

FINANCE AND PERFORMANCE REPORT – MAY 2017

To: Children and Young People Committee

Meeting Date: 11 July 2017

From: Executive Director: Children, Families and Adults Services
Chief Finance Officer

Electoral division(s): All

Forward Plan ref: Not applicable **Key decision:** No

Purpose: To provide the Committee with the May 2017 Finance and Performance report for Children's, Families and Adults Services (CFA).

The report is presented to provide the Committee with the opportunity to comment on the financial and performance position as at the end of May 2017.

Recommendation: The Committee is asked to review and comment on the report

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1.0 BACKGROUND

- 1.1 A Finance & Performance Report for the Children, Families and Adults Directorates (CFA) is produced monthly and the most recent available report is presented to the Committee when it meets.
- 1.2 The report is presented to provide the Committee with the opportunity to comment on the financial and performance position of the services for which the Committee has responsibility.
- 1.3 This report is for the whole of the CFA Service, and as such, not all of the budgets contained within it are the responsibility of this Committee. Members are requested to restrict their attention to the budget lines for which this Committee is responsible, which are detailed in Appendix 1.
- 1.4 **Financial Context**
As previously discussed at Children and Young People (CYP) Committee the major savings agenda continues with £99.2m of savings required across the Council between 2017 and 2022.

The required savings for CFA in the 2017/18 financial year total £20,658k.

2.0 MAIN ISSUES IN THE MAY 2017 CFA FINANCE & PERFORMANCE REPORT

- 2.1 The May 2017 Finance and Performance report is attached at Appendix 2. This is the first available report for the 2017/18 financial year and at the end of May, CFA forecast an overspend of £2,014k.
- 2.2 **Revenue**

The main revenue pressures within CYP Committee areas are as follows:

- In Children & Families Services, Strategic Management have a forecast overspend of £1,087k. This is as a result of historic unfunded pressures with Children & Families Service which have not been able to be addressed through the Children's Change Programme (£1,008k), and additional one-off costs of managing the Children's Change Programme (£79k). The Children's Change Programme (CCP) is however on course to deliver savings of £669k in 2017/18 and has managed £294k of previously unfunded pressures as part of that Programme.
- In Children & Families Services, the Looked After Children (LAC) Placements budget is forecasting an overspend of £273k. This is as a result of some previously planned savings targets now being considered undeliverable. There is a further underlying pressure on the LAC Placement budget of c.£2.9m currently. The forecast overspend assumes that £2.9m of the corporately held demography and demand budget will be allocated to the LAC Placement budget, subject to GPC approval, to assist with bringing the underlying pressure down to a more manageable level. Further detail can be seen in Appendix 3 to this report.
- In Children & Families Services, Adoption is forecasting an overspend of £300k due to an additional requirement of 20 adoptive placements over and above those covered by our existing contract. We are forecasting a need to purchase inter agency placements to manage this requirement and ensure our children receive the best possible outcomes.

- In Strategy and Commissioning, Special Educational Needs (SEN) Placements have a forecast outturn of £100k overspend. This budget continues to see an increase in pressure from a rise in the number of children and young people who are LAC and have an Education Health and Care Plan (EHCP) who are placed in 52 week residential placements. This budget pays for the educational element of those placements and is funded from the Dedicated Schools Grant (DSG). It is the aim that any pressures on DSG funded services will be managed from within the overall available DSG for 2017/18. Should an overall deficit be forecast on DSG funded activities towards the end of 2017/18 the position will be reviewed and appropriate consent sought from Schools Forum to carry forward the deficit to the following year as set out in the options within the DSG conditions of grant
- In Strategy and Commissioning, Commissioning Services have a forecast overspend of £100k. Overall there is an increasing number of children with a Statement of Special Educational Needs / EHCP out of school in receipt of alternative education (tuition) packages.

2.3 Capital

The Capital Programme Board previously recommended that services include a variation budget to account for likely slippage in the capital programme. As forecast underspends start to be reported, these are offset against the variation budget, resulting in a balanced outturn up until the point where slippage exceeds the budget set aside. The allocation for CFA's budget adjustments has been calculated as per the table below, show against the slippage forecast to date:

2017/18					
Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (May) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (May) £000
CFA	-10,305	-475	475	4.6%	-
Total Spending	-10,305	-475	475	4.6%	-

2.4 Performance

Of the twenty-one CFA service performance indicators six are shown as green, eight as amber and seven are red.

Of the Children and Young People Performance Indicators, four are green, five are amber and four are red. The four red performance indicators are:

1. Number of children with a Child Protection Plan per 10,000 population under 18
2. The number of looked after children per 10,000 children;
3. The FSM/Non-FSM attainment gap % achieving level 4+ in reading, writing and maths at Key Stage 2.
4. The FSM/Non-FSM attainment gap % achieving 5+ A*-C including English and maths at GCSE.

2.5 CFA Portfolio

The major change programmes and projects underway across CFA are detailed in Appendix 8 of the report – none of these is currently assessed as red.

3.0 2017-18 SAVINGS TRACKER

3.1 As previously reported the “tracker” report – a tool for summarising delivery of savings – will be made available for Members on a quarterly basis. The tracker as at mid-June is included as Appendix 4 to this report.

3.2 Within the tracker the forecast is shown against the original saving approved as part of the 2017-18 Business Planning process. Based on current forecasts the overall position for CFA is a £1,512k shortfall against plan. However, the expectation is that stretched targets for existing savings and additional savings identified within the funnel will support delivery of the overall £20,658k CFA savings target. It is also important to note the relationship with the reported position within the detailed F&PR. As pressures arise in-year further mitigation and/or additional savings will be required to deliver a balanced position.

4.0 ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

4.1.1 There are no significant implications for this priority.

4.2 Helping people live healthy and independent lives

4.2.1 There are no significant implications for this priority

4.3 Supporting and protecting vulnerable people

4.3.1 There are no significant implications for this priority

5.0 SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

5.1.1 This report sets out details of the overall financial position of the CFA Service.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

5.2.1 There are no significant implications within this category.

5.3 Statutory, Risk and Legal Implications

5.3.1 There are no significant implications within this category.

5.4 Equality and Diversity Implications

5.4.1 There are no significant implications within this category.

5.5 Engagement and Consultation Implications

5.5.1 There are no significant implications within this category.

5.6 Localism and Local Member Involvement

5.6.1 There are no significant implications within this category.

5.7 Public Health Implications

5.7.1 There are no significant implications within this category.

Source Documents	Location
As well as presentation of the F&PR to the Committee when it meets, the report is made available online each month.	https://www.cambridgeshire.gov.uk/council/finance-and-budget/finance-&-performance-reports/

Appendix 1

Children & Young People Committee Revenue Budgets within the Outturn Finance & Performance report

Children & Families Directorate

Strategic Management – Children & Families
Partnerships and Quality Assurance
Children in Care
Integrated Front Door
Safer Communities Partnership
Children's Centre Strategy
Support to Parents

Looked After Children Placements
Adoption Allowances
Legal Proceedings

SEND Specialist Services (0-25 years)

SEND Specialist Services
Children's Disability Service
High Needs Top Up Funding

District Delivery Service

Safeguarding Hunts and Fenland
Safeguarding East & South Cambs and Cambridge
Early Help District Delivery Service –North
Early Help District Delivery Service – South

Youth Support Services

Youth Offending Service
Central Integrated Youth Support Services

Strategy & Commissioning Directorate

Strategic Management – Strategy & Commissioning

Commissioning Enhanced Services

Special Educational Needs Placements
Commissioning Services
Early Years Specialist Support
Home to School Transport – Special
LAC Transport

Executive Director

Executive Director
Central Financing

Learning Directorate

Strategic Management - Learning

Early Years Service

Schools Curriculum Service

Schools Intervention Service

Schools Partnership Service

Children's' Innovation & Development Service

Catering & Cleaning Services

Teachers' Pensions & Redundancy

Infrastructure

0-19 Organisation & Planning

Early Years Policy, Funding & Operations

Education Capital

Home to School/College Transport – Mainstream

Grant Funding

Financing DSG

Non Baselined Grants

Appendix 3

Looked After Children Placement Budget - Demography

1.0	BACKGROUND AND SUMMARY
1.1	<p>After spending £16.52m in 2015-16, the Looked After Children (LAC) placement budget for 2016-17 was set at £12.51m. This proved to be an overly ambitious and unrealistic budget expectation, as demand actually increased rather than fell during 2016-17 with final spend totalling £16.66m. The budget expectation had been set on the basis of a strategy for reducing the numbers of looked after children.</p> <ul style="list-style-type: none">• The strategy did not take account of national trends of the growth of looked after children which showed a 5% increase nationally during 2015/16.• Whilst the objectives were in themselves sound, there had been insufficient activity and/or lead-in time to realise the ambition• The numbers of children proposed to be removed from the system was neither desirable nor deliverable• The budget had been gradually reduced since 2012 in the face of continued increases in numbers of looked after children <p>By May 2017, there were 688 Looked After Children in Cambridgeshire, the highest level for at least 5 years but in line with East of England average</p>
1.2	<p>After budget changes agreed for 2017-18, including a re-investment of £3m (A/R.4.021) as well as further demography and savings, there is currently £14.4m available for LAC placements this year. Given patterns of expenditure and that demand has continued to rise following the detailed consideration of the LAC budget in the Autumn, this budget remains insufficient to respond to the demand that is evident. There is currently budget available for the equivalent of 292 external placements, whereas there were actually 346 external placements in May.</p>
1.3	<p>General Purposes Committee is requested to allocate £2.913m from the corporate demography budget to Looked After Children placements in Children's, Families & Adults Services.</p> <p>The corporate budget was setup on the basis that funding would be taken from the central contingency when services demonstrate there has been an impact due to increasing demand, which cannot be contained within existing budget levels. LAC placements is now clearly in that position.</p>
1.4	<p>This is intended as the final structural correction to the LAC placements budget by GPC outside of the normal business planning process, resolving the unsustainable budget reductions previously attempted. This is an appropriate allocation from the corporate demography budget as it reflects demand continuing to rise since detailed budget consideration took place.</p>

1.5 Even after this allocation, the revised financial envelope for LAC placements is tight, and Children's, Families and Adults Services has accountability for:

- implementing demand management strategies so that expenditure does not continue to rise. LAC numbers have now reached a sustainable level, in comparison to neighbours for instance.
- delivering £1.7m in composition and commissioning savings (i.e. price rather than volume)

Achieving a balanced position through the above remains a key area of focus.

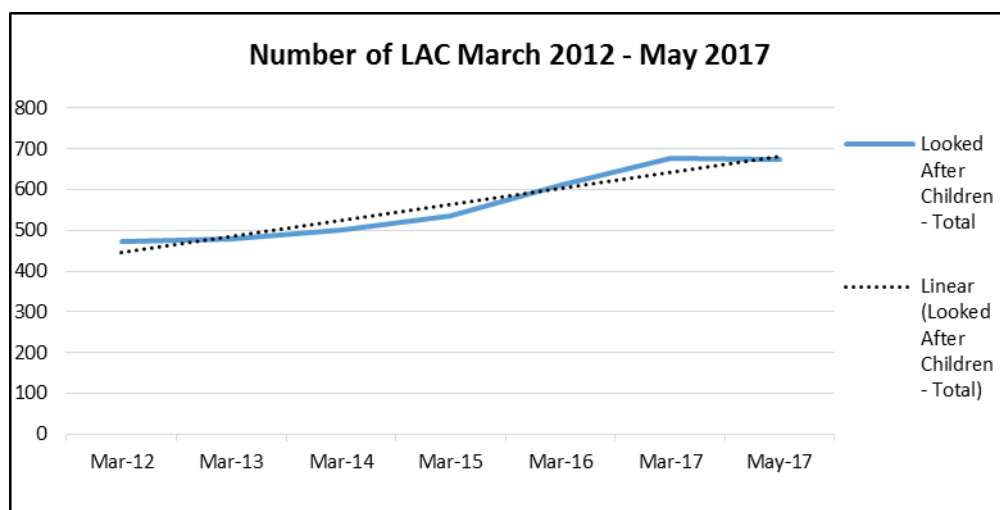
1.6 Whilst this paper focuses on the external spend on LAC placements, it must be noted however that other areas of Children's Social Care are facing continuing pressures linked to demand:

- Within the adoption budget there is a forecast pressure of £300k due to an additional requirement of 20 adoptive placements over and above those covered by our existing contract. The forecast is based on a need to purchase inter agency placements to manage this requirement and ensure our children receive the best possible outcomes and leave care for adoption in a timely way.
- Within Safeguarding and Standards there is pressure of £58k due to the need for an additional Independent Review Officer post necessary to manage current caseloads.
- Continuing expenditure is expected on an agency element of the workforce across children's services in order to provide safe staffing levels in response to demand. This is a further area in which the budget was set unsustainably low in the past.

These will continue to present as pressures during 2017-18, with CFA and the Council needing to seek mitigation more widely, with this addressed on a permanent basis through 2018-19 business planning.

2.0 RISING DEMAND

2.1 As previously reported to the Committee the LAC population within Cambridgeshire has been growing over the last 4-5 years, as shown in the graph below.



Source: ICS / CFA Metrics

- 2.2 As at 1st May 2017 the overall number of LAC had increased to a peak of 688, of which 66 were unaccompanied asylum seeking children (UASC).

	04/04/16	05/12/16	06/03/17	01/05/17	22/05/17
Looked After Children - Total	610	645	675	688	675
LAC - Non UASC	551	582	613	622	613
LAC - UASC	59	63	62	66	62

As the table above shows, the UASC number has remained reasonably stable over the last 12 months, whereas the number of non-UASC increased by 40, 7% between December 2016 and 1st May 2017. There are 31 more non-UASC LAC than in early December, the point at which the detailed business planning work had been undertaken for this area.

- 2.3 This is part of a more general trend of pressure on the children's social care budgets, with further pressure due to capacity issues both as a result of increasing LAC numbers (26% increase in past two years) and the continuing increase in child protection plans (82% increase in past two years). This virement request relates just to the cost of placements, but there are related issues around the funding of the children's social work delivered by through the Council's own workforce. This has been reviewed as part of the children's change programme, and will be further addressed in business planning for 2018-19.

- 2.4 As well as a continued overall increase in numbers, the demographic characteristics of our LAC population is changing, reflecting a sharper focus on intervention, children being younger and moving through the looked after children service in a more timely manner. Having an increasingly younger population, whose care pathways are progressed through the courts in a timely manner, indicates that services are acting more effectively. They remain challenged however by higher numbers of older children and young people that case audits reflect have experienced many years of intervention that has not been impactful on what is very often chronic neglect, alcohol abuse or mental health. These children's needs and behaviours are often complex and require an enhanced level of provision.

3.0 BUDGETARY POSITION

- 3.1 The table below shows the outturn position and total LAC population numbers at year-end for each of the previous 5 years.

Financial Year	Total LAC Population No's. (at end of year)	Budget	Expenditure
		£'000	£'000
2012/13	479	£16,781	£15,903
2013/14	506	£16,113	£16,428
2014/15	535	£15,579	£17,119
2015/16	609	£14,737	£16,520
2016/17	674	£12,512	£16,664

The budget available in 2017/18 is £14.431m. Despite LAC numbers being higher than ever, this is £2m less than we have spent on LAC placements in recent years.

These figures show that despite significant increases in overall LAC numbers, actual levels of spend have not increased at the same rate. Essentially, although unit costs have been managed down, spend is forecast to be greater than budgeted simply because of the sheer volume.

- 3.2 The original budget of £14,431k for 2017/18 includes funding in recognition of £3,000k of structural underfunding and £2,070k of demography. These were offset by £1,490k of demand management savings and £1,698k composition savings resulting in a net budget of £2,233k less than the final 2016/17 outturn.

- 3.3 The table below shows the forecast positions for the LAC Placement budget as at 1st June 2017:

Forecast Position as at 01/06/2017	£'000
Current Commitments (01/06/17)	£19,040
Forecast growth for the period 29/05/17 – 31/03/18	£1,492
Demand Management Savings (target -£1,490k)	-£1,490
Composition Savings (target -£1,698k)	-£1,425
Total Estimated Commitment	£17,617
Available Budget	£14,431
Total Estimated Pressure	£3,186

- 3.4 Of the current forecast £3,186k pressure, £273k can be attributed to undeliverable composition savings. Mitigating actions to offset this element of the pressure include:
- Threshold and Resources Panel (TARP) to review requests and decisions for children to become looked after
 - A creative care panel meets to agree alternative to care packages
 - The joint housing protocol is being refreshed as we move into districts and we will look to the most effective way to ensure we meet the housing needs of 16/17 year olds.
 - We continue to increase our numbers of in-house foster carers
 - We are bringing CCC properties back into use with floating support to provide an increased range of supported accommodation.

	<ul style="list-style-type: none"> • The Permanency Monitoring Group tracks children through care proceedings, Section 20, kinship, adoption and long term fostering until matched with carers and can predict and measure future needs. • Development of a robust contract and Service Level Agreement with the mutualised Multi-systemic Treatment service to ensure that those most at risk of becoming looked after are suitably identified and offered a service • Revision of the Placement Sufficiency Statement which sets out our need for placements and strategy for delivery.
3.5	<p>The remaining £2,913k can be directly attributed to an increase in numbers and, as such, it is recommended that CYP Committee request a permanent allocation of this amount from the corporately held demography and demand budget (£3,400k). This would rebase the LAC placement budget to £17,344k, which more realistically aligns with levels of spend and increases in numbers over the last two financial years. Future years LAC demand requirements will be addressed through the 2018/19 Business Planning process.</p>
3.6	<p>This still assumes delivery of all demand management savings which is still challenging in the context of the local and national trends in respect of LAC numbers, but a number of strategies are in place such as:</p> <ul style="list-style-type: none"> • Development of a 'No Wrong Door' model to bring together the residential home, specialist fostering placements, supported lodgings and supported accommodation, with outreach services under one management arrangement – this will enable rapid de-escalation of crisis situations in families preventing admissions to care, and delivery of holistic, creative team of support for young people with the most complex needs, improving outcomes for young people and preventing use of expensive externally-commissioned services • Development of systemic family meeting model refocusing our practice in the social work units to ensure that all children and their families who are assessed as requiring a social work intervention are facilitated to identify sustainable support within their family network and community. Aligned closely with the principles of systemic family work, families will be supported by the social work unit to identify internal resources through the completion of a Family Safety Plan, which the family and professional network can utilise at times of crisis or need. • Enhanced intervention service for children with disabilities – through a specialist team the number of children with disabilities placed in out of county residential homes will reduce, to enable children to safely live with their family and access education in their local area. Some children may become looked after but the team will work with others to sustain them in local services; avoiding out of area placement.
3.7	<p>The LAC placement budget has been subject to significant savings targets in previous years and despite success in managing costs, demand has continued to increase at higher levels than forecast, giving rise to an underlying demographic pressure.</p>