

EDUCATION AND CHILDREN'S SERVICES OVERVIEW AND SCRUTINY COMMITTEE

Agenda Item
No. 7

DATE: 21 November 2017

CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 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 2 (April 2017 to September 2017) is a revenue overspend of **£1.175m**, (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 **£6.071m**.

The total capital programme for the directorate is **£16.989m** with forecasted costs of **£16.945m** as at the end of September 2017 leaving a variance of £0.044k. This is due to an under spend on a previous project and will be returned to the corporate centre to fund other Council capital schemes. The Children's Services Forecast Capital outturn 2017/18 is summarised in table 7.

Reason for Scrutiny

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

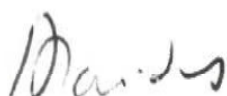
Recommendation

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.

Background papers

Various financial working papers.

Signed:



Eleni Ioannides
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 2017/18

- 1.1 The current forecast overspend would be **£6.071m** prior to any mitigating action and use of reserves. In year actions totalling **£4.896m** have been identified, resulting in a remaining forecast overspend of **£1.175m** as summarised below.

Table 1	£m	£m
Forecast Overspend		6.071
Earmarked Reserves	0.491	
Corporate Reserves (as agreed by Cabinet)	2.322	
Action Plan Items Table 3	2.083	
Total Actions		4.896
Forecast Overspend		1.175

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

Table 2	
Home to school transport - undelivered 2016/17 saving brought forward plus additional demand	0.246
Shortfall in traded income across Children's services	0.057
Additional costs for assessments and nursery fees within the adoption team	0.061
SLAs, subscriptions and therapeutic support for adoption services	0.060
Additional LAC demand and associated placement costs	0.727
Minor variances across the directorate	0.024
Total	1.175

- 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 (delivered)	0.314
Ongoing Every Penny Counts 2016/17 actions (delivered)	1.077
Social Worker Investment not required for 2017/18 due to part year effect of recruitment (delivered)	0.272
Efficiencies across the directorate identified during 2017/18 (delivered)	0.200
SEND in year grant 2017/18 (ring fenced)	0.220
Total Action Plan	2.083

1.4 Table 4 summarises the forecast Outturn for each key service area.

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 (including admin, performance, information services and licences)	2.183	3.296	1.113	0.000	(0.543)	0.000	0.570
Mitigating Action Plan	1.883	1.883	0.000	(1.883)	(0.200)	0.000	(2.083)
Access & Achievement	4.814	5.828	1.014	0.000	(0.363)	0.000	0.651
Children's Social Care	16.468	18.146	1.678	0.000	(1.183)	0.000	0.495
Looked After Children	20.980	23.046	2.066	0.000	(0.373)	0.000	1.693
Early Help Services	2.431	2.631	0.200	(0.200)	(0.151)	0.000	(0.151)
Total Children's Services	48.759	54.830	6.071	(2.083)	(2.813)	0.000	1.175

1.5 Included within the approved budget for 2017/18 are £3.555m of approved savings relating to services within the remit of this Committee. 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	£m
Blue	Delivered in Full	2.322
Green	To be Delivered by 31/03/2018	0.569
Amber	Low Risk of non-delivery	0.351
Red	High Risk of non-delivery	0.313
	Total Saving for 2017/18	3.555

Breakdown of Red Savings:

	£m
Review & Reduce Looked After Children Numbers & Associated Costs - Saving ref 10	0.079
Restructure Business Intelligent Functions - Saving ref 92	0.045
Review and reduction of Children's Services Management – Saving ref 96	0.125
Reduce Children's contact services – Saving ref 11	0.064
Total Red Savings	0.313

- 1.6 Within the services associated with this Committee there are a number of risks totalling £2.141m, 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. A summary of the risk assessment is in table 6 below.

Table 6		
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) plus 4 additional children converting from IFA to External Residential including psychological assessments and therapeutic support costs (FYE £1.6m)	0.800
Unaccompanied Asylum Seeker Children	The 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.	0.300
SENDI/JTAI Inspections	Post the 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
Fostering & Adoption	Risk associated with Inter-Agency Fees on a possible 9 children currently in Family Finding being adopted through an external agency	0.340
School Improvement	Saving ref 14 – Identify alternative funding to support School Improvement Services. Saving subject to delivery of traded income, with take up of promoted service currently under review.	0.031
Children's Social Care	Saving ref 95 – Reduce agency social workers. Saving subject to Recruitment and Retention Strategy and will be monitored through the year.	0.227
Access & Attendance	Saving ref 98 – Redesign and reduce School Support Services. Saving subject to delivery of traded income, with take up of promoted service currently under review.	0.073
Youth Support Services	Saving ref 100 - Increase income from traded activity within Information, Advice and Guidance Services. Saving subject to delivery of traded income, with take up of promoted service currently under review.	0.020
		2.141

2 Forecast Capital Outturn 2017/18

2.1 The total capital programme is £16.989m with forecasted costs of £16.945m as at the end of September 2017. A detailed breakdown is in the table below.

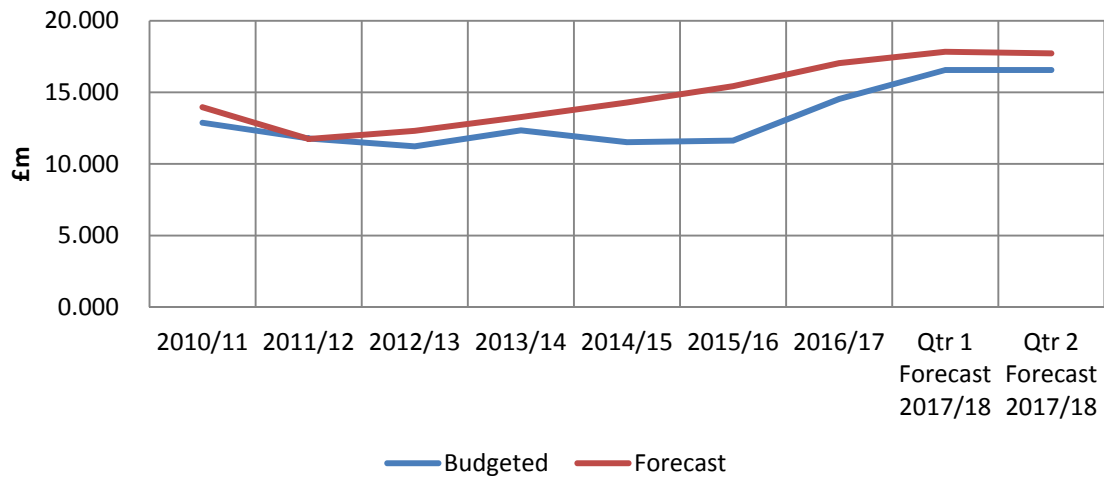
Table 7					
Service	Annual Budget	Actual Year to Date	Forecast	Variance	Carry Forward to 2017/18
	£m	£m	£m	£m	£m
<u>Council Funded</u>					
Looked after children out of borough placements	0.150	0.000	0.150	0.000	0.000
2 year old (RCCO)	1.097	0.089	1.097	0.000	0.000
Rushall Primary/EDC alterations	0.590	0.529	0.590	0.000	0.000
SEND Places Provision	1.000	0.470	1.000	0.000	0.000
Targeted Capital bids - Barcroft	0.044	0.000	0.000	(0.044)	0.000
Pupil Referral Units	0.500	0.000	0.500	0.000	0.000
Total Council Funded	3.381	1.088	3.337	(0.044)	0.000
<u>Externally Funded</u>					
Devolved Formula Capital	2.167	0.414	2.167	0.000	0.000
Capital Maintenance	3.222	0.258	3.222	0.000	0.000
Basic Need	1.380	0.074	1.380	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	0.124	0.480	0.000	0.000
Basic Need: Fibbersley Enlargement	3.199	0.947	3.199	0.000	0.000
Basic Need: St Giles Enlargement	1.302	0.078	1.302	0.000	0.000
Basic Need: Beacon Enlargement	0.068	0.059	0.068	0.000	0.000
Basic Need: Meadowview Enlargement	0.304	0.140	0.304	0.000	0.000
Basic Need: Greenfields Enlargement	0.186	0.097	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
Academies - Darlaston	0.350	0.002	0.350	0.000	0.000
Academies - Shelfield	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
Section 106	0.276	0.276	0.276	0.000	0.000
Total Externally Funded	13.608	2.522	13.608	0.000	0.000
Total Capital	16.989	3.610	16.945	(0.044)	0.000

Appendix - Looked After Children Financial Monitoring Position for Period 6 as at 22nd September 2017

Looked After Children

- Between 2010 and 2012, LAC numbers and associated costs were seeing a decline however following an Ofsted inspection and subsequent inadequate judgement suggesting thresholds for children entering the care system being too low, these numbers began to significantly increase.
- By 2014/15, LAC numbers and the associated costs had increased to 620 (circa 140 LAC since Ofsted) and cost circa £14.3m (£2.8m above the available budget)
- Since 2014/15, the total LAC numbers have continued to increase, albeit at a more gradual rate (from 620 in 2014/15 to 668 currently), 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.
- As part of recent budget setting processes, investment of circa £6.6m has been necessary in LAC placements in order to fund cost pressures and support what remains a volatile, demand driven service.
- It should be noted that the forecast position reported in year is calculated based on the number and mix of Children 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.
- The Councils key priority that Children are safe from harm, happy and learning well with self-belief, and support to be their best, is a key driver of resource allocation, with significant investment being made into children's social care. The costs of LAC are high. This is set within a context of continually decreasing resources available to fund existing council services and hence a need to identify opportunities within the council for large-scale transformation, leading to more efficient and effective practice and services. A key theme of the transformation programme is "safely reducing the numbers of looked after children", recognising that it is in everyone's interest that families are enabled to stay together safely and to reduce the number of children coming into (and staying in) care.
- The budget setting process attempts to balance known demand and pressures, with expected demand growth. It risk assesses these assumptions and this informs the level of balances set aside to deal with uncertain or unknown events.
- The graph and table presented below summarises both the available budget and the costs associated with looked after children placements since 2010/11 along with the budget position.

LAC budget & forecast position



	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	Q2 Forecast 2017/18
Budget	12.875	11.782	11.226	12.346	11.518	11.627	14.537	20.588*
Outturn / Forecast	13.958	11.745	12.308	13.276	14.294	15.431	17.035	22.650
Variance	1.083	(0.036)	1.082	0.930	2.776	3.804	2.498	2.062
Main reasons for Variance								
Demand Increase	1.083	(0.036)	1.082	0.930	2.707	3.099	1.655	1.610
Unachieved Savings					0.069	0.705	0.843	0.079
Complex Cases								0.373
Total Variance	1.083	(0.036)	1.082	0.930	2.776	3.804	2.498	2.062

*Note - The cohort of service areas included within the overall LAC forecast for 2017/18 has increased to include Internal Residential, Supported Accommodation and care leavers payments, Special Guardianship Orders and Residence Orders of £4.031m, in order to obtain an overview of LAC and Non LAC placement costs.

Overall LAC Forecast Plan

The current forecast overspend is **£2.062m** prior to any mitigating action and use of reserves. This includes cost reductions achieved to date. A corporate reserve has been agreed to offset some of the over spend associated additional LAC placements. This will result in a remaining forecast net overspend of **£1.689m**.

Table 1	£m	£m
Forecast Overspend prior to placement moves		2.663
Cost reduction strategy to reduce LAC overspend (cost reduction reference 10)	(0.601)	2.062
Corporate Reserves	(0.373)	
Net Forecast Overspend (see table 2 for breakdown)		1.689
LAC Mitigating Action	(0.591)	
Transition & Leaving Care Mitigating Action	(0.362)	
Revised Forecast Overspend		0.736

The main reasons for the forecast variances are summarised in Table 2 below.

Table 2		
Placement Type		£m
Internal Fostering, Family & Friends	• Net increase of 9 in year, placement cost changes and SGO conversions	0.006
Pre Adoption	• 27 Children have been adopted to date	(0.005)
IFA	• Net increase of 31 (excluding complex cases)	0.390
External Residential	• Net Increase of 1 to date • 13 New Children £1.446m • 9 Placement moves / weekly rates changes £0.337m • 4 Leavers / agreed placement moves (£0.562m) • 8 turned 18 (£0.451m)	0.770
Supported Accommodation	• Increase of 11 children £0.197m • Average length of stay increase by 8 weeks £0.165m	0.362
Special Guardianship Orders	• 22 conversions to date of the 50 target	0.166
Total		1.689

CSC Action Plan

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

- The 4 year transformational programme aims to safely reduce the number of Looked after Children through Intelligence, prevention, securing early permanence, increase foster care capacity and capability, commissioning, brokerage, placement and sufficiency, internal residential and workforce. The main 4 aims are:
 - Effective services to enable families to stay together and reduce the number of children coming into the care system
 - Faster exit from care into permanency either by returning children home, through Special Guardianship Orders or via adoption
 - Efficient services that meet the needs of LAC and their families and offer better value for money (Effective social work model and better value from placements)
 - Strengthen financial controls to ensure effective financial management
- Children's 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 the number of children in care. Work is in place to review processes 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 17/18	May 17/18	Jun 17/18	Jul 17/18	Aug 17/18	Sep 17/18	Mthly Move	Budget Cost (£m)	Fcast Cost (£m)	Variance to Budget (£m)	Avg Cost per Week
Internal Fostering	Internal Fostering	235	185	209	233	211	195	198	195	195	190	198	211	213	2	3.631	3.585	(0.046)	£350
	Family & Friends	76	94	131	123	124	130	130	129	127	122	121	125	124	-1	1.238	1.297	0.059	£200
Pre Adoption	Pre Adoption	21	24	18	19	19	16	38	42	40	30	30	19	11	-8	0.209	0.204	(0.005)	£122
External Fostering	IFA's	74	100	106	118	162	182	159	164	175	176	181	189	194	5	6.001	6.756	0.755	£729
	Temporary Placements				0	0	2	0	0	0	0	0	0	0	0	0.000	0.000	0.000	£0
	Other LA Placements				9	10	2	0	0	0	0	0	0	0	0	0.000	0.000	0.000	£0
External Residential	External Residential	22	19	26	19	16	27	37	35	36	34	39	39	39	0	5.478	5.881	0.403	£3,090
	M&B Units				2	0	0	0	0	0	0	2	2	2	0	0.000	0.072	0.072	£1,731
	Secure Units / Remands		1	1	4	4	2	5	2	1	3	5	2	2	0	0.000	0.295	0.295	£2,182
Other LAC Children	Supported Accommodation	10	7	11	14	11	7	11	15	16	14	21	18	22	4	0.390	0.495	0.105	£567
	Internal Residential	18	17	15	18	18	20	15	16	17	17	16	16	17	1	2.733	2.733	0.000	£3,205
	Placed with Parents	32	31	51	60	43	45	58	54	50	47	43	44	43	-1	0.000	0.000	0.000	£0
	NHS / Health Trust				1	1	1	5	1	1	1	1	1	1	0	0.000	0.000	0.000	£0
Total LAC Children		488	478	568	620	619	629	656	653	658	634	657	666	668	2	19.680	21.318	1.638	£625
Non LAC Children	Special Guardianship Order							138	135	140	147	153	155	160	5	0.621	0.812	0.191	£107
	Custodian / Residence Orders							37	37	37	38	44	44	45	1	0.194	0.168	(0.026)	£81
	Staying Put														0	0.093	0.145	0.052	
	Supported Accommodation							8	8	8	8	8	8	8	0	0.000	0.205	0.205	£493
Total Non LAC Children								183	180	185	193	205	207	213	6	0.908	1.331	0.423	£132
Total including LAC & Non LAC		488	478	568	620	619	629	839	833	843	827	862	873	881	8	20.588	22.650	2.062	£513