

**CHILDREN'S SERVICES  
OVERVIEW AND SCRUTINY COMMITTEE**

**Agenda Item  
No. 6**

**DATE: 7 NOVEMBER 2019**

**CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 FINANCIAL  
MONITORING POSITION FOR 2019/20**

**Ward(s)** All

**Portfolio:** Councillor Wilson – Children's and Health and Wellbeing

**Summary of report**

The forecast overspend for Children's Services, after the net use of reserves and prior to any mitigating action, would be an overspend of **£0.761m**. The directorate has implemented an action plan of an equivalent (**£0.410m**), reducing the net forecast revenue position to be overspent by **£0.351m**.

The total capital programme for the services relating to this portfolio is **£0.383m** with forecasted costs for the year of **£0.383m** as at the end of August 2019.

**Reason for Scrutiny**

To inform the Panel of the forecast financial position for 2019/20 for services within their areas of responsibility.

**Recommendation**

1. To note the revenue and capital forecast for the 2019/20 yearend financial position for services under the remit of the Children's Services & Scrutiny Committee.
2. To note the actions being taken to address the areas of over spend.

**Background papers**

Various financial working papers.

**Signed:**



Sally Rowe  
Executive Director: Children's Services  
☎ 652085

**Resource and legal considerations**

The Council is required to set a balanced budget and requires services to operate within their approved budget allocation. Any variances are required to be managed as far as is reasonably possible. The revenue and capital financial monitoring is reported quarterly to Overview and Scrutiny Committees along with corrective action plans when variances arise. All accounting entries are undertaken in line with the required corporate and statutory accounting guidance and standards.

**Citizen impact**

Resource allocation is aligned to service activity and is undertaken in accordance with the Council's corporate plan priorities.

**Environmental impact**

Services within the remit of this overview and scrutiny committee have a direct influence and impact on the environment.

**Performance management**

Financial performance is considered alongside service targets. Managers are required to deliver their service targets within budget, wherever possible. Corrective action plans are put in place to mitigate overspends where possible, with any remaining variances against budget identified in the report.

**Equality Implications**

Services consider and respond to equality issues in setting budgets and delivering services. Irrespective of budgetary pressures, the Council must fulfil equal opportunities obligations.

**Consultation**

Consultation was undertaken as part of the budget setting process and throughout the financial year on the financial position and reporting thereof.

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## 1. Forecast Revenue Outturn 2019/20

- 1.1 The current gross forecast prior to any mitigating action and use of reserves is **£1.614m**. Use of Corporate reserves of (**£0.267m**) and earmarked reserves of (**£0.586m**) reduced the forecast to an overspend of **£0.761m**. The directorate has implemented an action plan of an equivalent (**£0.410m**) from efficiencies and review of non-essential spend, reducing the net forecast position to an overspend of **£0.351m**.

<b>Table 1</b>		
	<b>£m</b>	<b>£m</b>
Expenditure prior to action plan and use of reserves	1.614	
Earmarked Reserves	(0.586)	
Corporate Reserves (as agreed by Cabinet)	(0.267)	
<b>Subtotal</b>		<b>0.761</b>
Action Plan Items (Table 3)		(0.410)
<b>Remaining Forecast Overspend</b>		<b>0.351</b>

- 1.2 The main reasons for the overspend is shown in Table 2 below.

<b>Table 2</b>	
Underachievement of income at Birchills Children's Centre due to reduction in number of children attending	0.065
Part year effect of savings relating to review of Bluebells residential short break provision & additional child within supported accommodation	0.080
Use of agency to cover vacant posts/maternity leave/sick leave within Children's Social Care teams.	0.100
Part year effect of savings relating to the delay in implementation of the new adolescent service.	0.063
One-off redundancy payment within Early Help following deletion of post	0.043
<b>Total</b>	<b>0.351</b>

- 1.3 Table 3 summaries the Action Plan.

<b>Table 3</b>	<b>£m</b>
Efficiencies across the directorate identified during 19/20	0.100
Children's social care action plan developed by service	0.310
<b>Action Plan utilised as per Table 1</b>	<b>0.410</b>

1.4 Table 4 summarises the forecast Outturn for each service.

<b>Table 4</b>						
<b>Service</b>	<b>Annual Budget £m</b>	<b>Year End Forecast £m</b>	<b>Variance Before use of Reserves £m</b>	<b>Action Plan £m</b>	<b>Use of Reserves £m</b>	<b>Variance after Reserves &amp; Action Plan £m</b>
<b>Children's Wide</b>	3.094	3.263	0.169	(0.076)	(0.093)	0.000
<b>Mitigating Action Plan</b>	0.410	0.000	(0.410)	0.410	0.000	0.000
<b>Demand Placements (see table 9 for breakdown)</b>	23.911	23.991	0.080	0.000	0.000	0.080
<b>Children's Social Care</b>	18.770	19.689	0.919	(0.310)	(0.446)	0.163
<b>Early Help Services</b>	3.586	4.032	0.446	(0.024)	(0.314)	0.108
<b>Children's Services Sub Total</b>	<b>49.771</b>	<b>50.975</b>	<b>1.204</b>	<b>0.000</b>	<b>(0.853)</b>	<b>0.351</b>

- 1.5 Included within the approved budget for 2019/20 are £3.750m of approved savings relating to services within the remit of this panel. An update on the achievement of 2019/20 approved savings is reported monthly to CMT. Any savings that are not forecast to be achieved in year are required to have alternative actions identified and are managed closely through the relevant service management teams and in liaison with the relevant portfolio holder.

<b>Table 5</b>		
<b>BRAG</b>	<b>Explanation</b>	<b>Amount £m</b>
Blue	Delivered in Full	2.741
Green	To be Delivered by 31/03/2020	0.662
Amber	Low Risk of none Delivery	0.000
Red	High Risk of none Delivery	0.347
<b>Total Saving for 2019/20</b>		<b>3.750</b>

Breakdown of Red Savings:

<b>Table 6</b>	
Reduce agency social workers service - saving ref 23. Not achieved due to increase in agency numbers in relation to the upcoming restructure	0.227
Preventative saving, reduce expenditure across Edge of Care and Early Help, including ceasing the casual pool - saving ref 32. Not achieved as not implemented until part way through the financial year.	0.063
Reduction in number of days Bluebells in open- saving ref 18 Not achieved as not implemented until part way through the financial year.	0.057
<b>Total Red Savings</b>	<b>0.347</b>

- 1.6 Within the services associated with the panel there are a number of risks totalling **£1.805m**, which have not been included within the above forecast. At this stage the risks are not certainties and as such are not included in the monitoring as an under or over spend. High risks of **£1.745m** are included in the corporate monitoring report to CMT. If the risks become certainties, then alternative action will need to be identified or included in the position as over spends. A summary of the risk assessment is in table 7 below.

<b>Table 7</b>		
<b>Service</b>	<b>Reason / explanation of risk</b>	<b>£m</b>
Looked after Children	Should the costs associated with the number/mix of Looked after Children increase above that built into existing investment.	0.848
Looked after Children	Further costs may arise association with supported accommodation and other costs for children under section 17 where current levels of expenditure could lead to costs in excess of the available budget.	0.125
Safeguarding, Review and Child Protection	Should agency cover for 2 posts (1 covering sick leave, the other covering a substantive post) be required to cover the posts all year this would lead to a further overspend.	0.040
No Recourse to Public Funds (NRPF)	There is a risk of additional costs associated with NRPF although NRPF panels are taking place regularly to monitor the number of families Walsall is supporting.	0.050
SW agency within establishment	The recruitment and retention model is aiming for cost reduction to be achieved by the conversion of agency staff to permanent staff over the course of the year. If these targets are not met, additional costs will remain to be funded. Existing staff may leave which could lead to expensive agency staff. There is also a risk that agency staff will be used to cover vacant posts as they arise.	0.100
Children's Social Care Management	A new complex legal case has been filed against the council. Attempts are being made to resolve via mediation rather than going to court. £0.200m is a worst case scenario estimate from legal services.	0.200
Regional Adoption Agency	The Regional Adoption Agency (RAA) is now in place so there will be no inter-agency fees across the Black Country region. There is a risk that additional Social Worker resources will be needed to meet demand on the service and if placements are found outside of the RAA, inter-agency fees will be payable.	0.162
Early Help	Income achieved at Birchills Children's Centre has seen a recent decrease due to parents moving children to other education facilities. If this is to continue, the level of achievable income will reduce further.	0.100
Children's Social Care	If spend were to continue at current levels on non-staffing budgets across children's social care there will be an overspend of £0.100m.	0.100
Children with Disabilities Team	Deprivation of liberty assessments are being introduced for 16 – 17 year olds for the first time, which may result in additional legal costs	0.020
	<b>Total High Risks</b>	<b>1.745</b>
Internal Residential	If use of overtime and casuals in Internal Residential homes were to continue at current levels it would result in £60k overspend.	0.060
	<b>Total Medium Risks</b>	<b>0.060</b>
	<b>Total Risks</b>	<b>1.805</b>

## 2 Forecast Capital Outturn 2019/20

- 2.1 The total capital programme for the directorate is **£0.383m** with forecasted costs for the year of **£0.383** as at the end of August 2019. A detailed breakdown is in the table below.

<b>Table 8</b>					
<b>Service</b>	<b>Annual Budget</b>	<b>Actual Year to Date</b>	<b>Forecast</b>	<b>Carry Forward to 2019/20</b>	<b>Variance (under) / over spend</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b><u>Council Funded</u></b>					
Looked after children out of borough placements refurbishments	0.290	0.000	0.290	0.000	0.000
Corporate Parenting, Contact & Assessment Hub	0.033	0.025	0.033	0.000	0.000
Looked after children small residential homes	0.060	0.000	0.060	0.000	0.000
<b>Total Capital</b>	<b>0.383</b>	<b>0.025</b>	<b>0.383</b>	<b>0.000</b>	<b>0.000</b>

### **Overview**

Local Authorities in England have a statutory responsibility for protecting the welfare of Children and delivering Children's Social Care. In extreme cases Local Authorities may use their statutory powers to place children in need on protection plans or even take them into care

Pressures on Council's in regard to Children's Social Care for Local Authorities are widely known. The National Audit Office reported in January 2019 that during the financial year of 2017/18 there was a total of 655,630 young people referred to Local Authorities because of concerns surrounding their welfare. This was a rise of over 7% since 2010/11, slightly above population growth for children aged between 0-17, however Local Authorities carried out over 77% more child protection assessments.

- £8.8bn – Expenditure by LA'S on Children's Services in 2017/18
- 91% of LA'S overspent on their provision of Children's Social Care

The published report, concluded that the Department for Education (DFE) did not fully understand what is driving demand for Children's Social Care, nor why there is a wide variation between Local Authorities in their social care activity and costs, as it hadn't yet carried out the exercise to collate and tie together the available sources of information.

For Walsall, Social Care demand led pressures are in-line with the national picture. Expenditure has increased along with demand on all services that are critical in supporting the young people and their families in the Borough. This report aims to summarise the current position for Walsall in terms of the financial cost of Children's Demand Led Services.

### **1.0 Young People in Care of the Local Authority**

It should be noted that the forecast position reported in year is calculated based on the number and mix of young people at a point in time and is adjusted for identified and anticipated moves. With regard to budget setting, this takes a similar approach and includes the number/mix for a full year plus an estimated cost increase following a review of historical growth.

Between March 2019 and August 2019 Walsall has seen an overall net increase of 27 Young People directly in the care of the LA moving from 609 to 636, the financial impact of this has been calculated and forecast along with the current mix for this financial year. £1.200m of the looked after children investment has been utilised in year. There is £0.800m set aside for planned increase in demand. Therefore the investment of £2.000m is planned to be utilised in 2019/20.

Table 9 details the movements in young people numbers along with the variances against the allocated budget for 2019/20. Table 10 shows the historical movement in young people numbers.

<b>Table 9</b>		<b>£m</b>
<b>Placement Type</b>		
Internal Fostering	Net decrease of 18, 25 new in, (5) leavers, (38) movers mainly between IFAs, family & friends and placed with parents	0.127
Family & Friends	Net increase of 15, 13 new in, No leavers, 2 movers	0.005
Pre Adoption	6 Children have been adopted to date, target was set to reach 35 by year end	(0.001)
IFA	Net increase of 23 (excluding complex cases), 32 new in, (7) leavers, (2) movers	0.105
Complex Cases	2 movers from IFA to External Residential	0.285
External Residential	Net decrease of 2 - 3 new in, (5) leavers, 5 Movers	(0.634)
Transition & Care Leavers	Net decrease of 19 children - across Supported Accommodation LAC, Non-LAC, Staying Put and Care Leavers. 6 New in within Supported, (3) in other, (20) Leavers due to successful pathway planning and (2) movers, £26k relates to 1 mover from External	0.069
Internal Residential	Net decrease of (3), 2 new in, (3) leavers, (2) movers	0.066
Special Guardianship Orders / Residence Orders	Net Increase of 15 new SGO's	0.058
<b>Total – as per Table 4</b>		<b>0.080</b>

## **1.2 Savings Update**

The directorate supported by finance continue to work to identify placements where further potential savings may be delivered. As at the end of August 2019 the following savings are on track to be achieved.

- £0.300m of the £0.290m saving in relation to children in external residential placements has been delivered to date.
- £0.174m of the £0.300m saving in relation to the Supported Accommodation framework has been achieved. Children's services is working with money home job to implement a new contract for supported accommodation. This saving is currently expected to be achieved in full and pathway plans are in place.

## **1.3 Risks**

Whilst Walsall has experienced an overall reduction in children in care numbers during the 18/19 financial year it would be prudent to note that the current levels of young people subject to a child protection plan remains high. Based upon the trend data for the past three years there is a possibility of 14% of the overall number of young people subject to a plan entering the care system.

Based upon the trend data that there is a risk of 55 young people (14%) of the current CPP cohort becoming looked after for a period of two months for the remainder of this financial year the financial risk could be up to £0.848m (part year effect).



**TABLE 10- YOUNG PEOPLE NUMBERS 2010/11 TO 2019/20**

Placement Group	Placement Type	2010/11	2011/12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18	2018/ 19	2019/20	Budget Cost £m	Outturn 2019/20 £m	Variance to Budget £m	Average Cost Per Week
<b>Internal Fostering</b>	Internal Fostering	235	185	209	233	211	195	197	231	201	183	3.557	3.573	0.016	£367
	Family & Friends	76	94	131	123	124	130	130	109	107	122	1.438	1.431	(0.007)	£231
<b>Pre Adoption</b>	Pre Adoption	21	24	18	19	19	16	38	2	2	8	0.209	0.250	0.041	£712
<b>External Fostering</b>	IFA's	74	100	106	118	162	182	153	177	168	191	7.100	7.232	0.132	£750
	Temporary placement				0	0	2	0	0	0	3	0.000	0.010	0.010	£89
	Other LA placements				9	10	2	0	1	0	0	0.000	0.000	0.000	£0
<b>External Residential</b>	External Residential	22	19	26	19	16	27	37	32	32	32	6.550	6.083	(0.467)	£3,599
	M&B Units				2	0	0	0	0	0	1	0.000	0.096	0.096	£3,710
	Secure Units / Remands		1	1	4	4	2	5	2	1	2	0.076	0.056	(0.020)	£615
<b>Other</b>	Supported Accommodation	10	7	11	14	11	7	11	13	29	21	0.924	0.769	(0.155)	£664
	Internal Residential	18	17	15	18	18	20	15	17	15	12	2.024	2.090	0.066	£3,216
	Placed with Parents	32	31	51	60	43	45	58	48	43	49	0.000	0.000	0.000	£0
	NHS / Health Trust				1	1	1	5	1	2	1	0.000	0.000	0.000	£0
<b>Young People in Care excluding Complex Cases</b>		<b>488</b>	<b>478</b>	<b>568</b>	<b>620</b>	<b>619</b>	<b>629</b>	<b>649</b>	<b>633</b>	<b>600</b>	<b>625</b>	<b>21.877</b>	<b>21.591</b>	<b>(0.286)</b>	<b>£670</b>

<b>Complex Cases</b>	Internal Fostering							1	1	1	2	0.008	0.014	0.006	£152
	Family & Friends										2	0.000	0.013	0.013	£120
	Placed with Parents										1	0.000	0.000	0.000	£0
	IFA's							6	9	8	4	0.332	0.202	(0.130)	£776
	External Residential							0	1	0	2	0.033	0.430	0.397	£3,516
<b>Total Complex Cases</b>				(				<b>7</b>	<b>11</b>	<b>9</b>	<b>11</b>	<b>0.373</b>	<b>0.659</b>	<b>0.286</b>	<b>£1,236</b>

<b>Young People in Care</b>		<b>488</b>	<b>478</b>	<b>568</b>	<b>620</b>	<b>619</b>	<b>629</b>	<b>656</b>	<b>644</b>	<b>609</b>	<b>636</b>	<b>22.250</b>	<b>22.250</b>	<b>0.000</b>	<b>£677</b>
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Non Young People in Care	Special Guardianship Order							138	174	191	209	1.021	1.111	0.090	£102
	Custodian/Residence Orders							37	50	42	39	0.194	0.190	(0.004)	£97
	Staying Put								46	49	20	0.115	0.144	0.029	£138
	Care Leavers										24	0.181	0.146	(0.035)	£115
	Setting Up Home											0.120	0.120	0.000	£0
	Supported Accommodation							21	16	16	10	0.030	0.030	0.000	£53
Total Non-Young People in Care								196	240	298	302	1.661	1.741	0.080	£118
GRAND TOTAL												23.911	23.991	0.080	£504