

CHILDREN'S SERVICES AND EDUCATION OVERVIEW & SCRUTINY COMMITTEE

Agenda Item
No. 8

DATE: 5th September 2017

CORPORATE FINANCIAL PERFORMANCE – QUARTER 1 FINANCIAL MONITORING POSITION FOR 2017/18

Ward(s) All

Portfolio: Councillor Nawaz –Children's Services and Education

Summary of report

The forecast for 2017/18 year end financial position, for services under the remit of the Children's Services and Education Overview & Scrutiny Committee and based on the financial performance for quarter 1 (April 2017 to June 2017) is a revenue variance of **£1.444m**, (net of the use of corporate and service reserves). Without the use of corporate and service reserves and implementation of the in year action plan, the over spend would be **£4.532m**.

The total capital programme for the directorate is **£15.957m** with forecasted costs of **£15.322m** as at the end of June 2017. The remaining balance of £0.652m on Devolved Formulae Capital is to be returned to the balance sheet for future years. The Children's Services Forecast Capital outturn 2017/18 is summarised in the table on page 6.

Reason for Scrutiny

To inform the Panel of the forecast financial position for 2017/18 for services within their areas of responsibility.

Recommendation

1. To note the revenue and capital forecast for the 2017/18 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.
3. To note that officers have taken on board feedback which was requested at the meeting on 20th June in respect of the content and style of financial performance reporting and incorporated that into a shortened format. It should be noted however that in order to provide sufficient information for members to effectively scrutinise financial performance, the report is longer than the recommended 6 pages. Further changes will be discussed with the Chair of the Panel.

Background papers

Various financial working papers.

Signed:

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 2017/18

- 1.1 The current forecast overspend taking would be **£4.532m** prior to any mitigating action and use of reserves. In year actions totalling **£3.088m** have been identified, resulting in a remaining forecast overspend of **£1.444m** as summarised below.

Table 1	£m	£m
Forecast Overspend		4.532
Earmarked Reserves	0.768	
Corporate Reserves (as agreed by Cabinet)	0.420	
Action Plan Items Table 3	1.900	
Total Actions		3.088
Forecast Overspend		1.444

- 1.2 The main reasons for the forecast overspends are shown in **Table 2** below.

Table 2	
Ofsted Preparation costs	0.440
Educational Psychologist traded income shortfall	0.020
Increase in number of children supported, length of stay and cost of wrap around support within Transition & Leaving Care	0.159
Proportion of De-layering saving proposal undeliverable	0.105
Additional unplanned complex LAC cases and associated Social Worker posts/legal support	0.720
Total	1.444

- 1.3 Table 3 summaries the Action Plan.

Table 3	£m
Proportion of the Early Help Model that can be funded via high needs funding Multi Disciplinary Team	0.314
Every Penny Counts 2016/17 actions	1.114
Social Worker Investment not required for 17/18 due to PYE of recruitment	0.272
Efficiencies across the directorate identified during 17/18	0.200
Total Action Plan	1.900

1.4 Table 4 summaries the forecast Outturn for each service.

Service	Annual Budget £m	Year End Forecast £m	Variance Before use of Reserves £m	Action Plan £m	Use of Reserves £m	Transfer to Reserves £m	Variance after Reserves & Action Plan £m
Children's Wide	2.090	2.908	0.818	(0.200)	0.000	0.000	0.618
Mitigating Action Plan	1.114	1.114	0.000	(1.114)	0.000	0.000	(1.114)
Access & Achievement	4.780	5.766	0.986	0.000	(0.556)	0.000	0.420
Children's Social Care	20.871	22.300	1.429	(0.272)	(0.421)	0.000	0.736
Looked After Children	16.556	17.838	1.281	0.000	0.000	0.000	1.281
Early Help Services	2.873	2.770	(0.103)	(0.314)	(0.200)	0.120	(0.497)
Total Children's Services	48.284	52.696	4.412	(1.900)	(1.188)	0.120	1.444

1.5 Included within the approved budget for 2017/18 are £3.555m of approved savings relating to services within the remit of this panel. An update on the achievement of 2017/18 approved savings is reported monthly to CMT as part of the corporate performance report. Any savings that are not forecast to be achieved in year are required to have alternative savings identified and are managed closely through the relevant service management teams and in liaison with the relevant portfolio holder.

BRAG	Explanation	Amount £m
Blue	Delivered in Full	1.597
Green	To be Delivered by 31/03/2018	0.653
Amber	Low Risk of none Delivery	0.351
Red	High Risk of none Delivery	0.954
	Total Saving for 2017/18	3.555

Breakdown of Red Savings:

Review & Reduce Looked After Children Numbers & Associated Costs - Saving ref 10	0.680
Restructure Business Intelligent Functions - Saving ref 92	0.045
De-layering Children's Services Management	0.229
Total Red Savings	0.945

1.6 Within the services associated with the panel there are a number of risks totalling £3.636k, 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. 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.

Service	Reason / explanation of risk	Risk £m
Looked after Children	New possible pressure associated with a further increase in the number and/or costs associated with Looked after Children, based on past trends when comparing natural LAC cost increases year on year (when you exclude the level of overspend as a result of undelivered LAC savings)	1.200
Looked after Children	4 Additional children converting from IFA to External Residential including psychological assessments and therapeutic support costs FYE £0.878m.	0.659
Unaccompanied Asylum Seeker Children	Authority has experienced an unplanned inflow of UASC in 2016/17 (from 3 to 10) which has incurred a further net cost per child. Though the voluntary arrangement is dependent on any further inflow of UASC, in total the authority could still be expected to support up to 45 UASC if instructed via the Home Office.	0.600
Fostering services	The service has currently undergone consultation on a new proposed fostering scheme, which will potentially cost more than existing budgets at least short term. Modelling currently underway and may be including as part of Children services Transformation bid.	0.200
Troubled Families income	Risk associated with income generated through the Troubled Families Programme - due to increased criteria there may be delays in the income received for each family successfully supported during this financial year. Figure based on 10% of anticipated Payment by Results.	0.125
SENDI/JTAI Inspections	Post the forthcoming CSC Ofsted inspection, further inspections are anticipated including the JTAI and SENDI inspections. Like CSC, there is likely to be the need to incur additional costs in supporting the Authorities preparations.	0.350
Safeguarding Family Support	Extension of 1 interim team by a further 3 months £70k	0.070
Fostering & Adoption	Risk associated with Inter-Agency Fees on a possible 16 children currently in Family Finding being adopted through an external agency	0.432
		3.636

2 Forecast Capital Outturn 2017/18

2.1 The total capital programme for the directorate is £15.957m with forecasted costs of £15.322m as at the end of June 2017. The remaining balance of £0.625m on Devolved Formulae Capital is to be returned to the balance sheet for future years. A detailed breakdown is in the table below.

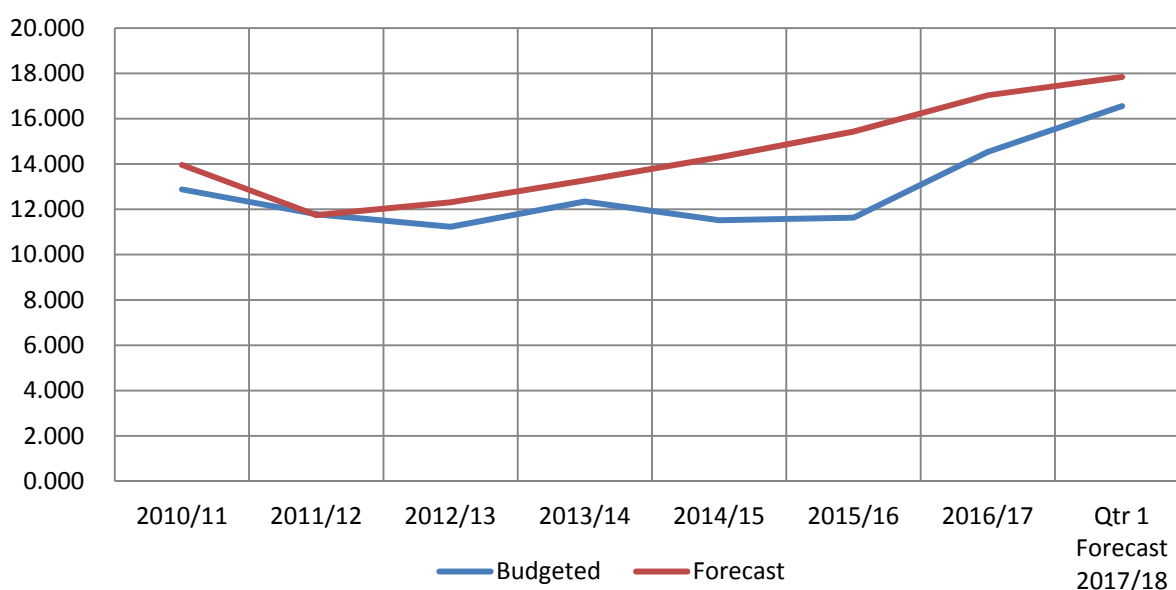
Service	Annual Budget	Actual Year to Date	Forecast	Variance	Carry Forward to 2017/18
	£m	£m	£m	£m	£m
<u>Council Funded</u>					
Looked after children out of borough placements	0.150	0.000	0.150	0.000	0.000
2 year old (RCCO)	1.097	0.000	1.097	0.000	0.000
Rushall Primary/EDC alterations	0.590	0.434	0.590	0.000	0.000
SEND Places Provision	1.000	0.000	1.000	0.000	0.000
Targeted Capital bids - Barcroft	0.044	0.000	0.044	0.000	0.000
Pupil Referral Units	0.500	0.000	0.500	0.000	0.000
Total Council Funded	3.381	0.434	3.381	0.000	0.000
<u>Externally Funded</u>					
Devolved Formula Capital	1.394	0.076	0.769	(0.625)	0.625
Capital Maintenance	3.222	0.141	3.222	0.000	0.000
Basic Need	1.288	0.011	1.288	0.000	0.000
Basic Need: Christ Church Enlargement	0.047	0.047	0.047	0.000	0.000
Basic Need: King Charles Enlargement	0.480	0.090	0.480	0.000	0.000
Basic Need: Fibbersley Enlargement	3.199	0.402	3.199	0.000	0.000
Basic Need: St Giles Enlargement	1.302	0.052	1.302	0.000	0.000
Basic Need: Beacon Enlargement	0.068	0.018	0.068	0.000	0.000
Basic Need: Meadowview Enlargement	0.304	0.054	0.304	0.000	0.000
Basic Need: Greenfields Enlargement	0.186	0.066	0.186	0.000	0.000
Basic Need: Kingshill Enlargement	0.163	0.003	0.163	0.000	0.000
Universal Infant Free School Meals Phase 3	0.046	0.000	0.046	0.000	0.000
Alumwell Bec Health Tech	0.092	0.000	0.092	0.000	0.000
Academies - Darlaston	0.367	0.002	0.367	0.000	0.000
Academies - Sheffield	0.062	0.003	0.062	0.000	0.000
Youth capital funding	0.016	0.000	0.016	0.000	0.000
Early Years Projects	0.340	0.000	0.340	0.000	0.000
Total Externally Funded	12.576	0.965	11.951	(0.625)	0.625
Total Capital	15.957	1.399	15.332	(0.625)	0.625

Appendix - Looked After Children Trends

Looked After Children

The graph show below shows budget against forecast for LAC placements in Walsall since 2010. The number reduced markedly in Walsall in 2012; however an 'inadequate' Ofsted judgement that year suggested that thresholds had become too low leading to some children being at unnecessary risk. There followed two years of increasing numbers from 478 to 620 with a further gradual increase year on year with there being 639 children in care as at 28th June 2017. The graph below represents LAC numbers over an extended period of time.

Budget v Forecast 2010-11 to Forecast 2017/18



Walsall's history with LAC can clearly be seen in the table below which shows that despite savings being achieved additional further investment has been required in recent years in order to keep up with the volatile demand of this service area.

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	Qtr 1 Forecast 2017/18
Budgeted	12.875	11.782	11.226	12.346	11.518	11.627	14.537	16.556
Forecast	13.958	11.745	12.308	13.276	14.294	15.431	17.035	17.838
Variance	1.083	(0.036)	1.082	0.93	2.776	3.804	2.498	1.281
Saving					(0.069)	(0.705)	(0.843)	(0.680)
Demand					2.707	3.099	1.655	0.601

Investment in LAC

- The LAC placements budget for 2017/18 is £16.556m which is based on prior year actual demand following an investment of £2.500m less agreed savings of £0.680m.

Forecast demand in 2017/18 remains high at £0.601m despite savings delivery of £0.680m.

- Investment of £1.137m based upon increase in demand was seen in 2015/16.
- 2014/15 saw demand increases amounting to £1.018m.

Overall Forecast Plan

The LAC placements budget is £16.556m; however, actual costs based on the current profile of 639 placements for 2017/18 are at £17.838m, £1.281m above, of which £0.370k is directly attributable to 14 children mainly within IFAs. In addition to this External Residential placements have increased by 3 children during the month and a further 2 children placed in Secure, attributing a further £0.371k increase in the month, £0.888k above budget to date.

It must be noted that as this service is demand led and changes daily, forecasting the LAC population and its associated costs is complex and volatile.

CSC Action Plan

Efforts continue to be made to control the number and cost of Looked After Children, this includes:

- Children services working with a significant number of families to ensure that children remain with their families if possible. Implementation of multi-agency protection plans, the establishment of the Edge of Care Team and the introduction of a Gateway Panel are all in place to support this goal.
- Checks on whether decisions taken are correct and necessary continue to be carried out via the courts, Independent Reviewing Officers and case file audits taken together, these processes indicate that children are only in care when necessary and the thresholds in Walsall are correct.
- Finding suitable adopters and progressing children's cases through the approval and court processes, aimed at reducing number of children in care. Work is in place to review process and timescales for adoption to ensure effectiveness.
- Working to replace current Care Orders with ones that do not require continued Social Work involvement such as Special Guardianship Orders. The number of LAC could reduce markedly, allowing resources to be better targeted at preventative strategies.
- A fortnightly Children's Services Strategic Group is in place, chaired by the Assistant Director and attended by Children's Social Care and Safeguarding teams, to implement strategies aimed at reducing LAC and monitoring their impact. A Key element to this work is preventing children coming into care and once in, enabling them to be removed from care safely and quickly. This strategic Group is to broaden and become a Council wide Group with membership and support from across the Council

LAC NUMBERS 2010/11 TO 2017/18

Placement Group	Placement Type	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	Apr 2017/18	May 2017/18	Jun 2017/18	Mthly Move	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	194	194	190	-4	3.633	3.631	0.001	£360
	Family & Friends	76	94	131	123	124	130	130	129	127	122	-5	1.247	1.238	0.008	£187
Pre Adoption	Pre Adoption	21	24	18	19	19	16	38	42	40	30	-10	0.218	0.209	0.009	£102
External Fostering	IFA's	74	100	106	118	162	182	153	158	167	181	14	6.488	6.001	0.487	£768
	Temporary placement				0	0	2	0	0	0	0	0	-	-	-	£0
	Other LA placements				9	10	2	0	0	0	0	0	-	-	-	£0
External Residential	External Residential	22	19	26	19	16	27	37	35	36	34	-2	6.252	5.476	0.776	£3,387
	M&B Units				2	0	0	0	0	0	0	0	-	-	-	£0
	Secure Units / Remands		1	1	4	4	2	5	2	1	3	2	-	-	-	£0
Other	Independent Living	10	7	11	14	11	7	11	15	16	14	-2	-	-	-	£0
	Internal Residential	18	17	15	18	18	20	15	16	17	17	0	-	-	-	£0
	Placed with Parents	32	31	51	60	43	45	58	54	50	47	-3	-	-	-	£0
	NHS / Health Trust				1	1	1	5	1	1	1	0	-	-	-	£0
		488	478	568	620	619	629	649	646	649	639	-10	17.838	16.556	1.281	£530

Additional Children (Inc. above)	Internal Fostering							1	1	1	1	0	0.008			
	IFA's Actual							6	6	8	8	0	0.288			
	Possible Additional							0	0	5	5	0	0.074			
									7	7	14	14	0	0.370		