

DATE: 10 NOVEMBER 2020

**CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 (PERIOD 5- AUGUST 2020)
FINANCIAL MONITORING POSITION FOR 2020/21**

Ward(s) All

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

1. Aim

To provide the budget monitoring position for Period 5 2020/21. 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 2020/21 for the services under the remit of the committee.
- 2.2 To note the mitigating actions being taken to address the overspend.

3. Report detail – know

- 3.1 The current net revenue forecast position, after the net use of reserves and prior to any mitigating action, would be an overspend of **£0.125m**. After mitigating actions of (£0.125m) the forecast position is net nil.
- 3.2 Regular reports are prepared during 2020/21 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 underspend is net nil as at Period 5 (August 2020). 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 net nil position for Children's Services directorate as at 31 August 2020.

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

Table 1- Explanation of over and underspends across services	
	£m
Increased demand for taxis for children in care	0.056
Pressure relates to an increase in the number/mix of young people placed in care. The current FYE forecast of placement costs for C&YP is £26.866m. This position utilises £2.316m of the total £2.800m investment. This utilisation is £0.117m above the budgeted investment for this point in the year. If levels were to reach the average projections (inflow/outflow) of 2016/17 - 2019/20, the total forecast pressure could increase to £27.350m, which would be £0.398m above the budget (to note this includes £0.268m use of the corporate reserve). In addition to this, based on projections (inflow/outflow) as seen in 2019/20, there is a further risk of £0.822m on top of current projections if trends do not return to previous year's average assumptions. This risk is included in the overall risk assessment.	0.130
Projected overspend within the Regional Adoption Agency Contract (RAA), further work with partners and contributing local authorities underway	0.050
Underspend within Childrens Social Care, primarily relating to staffing following successful recruitment drives resulting in less agency staff being used	(0.206)
Income pressure at Stanley's nursery due to less children being able to attend in order to adhere to social distancing guidelines	0.027
Other minor variances across Childrens Services	0.068
Use of central action plan to mitigate overspends detailed above	(0.125)
Total	0.000

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

Table 2- Forecast Revenue Outturn 2020/21					
Service	Annual Budget £m	Year End Forecast £m	Planned Use of Reserves £m	Action Plan £m	Variance after Reserves & Action Plan £m
Children's Wide, including directorates' mitigating action plan	0.832	1.003	(0.027)	(0.202)	(0.058)
Children and young people in care costs (see table 7 for breakdown)	27.683	30.345	(2.532)	(0.000)	0.130
Children's Social Care	20.331	20.366	(0.243)	0.104	(0.103)
Early Help, Admin & Commissioning Services	6.426	6.535	(0.051)	(0.027)	0.031
Children's Services Total	55.272	58.249	(2.853)	(0.125)	0.000

3.5. Reserves

The total allocated reserves for Childrens Services in 2020/21 are £7.585m of which £2.904m has been used or committed to date.

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

Table 3 - Summary of use of reserves and transfer to reserves				
Reserve Details	Allocated reserve £m	Use of reserve £m	Transfer to reserve £m	Balance of reserve £m
Childrens Wide	0.387	(0.027)	0.000	0.361
Children and young people in care	6.356	(2.532)	0.000	3.824
Children's Social Care	0.517	(0.257)	0.014	0.274
Early Help, Admin & Commissioning Services	0.325	(0.088)	0.037	0.274
Total Reserves	7.585	(2.904)	0.051	4.733

3.6. Risks

For the services under the remit of this committee there are a number of risks totalling **£1.957m**, 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 overspend. High risks of **£1.766m** 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 in table 4 below.

Table 4 – Revenue Risks 2020/21				
Risk	Value (£m)	Ongoing	One Off	Actions to manage risk
High	1.766	1.013	0.753	Childrens Services continue to review possible in year mitigations if this were to materialise. Children and young people in care budgets are under review as part of Council's MTFO plan
Medium	0.063	0.043	0.020	
Low	0.128	0.025	0.103	
Total	1.957	1.081	0.876	

The main high risks (Red risks) that could negatively impact the current forecast position if they occur are:

Table 5- High risks		
Service	Reason / explanation of risk	£m
Children's Social Care	Children's Social Care non-staffing expenditure. Potential overspends on Occupational Therapist equipment, mobile phones and Section 17 payments based on 2019/20 level of spend. Further controls and tracking underway to monitor this expenditure	0.191
Looked after Children	Additional growth in demand of young people in care resulting from COVID-19	0.753
Looked after Children	Growth in demand of young people in care based on trends over the past 4 years	0.822
	Total High Risks	1.766

3.7 Capital Summary

The total capital programme for the services under the remit of the committee is £0.312m with the current forecast position being projected to £0.312m. A summary is detailed in the table below:

Table 6- Forecast Capital Outturn 2020/21					
Service	Annual Budget	Actual Year to Date	Forecast	Year End Variance	Proposed carry forward to 2021/22
	£m	£m	£m	£m	£m
Council Funded					
Refurbishment of					
Childrens Homes	0.239	0.025	0.239	0.000	0.000
Childrens Localities	0.073	0.000	0.073	0.000	0.000
TOTAL - CHILDRENS	0.312	0.025	0.312	0.000	0.000

3.8 Capital risks

There are currently no capital risks identified.

LAC FINANCIAL MONITORING POSITION FOR PERIOD 5 AS AT AUGUST 2020

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 and young people in need on protection plans or even take them into care.

Pressures in regard to Children’s Social Care for Local Authorities are widely known. The most up to date information from the National Audit Office (January 2019), states that during the financial year of 2017/18 there was a total of 655,630 children and young people referred to Local Authorities because of concerns surrounding their welfare. This was a rise of over 7% since 2010/11. The report also recognised that the cost of children in care continues to rise and that 91% of LA’S overspent on their provision of Children’s Social Care during the financial year of 2017/18.

For Walsall, Social Care demand led pressures are in-line with the national picture, however extensive work has been undertaken to effectively manage demand and this is resulting in reductions of the number of children and young people receiving care, help and support by Walsall Children’s Social Care. However, the number of children and young people in care within Walsall remains high. This work, in addition to a robust Recruitment and Retention strategy, has resulted in reduced expenditure.

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.

Between March 2019 and August 2020, Walsall has seen an overall net increase of 22 Children and Young People directly in the care of the LA moving from 671 to 693, the financial impact of this has been calculated and forecast along with the current mix for this financial year. This position utilised £2.316 against investment of £2.800m.

As part of the 2020/21 budget setting process, the Council took a different approach to investment within demand led services where costs are known to be volatile. For the costs associated with children and young people in care placements, a decision was made to increase the budget by £2.800m. This increase was aligned to the rise in average costs experienced in prior years. A further specific earmarked reserve of circa £1.000m was built into the Council’s overall budget and is held corporately. The overall current forecast for children and young people in care placements requires £2.316m of the total £3.800m additional investment. This leaves a balance of £1.484m unallocated.

Table 7 details the movements in children and young people numbers along with the variances against the allocated budget for 2020/21.

Table 7

Placement	2019/20 No of Children & Young People	2020/21 No of Children & Young People – August 2020	Movement	Variance to Budget £m
Internal Fostering	165	168	3	0.207
Family & Friends	126	133	7	0.236
Pre-Adoption	13	24	11	0.024
IFA'S	233	235	2	(0.021)
External Residential	39	45	6	1.878
Secure Units / Remand	6	4	(2)	0.222
Internal Residential	8	7	(1)	0.002
Placed with Parents	59	51	(8)	0.001
NHS / Health Trust	0	0	0	0.000
Supported Accommodation	21	26	5	0.037
Respite	1	0	(1)	0.002
Directly in Care	671	693	22	2.587
Non Looked After	333	334	1	(0.079)
Total	1004	1027	23	2.508
Reserve				(2.378)
Overspend Excluding Reserve				0.130

4.2 Risks

Based upon the trend data of 2019/20 (inflow/outflow) there is a further risk of £0.822m on top of current projections if trends do not return to previous years assumptions.

Table 8 shows the historical movement in young people numbers.

Table 8
YOUNG PEOPLE NUMBERS 2016/17 TO 2020/21

Placement Group	Placement Type	2016/17	2017/18	2018/19	2019/20		2020/21				Budget Cost £m	Forecast 2020/21 £m	Variance to Budget £m	Average Cost Per Week - £
							Q1	Aug-20	Q3	Q4				
Internal Fostering	Internal Fostering	198	232	202	165		166	168			3.304	3.510	0.207	405
	Connected Care	130	109	107	126		134	133			1.498	1.734	0.236	253
Pre Adoption	Respite Care				1		0	0			0.000	0.002	0.002	129
	Pre Adoption	38	2	2	13		12	24			0.351	0.374	0.024	444
External Fostering	Independent Fostering Agency	159	186	176	233		227	235			9.154	9.138	(0.016)	758
	Temporary placement	0	0	0	0		0	0			0.000	0.753	0.753	-
	Other LA placements	0	1	0	0		0	0			0.000	(0.005)	(0.005)	-
External Residential	External Residential	37	33	32	37		41	41			7.425	8.351	0.926	3,975
	M&B Units	0	0	0	2		2	4			0.126	0.325	0.199	2,405
	Secure Units / Remands	5	2	1	6		4	4			0.076	0.298	0.222	1,363
Other	Supported Accommodation	11	13	29	12		12	19			0.468	0.537	0.069	707
	Independent Living				9		10	7			0.162	0.130	(0.032)	291
	Internal Residential	15	17	15	8		8	7			2.103	2.105	0.002	5,327
	Placed with Parents	58	48	43	59		57	51			0.000	0.001	0.001	0
	NHS / Health Trust	5	1	2	0		0	0			0.000	0.000	0.000	-
Young People in Care		656	644	609	671		673	693			24.666	27.253	2.587	770
Non Young People in Care	Special Guardianship Order	138	174	191	234		234	234			1.272	1.367	0.095	120
	Custodian/ Residence Orders	37	50	42	34		34	34			0.168	0.155	(0.013)	88
	Staying Put		46	49	20		20	20			0.115	0.115	0.000	111
	Care Leavers				26		26	26			0.181	0.181	0.000	134
	Setting Up Home				0		0	0			0.120	0.120	0.000	-
	Supported Accommodation (Non)	21	16	16	4		4	4			0.130	0.104	(0.026)	418
	Supported Accommodation - Section 17				4		4	5			0.200	0.092	(0.108)	404
	Independent Living (Non)				11		11	11			0.100	0.072	(0.028)	122
Total Non-Young People in Care		196	286	298	333		333	334			2.286	2.207	(0.079)	133
GRAND TOTAL		852	930	907	1004		1006	1027	0	0	26.952	29.461	2.508	566
Reserve												(2.378)	(2.378)	
											26.952	27.082	0.130	521

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 2020/21, including an update on risks and impact on the budget for 2021/22 and beyond.

Background papers: Various financial working papers

Contact Officers:

Ross Hutchinson, Interim Head of Finance

☎ 07415 308513, ✉ ross.hutchinson@walsall.gov.uk

Tanya Collier, Lead Accountant – Childrens Services

✉ tanya.collier@walsall.gov.uk

Sally Rowe

Executive Director, Children's Services