

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

**Agenda Item
No. 10**

DATE: 11 MARCH 2019

**CORPORATE FINANCIAL PERFORMANCE – QUARTER 3 FINANCIAL
MONITORING POSITION FOR 2018/19**

Ward(s) All

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

Summary of report

The forecast overspend for Children's Services prior to any mitigating action and use of reserves is **£1.694m**. Corporate and earmarked reserves are being used to fund specific agreed items of (**£0.843m**) reducing the forecast overspend to **£0.851m**. The directorate has implemented an action plan of an equivalent (**£0.772m**), reducing the net forecast revenue position to an overspend of **£0.079m**.

The total capital programme for the services relating to this portfolio is **£1.593m** with forecasted costs of **£1.593m** as at the end of December 2018.

Reason for Scrutiny

To inform the Panel of the forecast financial position for 2018/19 for services within their areas of responsibility.

Recommendation

1. To note the revenue and capital forecast for the 2018/19 year end financial position for services under the remit of the Children's Services and Education Overview & Scrutiny Committee.
2. To note the actions being taken to address the areas of over spend.

Background papers

Various financial working papers.

Signed:



Executive Director: Children's Services

☎ 652081

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 2018/19

- 1.1 The current gross forecast overspend prior to any mitigating action and use of reserves is **£1.694m**. Use of Corporate reserves of **(£0.520m)** and earmarked reserves of **(£0.323m)** reduced the forecast to **£0.851m**. The directorate has implemented an action plan of an equivalent **(£0.772m)** from efficiencies and review of non-essential spend, reducing the net forecast position to an overspend of **£0.079m**.

Table 1		
	£m	£m
Forecast Overspend		1.694
Earmarked Reserves	(0.323)	
Corporate Reserves (as agreed by Cabinet)	(0.520)	
Action Plan Items Table 3	(0.772)	
Total Actions		(1.615)
Remaining Forecast Overspend		0.079

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

Table 2	
New entrants into the care system of a more complex nature which is resulting in higher individual cost placements and support	0.171
Professional fees mainly relating to assessments and therapies in the Regional Adoption Agency and agency costs in Fostering and Adoption team	0.127
Vacant posts across Early Help and the Youth Justice Service	(0.180)
Additional income in the Performance and Information services	(0.039)
Total	0.079

- 1.3 Table 3 summaries the Action Plan.

Table 3	£m
Efficiencies across the directorate during 16/17 and 17/18	1.134
Revision of commissioning contracts	0.060
Home to School Transport Investment	0.130
Total Action Plan	1.324
Utilised by services not included in this portfolio	(0.552)
Action Plan utilised as per Table 1	0.772

1.4 Table 4 summarises the forecast Outturn for each service.

Table 4						
Service	Annual Budget £m	Year End Forecast £m	Variance Before use of Reserves £m	Action Plan £m	Use of Reserves £m	Variance after Reserves & Action Plan £m
Children's Wide	2.849	3.274	0.425	(0.300)	(0.164)	(0.039)
Mitigating Action Plan	0.772	0.000	(0.772)	0.772	0.000	0.000
Demand Placements	23.153	23.422	0.268	0.000	(0.097)	0.172
Children's Social Care	18.612	19.460	0.848	(0.373)	(0.349)	0.126
Early Help Services	3.867	4.019	0.152	(0.099)	(0.232)	(0.180)
Children's Services	49.253	50.175	0.922	0.000	(0.843)	0.079

1.5 Included within the approved budget for 2018/19 are £2.087m of approved savings relating to services within the remit of this panel. An update on the achievement of 2018/19 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.

Table 5		
BRAG	Explanation	Amount £m
Blue	Delivered in Full	1.721
Green	To be Delivered by 31/03/2018	0.154
Amber	Low Risk of none Delivery	0.000
Red	High Risk of none Delivery	0.212
	Total Saving for 2018/19	2.087

Breakdown of Red Savings:

Table 6	
Review and reduce Children's Social Care contact service - saving ref 11	0.064
Integration of Targeted Youth Work into Early Help Model - saving ref 13	0.035
Reduce administrative support- saving ref 90	0.113
Total Red Savings	0.212

- 1.6 Within the services associated with the panel there are a number of risks totalling **£1.403m**, 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 **£1.016m** 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 the table below.

Table 7		
Service	Reason / explanation of risk	£m
Looked after Children	Should the costs associated with the number/mix of LAC increase above that built into existing LAC investment, there is a risk of further costs being incurred.	0.362
Looked after Children	Currently Walsall is experiencing high numbers of Young people subject to a child protection plan. Historically significant numbers of young people transfer from being on a plan to becoming Looked after leading to additional demand costs.	0.488
Fostering & Adoption	Should the demand relating to the costs of assessments and wrap around care within the fostering and adoption services increase above past trends. This is partly due to the focus on increasing fostering and adoption placements across the directorate. If placements are made via an agency then additional fees will be incurred	0.066
Children's Social Care Management	There is a risk that legal fees will exceed budget.	0.100
	Total High Risks	1.016
Unaccompanied Asylum Seeker Children	The risk is surrounding the NTS (national transfer scheme) possibility of a number of complex children entering the borough & the authority being responsible for well-being.	0.117
Troubled Families Programme	If sufficient numbers are not signed up to the Troubled Families Programme, then the payment by results income will reduce accordingly.	0.200
Regional Adoption Agency	There is a risk that inter-agency fees could arise if higher numbers of children are placed than expected	0.070
	Total Medium Risks	0.387
	Total Risks	1.403

2 Forecast Capital Outturn 2018/19

- 2.1 The total capital programme for the directorate is **£1.593m** with forecasted costs of **£1.593m** as at the end of December 2018. A detailed breakdown is in the table below.

Table 8					
Service	Annual Budget	Actual Year to Date	Forecast	Carry Forward to 2018/19	Variance (under) / over spend
	£m	£m	£m	£m	£m
<u>Council Funded</u>					
Looked after children out of borough placements refurbishments	0.150	0.000	0.150	0.000	0.000
Corporate Parenting, Contact & Assessment Hub	0.698	0.300	0.698	0.000	0.000
Looked after children small residential home	0.060	0.000	0.060	0.000	0.000
Pinfold Centre	0.685	0.002	0.685	0.000	0.000
Total Capital	1.593	0.302	1.593	0.000	0.000

LOOKED AFTER CHILDREN FINANCIAL MONITORING POSITION FOR PERIOD 9 AS AT 13 DECEMBER 2018

Walsall Context

Between 2010 and 2012, young people in care numbers and associated costs were reducing however following an Ofsted inspection in June 2012 and a subsequent inadequate judgement which suggested thresholds for children entering the care system were too low, which suggested young people numbers began to significantly increase thereafter.

By 2014/15, young people in care numbers and the associated costs had increased to 620 (circa 140 increase since Ofsted) and cost circa £14.3m (£2.8m above the available budget).

Since 2014/15, the total young people in care numbers increased to a peak of 669 in October 17.18 albeit at a more gradual rate. Current numbers are 614, however the associated costs and overspend in CSC have increased significantly during this period. A combination of more care dependant complex children, limited lower cost internal placements, increased dependency on higher cost external placements and undelivered savings/cost reductions over recent years have all contributed to this position.

Investment of circa £6.6m has therefore been necessary in young people's care placements in order to fund cost pressures and support what remains a volatile, demand driven service.

Young people numbers have continued to gradually reduce and stabilise with cost reductions of £1.073m delivered in 17.18, £0.393m above plan. The complexity of demand continues to gradually rise however resulting in an increase in cost mitigated by targeted cost reduction action plans.

Budget and forecast position

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Budget	12.875	11.782	11.226	12.346	11.518	11.627	14.537	20.588*	23.153
Outturn / Forecast	13.958	11.745	12.308	13.276	14.294	15.431	17.035	22.872	23.422
Variance	1.083	-0.036	1.082	0.93	2.776	3.804	2.498	2.284	0.268

Main reasons for Variance

Demand Increase	1.083	-0.036	1.082	0.93	2.707	3.099	1.655	1.911	0.218
Unachieved Savings					0.069	0.705	0.843		
Complex Cases								0.373	0.097
Non Young People in Care									(0.047)
Total Variance	1.083	-0.036	1.082	0.93	2.776	3.804	2.498	2.284	0.268

*Note, the cohort of service areas included within the overall LAC forecast for 17/18 was increased to include Internal Residential, Supported Accommodation and care leavers payments, Special Guardianship Orders and Residence Orders £4.031m, in order to obtain an overview of LAC and Non-LAC placement costs.

Overall Forecast Plan

The current forecast over spend is **£0.171m**. This includes cost reductions already achieved.

Table 1	£m	£m
Forecast Overspend prior to placement moves		0.949
Cost reduction strategy to reduce LAC overspend - delivered	(0.681)	
Corporate Reserves (Complex Cases)	(0.097)	
Net Forecast Overspend (see table 2 for breakdown)		0.171

The main reasons for the forecast variances are summarised in Table 2 below. Comparing full year outturn for 18/19 to budget 18/19 at a point in time when number and mix are monitored.

Table 2		
Placement Type		£m
Internal Fostering	• Net decrease of 39, 23 new in, (27) leavers, (35) movers mainly between IFAs, family & friends and placed with parents	0.010
Family & Friends	• Net increase of 6, 7 new in, (14) leavers, 13 movers	0.082
Pre Adoption	• 14 Children have been adopted to date, target was set to reach 36 by year end	(0.052)
IFA	• Net decrease of 13 (excluding complex cases), 23 new in, (16) leavers, (20) movers	0.156
Complex Cases	• Net decrease of 2. Age band related change in placement price, incremental cost of 1 child moved from IFA to External Residential, agreed to be funded corporately	0.097
External Residential	• Net nil movement - 6 new in, (7) leavers, 1 mover	(0.056)
Transition & Care Leavers	• Net increase of 9 children - across Supported Accommodation, Staying Put and Care Leavers	0.111
Internal Residential	• Net decrease of 1 child, 3 new in, (2) leavers, (2) movers	(0.034)
Special Guardianship Orders/Residence Orders Internal Fostering	• Non Looked after Children SGOs/residence orders net reduction of 2 • Net decrease of 39, 23 new in, (27) leavers, (35) movers mainly between IFAs, family & friends and placed with parents	(0.046)
Complex Cases	Use of corporate reserve	(0.097)
Total		0.171

LAC NUMBERS 2010/11 TO 2018/19

Placement Group	Placement Type	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	Q1 2018/19	Q2 2018/19	Q3 2018/19	Fcast Cost £m	Budget Cost £m	Variance to Budget £m	Average Cost Per Week
Internal Fostering	Internal Fostering	235	185	209	233	211	195	197	231	200	193	192	3.717	3.708	0.010	£363
	Family & Friends	76	94	131	123	124	130	130	109	122	117	115	1.370	1.288	0.082	£220
Pre Adoption	Pre Adoption	21	24	18	19	19	16	38	2	12	6	5	0.157	0.209	(0.052)	£540
External Fostering	IFA's	74	100	106	118	162	182	153	177	161	159	164	6.360	6.204	0.156	£717
	Temporary placement				0	0	2	0	0	0	0	0	0.000	0.000	0.000	£0
	Other LA placements				9	10	2	0	1	0	0	0	0.000	0.000	0.000	£0
External Residential	External Residential	22	19	26	19	16	27	37	32	34	34	32	5.748	5.852	(0.103)	£3,002
	M&B Units				2	0	0	0	0	0	0	0	0.000	0.000	0.000	£0
	Secure Units / Remands		1	1	4	4	2	5	2	0	1	1	0.123	0.076	0.047	£2,365
Other	Independent Living	10	7	11	14	11	7	11	13	18	24	23	0.882	0.769	0.112	£605
	Internal Residential	18	17	15	18	18	20	15	17	18	15	16	2.663	2.698	(0.034)	£3,090
	Placed with Parents	32	31	51	60	43	45	58	48	61	62	55	0.000	0.000	0.000	£0
	NHS / Health Trust				1	1	1	5	1	2	2	2	0.000	0.000	0.000	£0
Young People in Care excluding Complex Cases		488	478	568	620	619	629	649	633	628	613	605	21.020	20.803	0.218	£623
Complex Cases	Internal Fostering							1	1	1	1	1	0.003	0.008	(0.005)	£59
	IFA's Actual							6	9	9	9	8	0.309	0.332	(0.022)	£661
	External Residential							0	1	0	0	0	0.158	0.033	0.125	£3,030
Total Complex Cases								7	11	10	10	9	0.470	0.373	0.097	£810
Non Young People in Care	Special Guardianship Order							138	174	174	179	188	0.992	1.021	(0.029)	£107
	Custodian/ Residence Orders							37	50	39	42	36	0.177	0.194	(0.017)	£81
	Staying Put & Care Leavers								46	46	48	49	0.305	0.313	(0.008)	£123
	Supported Accommodation							21	16	12	12	12	0.458	0.450	0.008	£734
Total Non Young People in Care								196	240	271	281	285	1.931	1.978	(0.047)	£153
GRAND TOTAL		488	478	568	620	619	629	852	884	909	904	899	23.422	23.153	0.268	£506