

**DATE: 23 NOVEMBER 2021**

**CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 FINANCIAL MONITORING  
POSITION FOR 2021/22**

**Ward(s)** All

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

**1. Aim**

To provide the budget monitoring position for Period 5 2021/22. The Chair requested that this item be considered by the Committee.

**2. Recommendations**

2.1 To note the revenue and capital forecast for the financial year end 2021/22 for the services under the remit of the committee.

**3. Report detail – know**

3.1 The current net revenue forecast position, after the net use of reserves is net nil.

3.2 Regular reports are prepared during 2021/22 for both Children’s Services Overview and Scrutiny Committee and the Education Overview and Scrutiny Committee. For services under the remit of this committee the forecast revenue position is net nil as at Period 5, after net use of reserves of c. £3.65m (see below for further details). For completeness, the forecast revenue overspend for services under the remit of the Education Overview and Scrutiny Committee is net nil. This gives a total forecast position of net nil for Children’s Services directorate as at 31 August 2021.

3.3 Reasons for the current position are shown in Table 1 below:

<b>Table 1- Explanation of over and underspends across services</b>	
	<b>£k</b>
£296k (offset by reserves) one off delay in implementation of mother and baby Daisy project due to COVID leading to shortfall in achieved savings, offset by use of COVID reserve	-
£302k (offset by reserves) demand position for the current number and future inflow/outflow mix of young people placed in care is detailed below: Based on the current number / mix of children in care and the projected future inflow/outflow for the remainder of the financial year, the total forecast costs for the year are £26.257m. The current budget is £25.955m therefore there is a forecast overspend of £302k relating to Looked After Children. This forecast includes the full use of the £2.948m growth investment therefore ring-fenced corporate reserves to support Looked After Children of £302k has been allocated reducing the forecast position to net nil. The increase above growth will be included in revised growth rates for future years.	-
<b>Total</b>	<b>-</b>

3.4 The forecast revenue position by service is shown in Table 2 below:

<b>Table 2- Forecast Revenue Outturn 2021/22</b>					
<b>Service</b>	<b>Annual Budget</b>	<b>Year End Forecast</b>	<b>Planned (Use of)/ transfer to Reserves</b>	<b>Action Plan</b>	<b>Variance after Reserves &amp; Action Plan</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Children's Wide, including mitigating action plan</b>	0.75	0.75	0.00	0.00	0.00
<b>Children and young people in care costs (see table 8 for breakdown)</b>	25.96	28.98	(3.02)	0.00	(0.00)
<b>Children's Social Care</b>	21.58	22.56	(0.98)	0.00	0.00
<b>Early Help &amp; Commissioning Services</b>	6.24	5.89	0.35	0.00	0.00
<b>Children's Services Total</b>	<b>54.53</b>	<b>58.18</b>	<b>(3.65)</b>	<b>0.00</b>	<b>0.00</b>

### 3.5. Reserves

The total allocated reserves for Children's Services in 2021/22 are £9.79m of which £4.01m has been used or committed to date. To note, this includes reserves of £2.44m relating to one off Covid-19 funding, £0.91m relating to Family Drugs and Alcohol Courts and Strengthening Families Protecting Children reserves and £0.62m relating to a reserve for young people in care.

Table 3 below details the current net use of reverses included within the forecast.

<b>Table 3 - Summary of use of reserves and transfer to reserves</b>				
<b>Reserve Details</b>	<b>Allocated reserve</b>	<b>Use of reserve</b>	<b>Transfer to reserve</b>	<b>Balance of reserve</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Childrens Wide	0.92	0.00	0.00	0.92
Children and young people in care	4.42	(3.02)	0.00	1.40
Children's Social Care	2.75	(0.99)	0.01	1.77
Early Help & Commissioning Services	1.09	0.00	0.35	1.44
<b>Total Reserves</b>	<b>9.18</b>	<b>(4.01)</b>	<b>0.36</b>	<b>5.53</b>

### 3.6. Risks

For the services under the remit of this committee, there are a number of risks totalling **£1.57m** 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 position. High risks of **£1.35m** are included in the corporate monitoring report to CMT. If the risks become certainties, they will need to be included in the forecast position as overspends unless alternative action can be identified to mitigate these costs. A summary of the risk assessment is included in Table 4 below.

<b>Risk</b>	<b>Value £k</b>	<b>Ongoing £k</b>	<b>One Off £k</b>	<b>Actions to manage risk</b>
High	1,351	1,351	0	Children’s Services continue to identify possible in year mitigations and review budgets as part of Council’s MTFO plan.
Medium	176	176	0	Amber benefits relating to recruitment and retention service transformation plan-options are in place to mitigate
Low	46	46	0	
<b>Total</b>	<b>1,573</b>	<b>1,573</b>	<b>0</b>	

The main high risk (Red risk) that could negatively impact the current forecast position should it occur is detailed further in Table 5 below.

<b>Service</b>	<b>Reason / explanation of risk</b>	<b>£k</b>
Children and young people in care	In 2019/20, we experienced a net increase of 108 YP, in comparison to 48 in 2020/21. If this spike in numbers was to happen again we could face a risk of £1.201m.	1,201
Childrens Social Care	Potential increase in demand and costs relating to legal fees.	150
<b>Total High Risks</b>		<b>1,351</b>

### 3.7 Service Transformation Plan Benefits

Included within the budget for 2021/22 for services within the remit of this Committee are c. £4.82m of approved savings. Table 6 gives an early indication of the progress towards implementing these benefits:

<b>Saving</b>	<b>Total savings £m</b>	<b>Delivered (Blue) £m</b>	<b>To be delivered by 31/03/22 (Green) £m</b>	<b>Not fully guaranteed (Amber) £m</b>	<b>Not achieved (Red) £m</b>
OP6A – Review of current establishment and reduction in the use of agency staff, following recruitment of permanent staff	0.395	0	0.219	0.176	0
OP7 – Mother and Baby Daisy Project	0.740	0	0.444	0	0.296
OP8 – Strengthening Families, Protecting Children. This is a cost avoidance scheme for future placement projections which will reduce future growth need.	0.190	0	0.190	0	0

OP9 – Adolescent service - Turning Point - reduce number of adolescents coming into care	0.835	0	0.835	0	0
OP10 – Family drugs and alcohol court	0.088	0.011	0.077	0	0
OP11 – Foster carer support to reduce placement disruption*	1.718	0	1.718	0	0
OP12 – Placement sufficiency – recruitment and retention	0.151	0	0.151	0	0
OP13 – Grandparents plus- build in for future years	0.067	0.019	0	0.048	0
OP107 – Independent Living	0.250	0.029	0.221	0	0
OP113 – CAM Dispersed Effort Benefit Target	0.147	0	0	0	0.147
OP109 – A&BS Dispersed Effort Benefit Target	0.088	0	0	0	0.088
OP1 – Efficiencies within the parenting team	0.025	0.025	0	0	0
P1 – Change, Grow Live Contract- bringing service back in house	0.122	0.035	0.087	0	0
<b>Total approved savings for services within remit of Committee</b>	<b>4.816</b>	<b>0.119</b>	<b>3.942</b>	<b>0.224</b>	<b>0.531</b>

\*OP11 benefit target focuses on reduction in future placement disruption and breakdowns therefore preventing increased costs where children and young people move to residential placements. To support this, an investment of £223k has been allocated to the foster care support team in 2021/22 to fund additional staffing costs, training for staff and carers and to establish an out of hours support line.

Each benefit is “BRAG” categorised as follows:

- Blue (delivered);
- Green (on track to be delivered with no issues at year end of 2021/22);
- Amber (not guaranteed at this stage but no major issues expected, some management action needed to ensure delivery) or,
- Red - (at high risk of not being achieved either in part or in full and therefore a robust delivery plan is required);
- A WP resource plan has been agreed to provide additional support towards delivery. All RED and AMBER benefits will require a high level delivery plan with key milestones including any corrective action to be produced.

### 3.8 Capital Summary

The total capital programme budget for the services under the remit of the committee is £269k with the current forecast position projected to £269k for Quarter 2 (September) as detailed in Table 7 below:

Service	Annual Budget £k	Actual Year to Date £k	Forecast £k	Year End Variance £k	Proposed carry f/wd to 2022/23 £k
<b>Council Funded</b>					
Refurbishment of homes to support Foster Carers	204	26	204	0	0
Children’s Localities	65	18	65	0	0
<b>Total</b>	<b>269</b>	<b>44</b>	<b>269</b>	<b>0</b>	<b>0</b>

## **LAC FINANCIAL MONITORING POSITION FOR QUARTER 2 AS AT AUGUST 2021**

### **Overview**

Local Authorities in England have a statutory responsibility for protecting the welfare of Children and delivering Children's Social Care. In more serious situations, Local Authorities may use their statutory powers to place children and young people in need on child protection plans or even take them into the care of the Local Authority.

Despite a challenging year due to the pandemic, Walsall, Social Care demand led pressures are in-line with the national picture and although costs continue to increase, extensive work has been undertaken to effectively manage demand in order to remain within the budget envelope.

During this financial year, the service has experienced on-going pressures surrounding placement sufficiency, which has been exacerbated through the pandemic and is now further compromised by the recent changes in legislation. The new legislation coming into force states that no child under the age of 16 should reside in a placement that is not Ofsted registered. This has resulted in a number of unregulated/unregistered placement providers exiting the market, which has subsequently reduced supply and heightened demand and the related costs. There is also an increasing number of children subject to Deprivation of Liberty whose cases require consideration in court under inherent jurisdiction. This is increasing placement costs and the likelihood of placement breakdowns.

### **4.1 Children and 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 children and 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. In line with the rise in average costs in prior years and the current mix of children, the need for an additional investment of £2.948m for the financial year 2021/22 was identified.

As part of Proud Transformation £4.039m of benefits have been identified for 2021/22 and extensive work is underway in the service to meet this target.

Between March 2021 and August 2021, Walsall has seen the number of Children and Young People directly in care reduce by 9, from 673 to 664. This reduction includes 20 young people that left care during this period due to turning 18. Therefore, excluding young people turning 18, Walsall has seen a total net inflow of 11 Children and Young People in care. The financial impact of this current mix has been calculated and is detailed in Table 8 in addition to the anticipated growth for the remainder of the financial year.

<b>Table 8</b>
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Placement	2020/21 No of Young People	2021/22 No of Young People – August 2021	Movement	Variance to Budget £m
Internal Fostering	143	145	2	(0.204)
Family & Friends	119	111	(8)	(0.021)
Pre-Adoption	27	15	(12)	(0.099)
IFA'S	236	245	9	0.752
External Residential	58	56	(2)	2.342
Secure Units / Remand	3	2	(1)	(0.000)
Internal Residential	8	7	(1)	(0.000)
Placed with Parents	54	54	0	0.000
NHS / Health Trust	2	0	(2)	0.000
Supported Accommodation	23	29	6	0.491
Respite	0	0	0	0.002
<b>Directly in Care Total</b>	<b>673</b>	<b>664</b>	<b>(9)</b>	<b>3.263</b>
Non Looked After	390	411	21	(0.244)
<b>Total</b>	<b>1063</b>	<b>1075</b>	<b>12</b>	<b>3.019</b>
<b>Reserve</b>				<b>(3.019)</b>
<b>Overspend Excluding Reserve</b>				<b>(0.000)</b>

As at August 2021, the full year forecast of current placements is £28.305m. Based on the prior rolling 3 year average inflow/outflow trends, the current number of C&YP in care is predicted to increase by a further 70 placements during the remainder of the financial year. This would lead to an estimated increase in costs of £1.636m, and a total forecast for the year of £29.941m. The 2021/22 budget is £25.955m. If all benefits were to be achieved this would reduce the position to £26.257m, resulting in a pressure of 302k. Corporate reserves have been allocated to offset this pressure, in addition to £317k relating to complex case placements.

At August 2021, £2.400m of additional costs were identified within the LAC budget due to COVID-19. These costs have arisen due to delays to court hearings and assessments; delays in YP leaving care; sufficiency in placements; and an increase in Personal Allowances. It has been identified that c.£793k of these additional costs could create an on-going pressure for the service as it would be difficult to now step these YP down from the placements they currently hold due to COVID-19. This figure is due to decrease over the next three financial years as these YP leave care.

Table 9 below shows the historical movement in young people numbers.

**YOUNG PEOPLE NUMBERS 2016/17 TO 2021/22**

Placement Group	Placement Type	2016/17	2017/18	2018/19	2019/20	2020/21
Internal Fostering	Internal Fostering	198	232	202	165	143
	Connected Care	130	109	107	126	119
Pre Adoption	Respite Care				1	
	Pre Adoption	38	2	2	13	27
External Fostering	Independent Fostering Agency	159	186	176	233	236
	Temporary placement	0	0	0	0	
	Other LA placements	0	1	0	0	
External Residential	External Residential	37	33	32	37	53
	M&B Units	0	0	0	2	5
	Secure Units / Remands	5	2	1	6	3
Other	Supported Accommodation	11	13	29	12	20
	Independent Living				9	3
	Internal Residential	15	17	15	8	8
	Placed with Parents	58	48	43	59	54
	NHS / Health Trust	5	1	2	0	2
<b>Young People in Care</b>		<b>656</b>	<b>644</b>	<b>609</b>	<b>671</b>	<b>673</b>

2021/22			
Q1	Q2 August	Q3	Q4
147	145	0	0
110	111	0	0
	0	0	0
24	15	0	0
245	245	0	0
	0	0	0
	0	0	0
53	53	0	0
4	3	0	0
2	2	0	0
18	22	0	0
7	7	0	0
7	7	0	0
51	54	0	0
0	0	0	0
<b>668</b>	<b>664</b>	<b>0</b>	<b>0</b>

Non Young People in Care	Special Guardianship Order	138	174	191	234	303
	Custodian/ Residence Orders	37	50	42	34	34
	Staying Put		46	49	20	17
	Care Leavers				26	17
	Supported Accommodation (Non)	21	16	16	4	9
	Supported Accommodation - Section 17				4	6
	Independent Living (Non)				11	4
<b>Total Non-Young People in Care</b>		<b>196</b>	<b>286</b>	<b>298</b>	<b>333</b>	<b>390</b>

310	316	0	0
35	33	0	0
22	23	0	0
18	22	0	0
11	11	0	0
4	3	0	0
3	3	0	0
<b>403</b>	<b>411</b>	<b>0</b>	<b>0</b>

<b>GRAND TOTAL</b>	<b>852</b>	<b>930</b>	<b>907</b>	<b>1004</b>	<b>1063</b>
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<b>1071</b>	<b>1,075</b>	<b>0</b>	<b>0</b>
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## **5. Financial information**

- 5.1 The financial implications are as set out in the main body of this report. The council has a statutory responsibility to set a balanced budget and to ensure it has an adequate level of reserves. The council will take a medium term policy led approach to all decisions on resource allocation.

## **6. Reducing Inequalities**

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

## **7. Decide**

- 7.1 To approve the recommendations as set out in this report.

## **8. Respond**

- 8.1 The Executive Director for Childrens Services, with finance in support will be working with Directors and Heads of service to review the forecast, to continue to implement mitigating actions for any further forecast overspends and to consider these financial implications in line with the council's budget setting process.

## **9. Review**

- 9.1 Regular monitoring reports are presented to Cabinet to inform them of the impact of Covid-19 and the financial forecast for 2021/22, including an update on risks and impact on the budget for 2022/23 and beyond.

**Background papers:** Various financial working papers

### **Contact Officers:**

Ross Hutchinson, Deputy Head of Finance

☎ 07415 308513, ✉ [ross.hutchinson@walsall.gov.uk](mailto:ross.hutchinson@walsall.gov.uk)

Tanya Collier, Lead Accountant – Childrens Services

☎ 01922 652346, ✉ [tanya.collier@walsall.gov.uk](mailto:tanya.collier@walsall.gov.uk)

Sally Rowe

Executive Director, Children's Services