

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

**Agenda Item  
No. 8**

**DATE: 8 November 2018**

**CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 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 **£1.662m**. Corporate and earmarked reserves are being used to fund specific agreed items of **(£0.767m)** reducing the forecast overspend to **£1.020m**. The directorate has implemented an action plan of an equivalent **(£0.895m)**, reducing the net forecast revenue position to be on budget.

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 September 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 yearend 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 **£1.662m**. Use of Corporate reserves of **(£0.448m)** and earmarked reserves of **(£0.319m)** reduced the forecast to **£0.895m**. The directorate has implemented an action plan of an equivalent **(£0.895m)** from efficiencies and review of non-essential spend, reducing the net forecast position to nil.

<b>Table 1</b>		
	<b>£m</b>	<b>£m</b>
Forecast Overspend		1.662
Earmarked Reserves	0.319	
Corporate Reserves (as agreed by Cabinet)	0.448	
Action Plan Items Table 3	0.895	
Total Actions		1.662
<b>Remaining Forecast Overspend</b>		<b>0.000</b>

- 1.2 A decision was made following further review and analysis of the forecasted position to remove a forecast over spend of £0.125m relating to increased agency costs. Therefore the report sent to cabinet detailing period 6 forecast will differ from the figures stated above.
- 1.3 Table 2 summaries the Action Plan.

<b>Table 2</b>	<b>£m</b>
Efficiencies across the directorate identified during 16/17	0.681
Efficiencies across the directorate identified during 17/18	0.457
Revision of commissioning contracts	0.060
Home to School Transport Investment	0.130
<b>Total Action Plan</b>	<b>1.328</b>
Utilised by services not included in this portfolio	<b>(0.433)</b>
<b>Action Plan utilised as per Table 1</b>	<b>0.895</b>

1.4 Table 3 summarises the forecast Outturn for each service.

<b>Service</b>	<b>Annual Budget £m</b>	<b>Year End Forecast £m</b>	<b>Variance Before use of Reserves £m</b>	<b>Action Plan £m</b>	<b>Use of Reserves £m</b>	<b>Variance after Reserves &amp; Action Plan £m</b>
<b>Children's Wide</b>	2.506	2.995	0.489	(0.186)	(0.225)	0.077
<b>Mitigating Action Plan</b>	0.895	0.180	(0.715)	0.711	0.000	(0.004)
<b>Children's Social Care</b>	41.469	42.391	0.922	(0.443)	(0.442)	0.037
<b>Early Help Services</b>	3.906	3.978	0.072	(0.082)	(0.099)	(0.110)
<b>Children's Services Sub Total</b>	<b>48.776</b>	<b>49.544</b>	<b>0.768</b>	<b>0.000</b>	<b>(0.766)</b>	<b>0.000</b>
<b>Education funding - accountable body</b>	(0.446)	5.850	6.296	0.000	(6.296)	0.000
<b>Total Children's Services</b>	<b>48.330</b>	<b>55.394</b>	<b>7.064</b>	<b>0.000</b>	<b>(7.062)</b>	<b>0.000</b>

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.

<b>BRAG</b>	<b>Explanation</b>	<b>Amount £m</b>
Blue	Delivered in Full	1.228
Green	To be Delivered by 31/03/2018	0.647
Amber	Low Risk of none Delivery	0.000
Red	High Risk of none Delivery	0.213
	<b>Total Saving for 2018/19</b>	<b>2.087</b>

Breakdown of Red Savings:

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	0.036
Reduce administrative support- saving ref 90	0.113
<b>Total Red Savings</b>	<b>0.213</b>

- 1.6 Within the services associated with the panel there are a number of risks totalling **£1.331m**, 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 **£0.956m** 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 table 6 below.

<b>Table 6</b>		
<b>Service</b>	<b>Reason / explanation of risk</b>	<b>£m</b>
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.	0.724
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	0.132
Children's Social Care Management	There is a risk that legal fees will exceed budget.	0.100
	<b>Total High Risks</b>	<b>0.956</b>
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.	0.175
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
	<b>Total Medium Risks</b>	<b>0.375</b>
	<b>Total Risks</b>	<b>1.331</b>

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 September 2018. A detailed breakdown is in the table below.

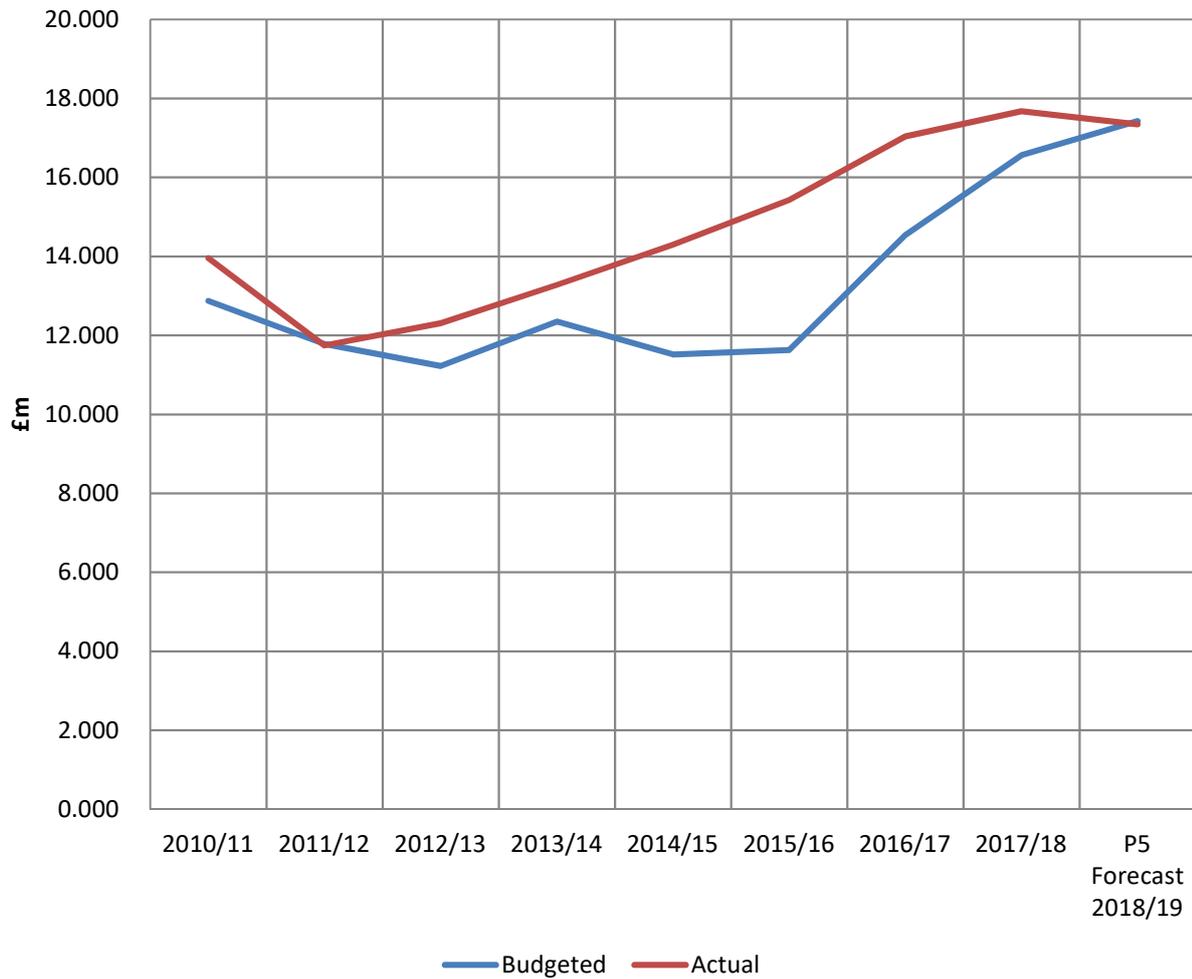
<b>Table 7</b>					
<b>Service</b>	<b>Annual Budget</b>	<b>Actual Year to Date</b>	<b>Forecast</b>	<b>Carry Forward to 2018/19</b>	<b>Variance (under) / over spend</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b><u>Council Funded</u></b>					
Looked after children out of borough placements refurbishments	0.150	0.000	0.150	0.000	0.000
Corporate Parenting, Contact & Assessment Hub	0.698	0.074	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	0.000	0.685	0.000	0.000
<b>Total Capital</b>	<b>1.593</b>	<b>0.074</b>	<b>1.593</b>	<b>0.000</b>	<b>0.000</b>

## LAC FINANCIAL MONITORING POSITION FOR PERIOD 5 AS AT 28 August 2018

### Context

- Between 2010 and 2012, LAC 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 LAC numbers began to significantly increase thereafter.
- 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 increased to a peak of 669 in October 17.18 albeit at a more gradual rate. Current numbers are 634, 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 LAC placements in order to fund cost pressures and support what remains a volatile, demand driven service.
- LAC 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.
- 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 Council's 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.
- The budget setting process attempts to balance known demand and pressures, with expected demand growth. It risks 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	2017/18	2018/19
<b>Budget</b>	12.875	11.782	11.226	12.346	11.518	11.627	14.537	20.588*	23.243
<b>Outturn / Forecast</b>	13.958	11.745	12.308	13.276	14.294	15.431	17.035	22.872	23.298
<b>Variance</b>	1.083	-0.036	1.082	0.93	2.776	3.804	2.498	2.284	0.055

### Main reasons for Variance

Demand Increase	1.083	-0.036	1.082	0.93	2.707	3.099	1.655	1.911	-0.173
Unachieved Savings					0.069	0.705	0.843		0.371
Complex Cases								0.373	(0.143)
<b>Total Variance</b>	<b>1.083</b>	<b>-0.036</b>	<b>1.082</b>	<b>0.93</b>	<b>2.776</b>	<b>3.804</b>	<b>2.498</b>	<b>2.284</b>	<b>0.055</b>

\*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 (£0.055m). This includes cost reductions already achieved.

<b>Table 1</b>	<b>£m</b>	<b>£m</b>
Forecast Overspend prior to placement moves		<b>0.696</b>
Cost reduction strategy to reduce LAC overspend - delivered	(0.498)	<b>0.198</b>
Corporate Reserves (Complex Cases) **	(0.143)	
<b>Net Forecast Overspend (see table 2 for breakdown)</b>		<b>0.055</b>

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.

<b>Table 2</b>		
<b>Placement Type</b>		<b>£m</b>
Internal Fostering	• Net decrease of 30, 17 new in, 12 leavers, 35 movers mainly between family & friends and placed with parents	(0.103)
Family & Friends	• Increase of 9, 7 new in, 13 leavers, 15 movers	0.065
Pre Adoption	• 9 Children have been adopted to date, forecast to reach 36 by year end	(0.051)
IFA	• Net decrease of 19 (excluding complex cases), 10 new in, 9 leavers, 20 movers	(0.010)
Complex Cases	• Age band related change in placement price, Incremental cost of 1 child moved from IFA to External Residential, agreed to be funded corporately (£143K)	0.000
External Residential	• Net increase of 0 - 5 new in, 4 leavers, 1 mover	0.155
Transition & Care Leavers	• Net increase of 7 children, across Supported Accommodation LAC, Non-LAC, Staying Put and Care Leavers	0.168
Internal Residential	• Net Increase of 0 child, 2 New in, 1 leaver, 1 mover	(0.038)
Special Guardianship Orders / Residence Orders	• Non-LAC custodian/residence orders reduced by 11	(0.131)
<b>Total</b>		<b>0.055</b>

## **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 Walsall Proud Programme aims to secure better outcomes for 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 or via adoption
  - Efficient services that 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 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.
- Reporting on child numbers between placements continue to show large movement's month on month within internal fostering therefore through the steering group and finance mosaic reporting, a score card will be introduced to monitor movements and understand capacity.

LAC NUMBERS 2010/11 TO 2018/19

Placement Group	Placement Type	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2018	Apr 2018/19	May 2018/19	Jun 2018/19	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
		<b>488</b>	<b>478</b>	<b>568</b>	<b>620</b>	<b>619</b>	<b>629</b>	<b>649</b>	<b>646</b>	<b>649</b>	<b>639</b>	<b>-10</b>	<b>17.838</b>	<b>16.556</b>	<b>1.281</b>	<b>£530</b>

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
									<b>7</b>	<b>7</b>	<b>14</b>	<b>14</b>	<b>0</b>