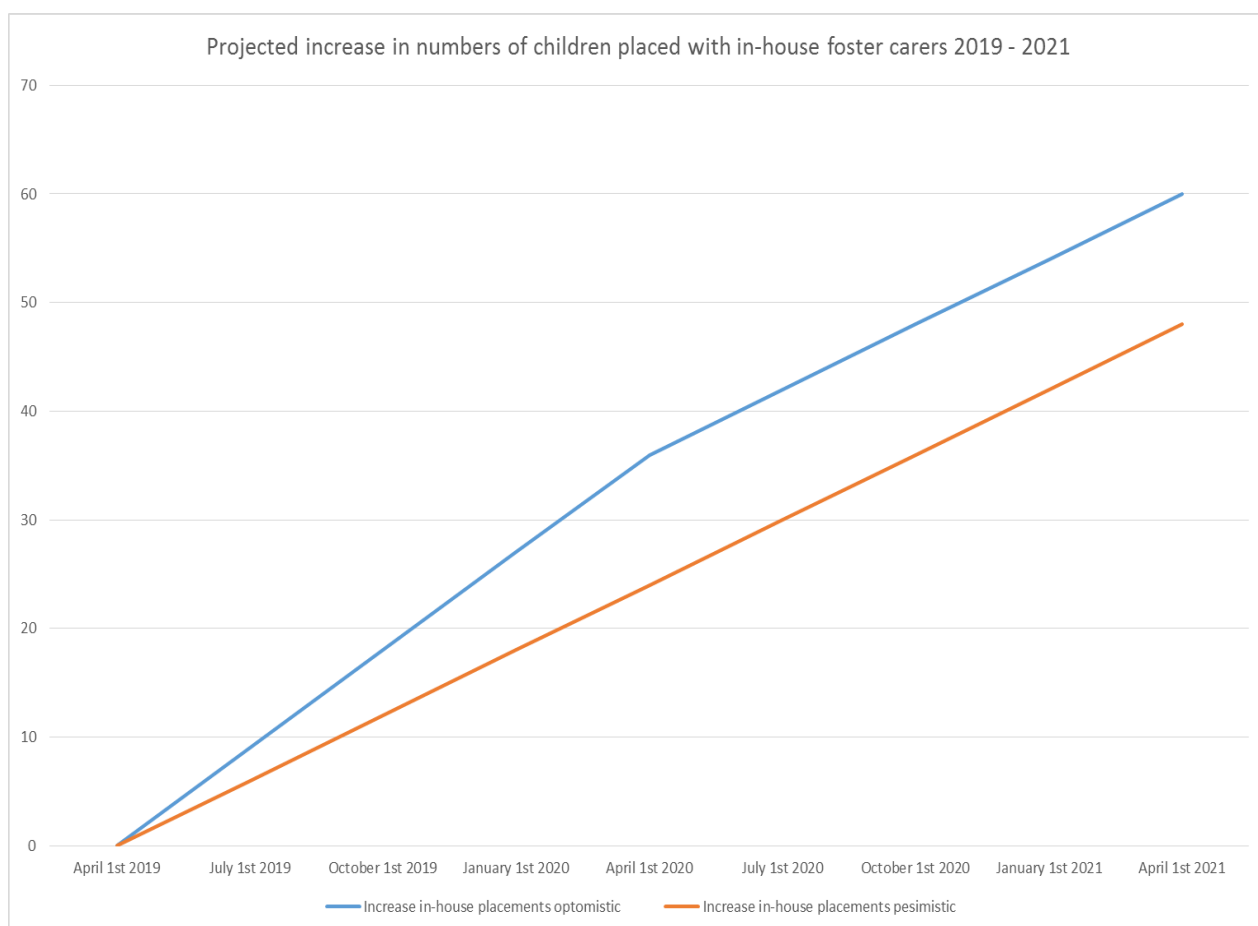


## Placement Mix

The other variable to have an impact on overall costs is placement mix. The chart below illustrates two rates of increase of in-house foster placements during 2019/20; in the optimistic scenario, we will see an additional 36 children and young people placed with in-house carers by the end of the year than the baseline at the start. The pessimistic scenario sees that increase limited to 24. By 2020-21, the fact that there will be fewer children in care will mean that a greater proportion will be in settled placements. This means that it will be more difficult to achieve increases in numbers in in-house provision and so both scenarios envisage a further increase in numbers in in-house placements of 24 compared with the beginning of the financial year.

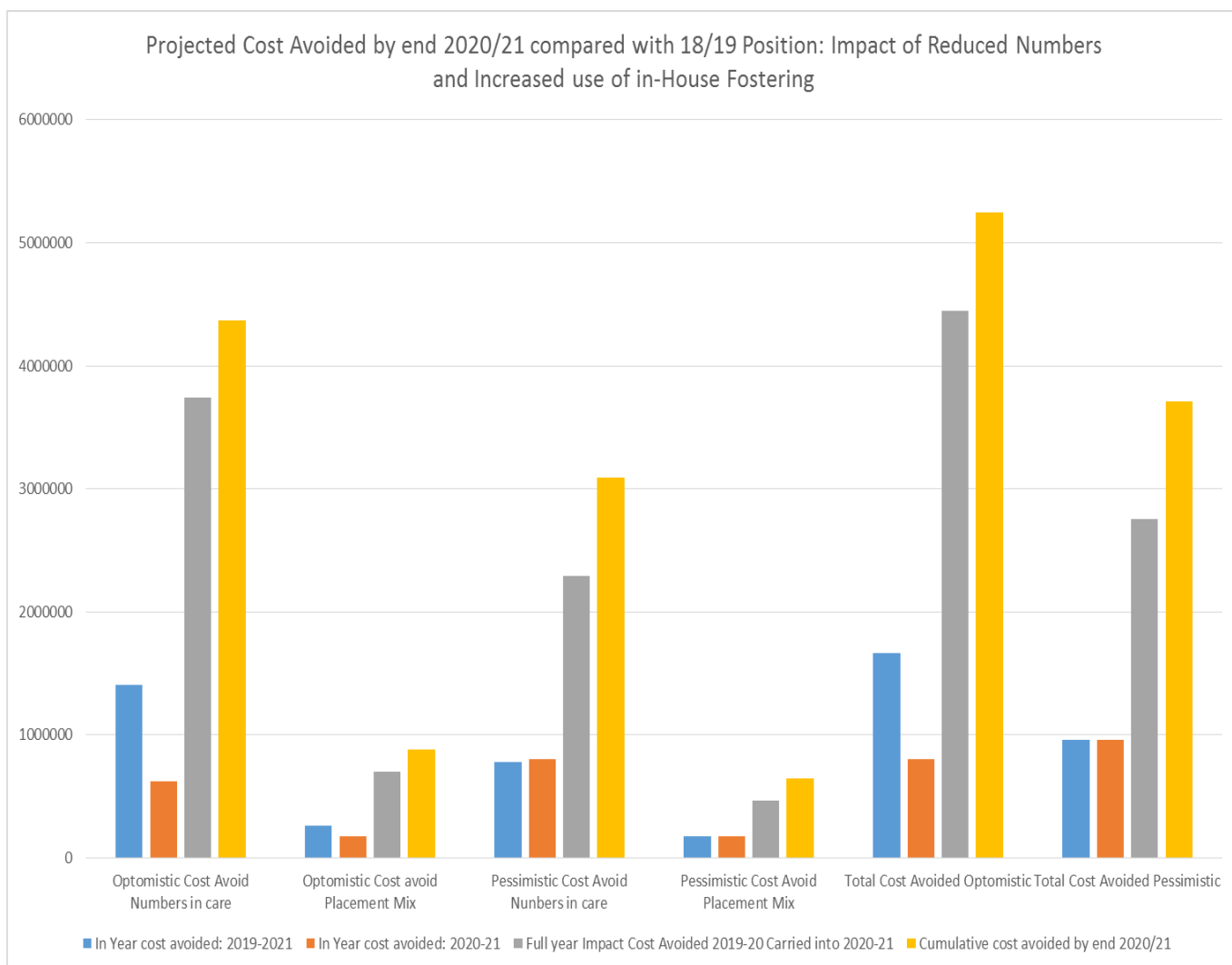
Increases of this magnitude are not unrealistic given the current placement mix in Cambridgeshire and the significantly lower proportion of children placed with in-house carers than national and regional averages. Continued increases in in-house foster placements will need to be reassessed at the beginning of 2021:





The following chart illustrates the costs avoided based on the above scenarios, compared with the projected position at the end of the current financial year: <sup>1</sup>

<sup>1</sup> Assumes reductions in overall care costs of £800 per week – the average IFA placement cost with in-year savings based gradual reduction; Placement mix cost avoided assumes in-house placements cost £375 per week less than IFA placement costs, which allows for some additional staff costs.



### Summary position 2019/20

In-year cost avoidance savings resulting from reductions in overall numbers of children and young people in care combined with changes in placement mix are projected to range from £950K to £1.6M compared with the current financial year.

### Summary position 2020/21

The position in 2020/21 improves dramatically as the full year cost benefits of the impact of changes taken place during 2019/20 are felt.

This means that the cumulative cost avoidance savings are projected to range between £2.7M and £4.4M. The range is wide because of the full year impact of the range of predicted numbers of children in care, based on a full year cost of a child in an IFA placement of £42,000. The difference in cost per child in an in-house placement compared with an IFA placement is around £20,000.

### 2021/22

Cumulative savings compared with 2018/19 should be around £6M per annum in either scenario. This is because the difference in the optimistic and pessimistic scenarios is about the pace of change as opposed to overall end-point, and both scenarios set an eventual target of 580 children and young people in care.

The position in this financial year may, however, begin to be impacted by a growing child population, and so will require review during 2020/21.

In addition to placement budgets, there are two key areas where overspends are inevitable where overall numbers of children in care are higher; costs associated with supervised contact and with transport for children in care.

#### Transport Costs for Children in Care

This budget was £575K overspent at the end of 2017/18 and given that overall numbers in care are unlikely to change, a similar pressure in 2018/19 must be considered likely.

By 2019/20, pressures on this budget are likely to reduce to a projected pressure of £350K is assumed.

#### Supervised Contact

In 2017/18, the budget for supervised contact was £275K overspent. Similarly to the position with transport costs above, it is unlikely that the overall numbers of children in care are likely to change, implying a similar pressure in 2018/19.

#### Unaccompanied Asylum Seeker Children

We are more recently seeing a potential pressure in relation to the rising numbers of unaccompanied asylum seeker children within Cambridgeshire. The Council is taking steps to mitigate this pressure, but if increases continue, then the level of national funding received by the Council to support these children, will not be sufficient to address local demand.

#### Savings

£669K was removed from children's services budgets in 17/18, with phase 2 of the Children's Change Programme expected to deliver a further £594K of savings in the current year, of which £504K has been delivered. These reductions have been removed from children's budgets based on assumptions of reduced activity that has not been achieved. There is also a savings target associated with business support of £245K, again based on assumptions around reduced demand.

In the current year, £504K of savings allocated to Phase 2 of the Children's Change programme have been achieved, on top of the £669K savings in Phase 1 in 2017/18.

Further savings that cannot be delivered this year include:

- The remaining £90K of savings associated with Phase 2 of the Children's Change Programme;
- The offsetting of the loss of expected grant from the DFE of £295K.

In addition, there are further pressures to be met that are unlikely to be possible to meet within existing budgets, the most notable of which is the revenue implications of not implementing Mosaic in children's services. £504K of capital that is not recoverable from this project must now be absorbed as revenue.

As noted elsewhere, there is a further pressure associated with new leaving care burdens.

## **CSC Strategy and Action Plan to Mitigate Pressures**

We have completed a full analysis of the underlying reasons for the increased volumes of children in the system and will launch a formal consultation on July 9<sup>th</sup> 2018. This, among other things, will:

- Remodel the Multi-Agency Safeguarding Hub (MASH) and Integrated Front Door;
- Create dedicated specialist teams including for children and young people in care;
- Overall business support arrangements that have not been reviewed for around 12 years;
- Deliver some savings in the event that we decide to close the residential children's home, based in Wisbech.

Taken together, these changes will reduce demand in the system and will deliver sustainable savings, most notably by reducing costs associated with inflated numbers of children in care in the system.

While the changes proposed to the children's services structure will address our higher than expected children in care numbers, these changes will not be implanted until autumn 2018 and so are unlikely to begin to have any impact until 2019/20. This means placement numbers are unlikely to begin to reduce in the current financial year.

There should, however, be some benefits emerging from changing of placement mix as we head towards the end of the current financial year. Innovative recruitment campaigns are about to commence and we expect to see an increase in the numbers of households applying to become foster carers with Cambridgeshire. This is important, since in-house fostering unit costs are around 50% of the unit cost of Independent fostering agency placements. Enquiries by prospective carers received now, however, will not convert into new placements for between 4 to 6 months, as all carers have to be, assessed, trained and then approved by panel. This means that the benefits from the new approaches to recruitment will again only begin to take effect during 2019/20.

The proposed staffing structure aims to deliver caseloads for case holding staff of up to 20. In order to achieve this, we need to establish one team for children and young people in care that is over the long term establishment. This is to manage the 100 children and young people over and above the average of our statistical neighbours. This additional team would be needed for up to 24 months, from September 2018. As numbers in care reduce, the additional capacity will be absorbed into vacancies elsewhere in the structure.

The additional team is needed as caseloads for qualified social workers in the current 14-25 service are 30 and more; caseloads at this level will not allow workers to drive care plans forward, and will therefore frustrate the ambition to reduce the number of children in care.

Good business support is essential to any children's service. As part of the current re-structure of children's services, we will propose a re-design of business support job description 'families' and a move to increase efficiency in management costs across children's social care and early help services. A review of this type has not been undertaken for around 10 year.

Family Group Conferencing was removed from the budget as part of phase 1 the Children's Change Programme in 2017. The plan was that social workers and clinicians within the units would ensure that appropriate family group meetings would take place in line with the systemic model of practice that is embedded in Cambridgeshire and that this approach would compensate for the loss of a standalone Family Group Conferencing Service. It is, however, clear that these

intended family meetings are not taking place. This is important because where family meetings are run effectively, extended families can become involved in ensuring that there is a family plan that safeguards the child after a period when they have been subject to a child protection plan. Contingency arrangements including whether there are relatives who could offer a permanent home to the child concerned can also be addressed, and family members ruled in or out of the process. This can avoid care proceedings altogether and does avoid late presentation at court of potential extended family members who have not been assessed prior to proceedings. Family Group Conferences take time to set up and can require some careful handling where relationships between the local authority and family are strained. Where social worker workloads are manageable they may have the time to contact family members, explain the purpose and persuade them to attend, but this is less likely in busy teams except where organising a family meeting more straight-forward – where relationships have not become strained and the extended family is already engaged, for example. In more complex scenarios, families will often respond to contact by a service or individual who is less connected to the direct work with the family. Dedicated staff, meanwhile, are better able to make repeated contact with family members and persuade them of the value of participation.

The changes to the Integrated Front Door and MASH will result in significant changes for the Contact Centre at St Ives, to where much of the screening currently undertaken within the MASH will transfer.

### **3. ALIGNMENT WITH CORPORATE PRIORITIES**

Report authors should evaluate the proposal(s) in light of their alignment with the following three Corporate Priorities.

#### **3.1 Developing the local economy for the benefit of all**

None.

#### **3.2 Helping people live healthy and independent lives**

Managing the provision of services to support people to access the right care in the right place, including enhancing prevention and early intervention services to support people to remain independent for as long as possible.

#### **3.3 Supporting and protecting vulnerable people**

None.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

*There are no significant implications within this category.*

#### **4.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

*There are no significant implications within this category.*

**4.3 Statutory, Legal and Risk Implications**

*There are no significant implications within this category.*

**4.4 Equality and Diversity Implications**

*There are no significant implications within this category.*

**4.5 Engagement and Communications Implications**

*There are no significant implications within this category.*

**4.6 Localism and Local Member Involvement**

*There are no significant implications within this category.*

**4.7 Public Health Implications**

*There are no significant implications within this category.*

**SOURCE DOCUMENTS GUIDANCE**

Source Documents	Location
Office of National Statistics Population Data	<b>Data sources</b>  <a href="https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesScotlandandnorthernireland">https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesScotlandandnorthernireland</a> <a href="https://www.cqc.org.uk/content/how-get-and-re-use-cqc-information-and-data#directory">https://www.cqc.org.uk/content/how-get-and-re-use-cqc-information-and-data#directory</a>