

**Children's Services
Overview and Scrutiny Committee**

DATE: 05 NOVEMBER 2024

**CORPORATE FINANCIAL PERFORMANCE – QUARTER 2 FINANCIAL MONITORING
POSITION FOR 2024/25**

Ward(s) All

Portfolios: Cllr S Elson – Children's Services

1. Aim

- 1.1 To provide the budget monitoring position for Period 6 2024/25. The Chair requested that this item be considered by the Committee.

2. Recommendations:

The Committee are requested to:

- 2.1 Note the revenue and capital forecast for the financial year end 2024/25 for the services under the remit of the committee.

3. Report detail - Know

- 3.1 This report summarises the forecast revenue and capital financial position for 2024/25, based on the position to September 2024, for services within the remit of the Children's Services Overview and Scrutiny Committee, as reported to Cabinet on 16 October 2024. The full Cabinet report can be accessed by the following link:

[Corporate Financial Performance 2024/25 - Cabinet 16 October 2024](#)

- 3.2 The forecast revenue outturn for 2024/25 for the services under the remit of the Children's Services Overview and Scrutiny Committee is an overspend of £2.59m after the net use of reserves of £1.40m, as shown in **Table 1**. The forecast revenue outturn shown is based on actual information from the financial system as at the end of August 2024, and discussions with managers regarding year end forecast and achievement of approved savings.
- 3.3. For completeness, the forecast revenue overspend for services under the remit of the Education Overview and Scrutiny Committee is an overspend of £2.52m. This gives a total forecast position of an overspend of £5.11m for Children's Services directorate as of 30 September 2024.

Table 1: Forecast revenue analysis 2024/25 by Service						
Service	Annual Budget	Year End Forecast	Net Use of Reserves	Action Plan	Draft Outturn after use of and transfer to Earmarked Reserves	Variance to Budget
	£m	£m	£m	£m	£m	£m
Children's Wide	0.48	0.48	(0.00)	0	0.48	0.00
Children in Care (CiC)	47.35	49.35	(0.60)	0	48.75	1.40
Children's Social Care Core	25.69	26.96	(0.51)	0	26.46	0.77
Early Help and Commissioning Services	4.68	5.39	(0.29)	0	5.10	0.42
Total Services within remit of Committee	78.19	82.18	(1.40)	0	80.78	2.59

3.4 The main variances are summarised in **Table 2** below.

Table 2: Reasons for revenue outturn variance		
Service	Variance £m	Explanation of Year End Outturn
Children's Wide	(0.00)	No variance.
Children in Care (CiC)	1.40	Overspend linked to ongoing increases in costs of placements for Children in Care (CiC) and changes in the mix of CiC, linked to placement sufficiency issues. Further detail is provided in Appendix 1.
Children's Social Care	0.77	<ul style="list-style-type: none"> £0.12m increased demand for occupational therapy equipment £0.33m staffing and agency pressures across the service £0.13m increased demand for section 17 support £0.18m other non-staffing pressures relating to travel, premises, security costs and contract increases.
Early Help and commissioning Services	0.42	Pressure within the shortbreaks service linked to increased demand to avoid children entering care and increased complexity of children using the service.
Total Services within remit of this Committee	2.59	

3.5 Reasons for Movements

The June forecast position reported to Cabinet in July 2024 was an overspend of £1.79m therefore there is a net increase in the overspend of £0.81m over the period. The key reasons for movements are detailed in **Table 3** below:

Table 3: Reasons for movements in variance		
Service	Movement £m	Explanation of Movement in Year End Variance
Children's Wide	(0.00)	No movement
Children in Care (CiC)	0.43	A detailed breakdown is provided in Appendix 1.
Children's Social Care	0.37	<ul style="list-style-type: none"> • £0.06m increased demand for occupational therapy equipment • £0.02m increased demand for section 17 support • £0.20m staffing and agency pressures across the service • £0.09m other non-staffing pressures relating to travel, premises and security costs.
Early Help and Commissioning Services	0.00	No movement
Total Movements for Services within remit of this Committee	0.81	

3.6 Reserves

The total allocated reserves for 2024/25 for services under the remit of this committee are £3.37m, of which (£1.45m) has been used or committed to date and £0.05m will be transferred to reserves at the year-end, ringfenced for expected spend in 2025/26.

The use of reserves below is made up of:

- (£0.58m) external funding to support the Family Drugs & Alcohol Court Programme and Safeguarding Families Programme
- (£0.06m) Youth Justice reserves
- (£0.03m) net use of Supporting Families reserve
- (£0.26m) external funding to support the Family Hubs programme
- (£0.01m) contribution towards Regional Adoption Agency
- (£0.03m) funding to support regional training
- (£0.33m) use of corporate reserve to support the early opening of a new internal residential home
- (£0.15m) use of corporate reserve to fund additional management posts within safeguarding

Table 4 below details the use of and transfer to reserves across the services within the remit of this committee.

Table 4: Summary of use of reserves and transfer to reserves				
Reserve Details	Allocated reserve	Use of reserve	Transfer to reserve	Balance of reserve
	£m	£m	£m	£m
Children's Wide	0.24	-	-	0.24
Children in Care	1.20	(0.60)	-	0.60

Children's Social Care	0.99	(0.51)	-	0.48
Early Help and commissioning services	0.94	(0.34)	0.05	0.65
Total Reserves	3.37	(1.45)	0.05	1.97

3.7 Risks

For the services under the remit of this committee, there are total risks of **£8.94** which are not included in the above forecast. At this stage the risks are not a certainty and as such are not included in the monitoring position. There are high risks of £2.23m relating to Services within the remit of this committee. If any risks became a certainty, they would need to be included in the forecast position as an overspend, unless alternative action can be identified to mitigate these costs. A summary of the risk assessment is shown in **Table 5** below.

Table 5: Revenue Risks 2024/25				
Risk	Value £m	Ongoing £m	One Off £m	Actions to manage risk
High	2.23	2.23	0	Additional resource in place to support with placement moves and cost increases. Introduction of the Families First Pathfinder to further avoid children entering care and reduce reliance on the S17 budget.
Medium	5.87	5.87	0	Savings reviewed monthly as part of the monitoring process. ICB contributions reviewed monthly with the Lead Commissioner and Health Partners. Retendering of the placement frameworks to reduce reliance on spot placements and effectively plan for inflationary increases.
Low	0.85	0.85	0	Monthly review of staffing and agency across the service. Monthly review to avoid any Family Hubs grant slippage in year.
Total	8.94	8.94	0.22	

The high risks (Red risk) that could negatively impact the current forecast position are detailed in **Table 6** below:

Table 6: High risks		
Service	Reason / explanation of risk	£m
Children in Care (CiC)	£0.55m risk of increased placement moves and step ups over and above the current position £0.60m risk of increased entrants to care, further impacted by reliance on higher cost placements £0.66m risk of current placements increasing in cost due to the complexity of cases.	1.81
Children's Social Care	The section 17 spend continues to be relied upon to support children coming into care pending the full implementation of the Families First for Children pathfinder.	0.42
Total High Risks		2.23

The medium risks include the risk of:

- current ICB contributions towards placement costs reducing or ending at the next review date
- amber savings not being achieved by the end of the financial year
- further uplifts and inflation requests from providers
- increased demand on non-staffing budgets e.g. travel and legal.

3.8 Service Transformation Plan Benefits

Included within the budget for 2024/25 for services within the remit of this Committee are £4.22m of approved savings. **Table 7** gives an update on progress towards implementing these benefits:

Table 7: Delivery of 2024/25 approved savings – services within the remit of this Committee					
Saving	Total savings £m	Delivered £m	To be delivered by 31/03/24 £m	Not fully guaranteed £m	At High risk of non-delivery £m
OP6 – Review of current establishment and reduction in the use of agency staff, following recruitment of permanent staff	(0.32)	-	-	(0.32)	-
OP57/60 - Further Recruitment & Retention of Internal Foster Carers	(0.81)	(0.20)	(0.25)	(0.36)	-
OP58 - Specialist Foster Placements – New Horizons Foster Carer Scheme	(0.46)	(0.19)	(0.13)	(0.14)	-
OP61 – Creation of a new internal residential home	(0.47)	(0.47)	-	-	-
OP62 – Extension of the Family Safeguarding programme into Corporate Parenting	(0.86)	(0.04)	(0.23)	(0.59)	-

OP64 – Continued focus on placement step downs	(0.59)	(0.04)	(0.04)	(0.51)	-
OP65 – Adolescent service – Complex needs	(0.71)	(0.09)	(0.41)	(0.21)	-
Total approved savings for services within remit of Committee	(4.22)	(1.03)	(1.06)	(2.13)	(0.00)

Each benefit is “BRAG” categorised as follows:

- Blue (delivered);
- Green (on track to be delivered with no issues at year end of 2024/25);
- Amber (not guaranteed at this stage but no major issues expected, some management action needed to ensure delivery) or,
- Red - (at high risk of not being achieved either in part or in full and therefore either alternative actions are required or a plan to ensure delivery is put back on track).

3.9 Capital Forecast

The capital programme for the services under the remit of the Children’s Services Overview and Scrutiny Committee, as at the end of September 2024, is £1.26m. As at September, it was expected that £0.95m will be fully spent within the current financial year and the remaining £0.31m will be carried forward into 2025/26. A list of schemes within the remit of this committee is shown in **Table 8**.

Table 8: Capital Outturn 2024/25 – Services within the remit of this Committee						
Scheme	Approved Budget £m	Actual year to date £m	Forecast Outturn £m	Year End Variance £m	Proposed Carry Forward to 2025/26 £m	Variance Over / (Under) £m
Council Funded schemes						
Children’s Residential Home	0.85	0.58	0.70	(0.15)	(0.15)	0.00
Refurbishment of homes to support Foster Carers	0.31	0.01	0.15	(0.16)	(0.16)	0.00
Mobile Youth Work Bus Revamp	0.03	0.01	0.03	0.00	0.00	0.00
Mosaic/ Fusion Build	0.01	0.00	0.01	0.00	0.00	0.00
Total Council Funded Schemes	1.20	0.60	0.89	(0.31)	(0.31)	0.00
External Funded Schemes						
Family Hubs and Start of Life	0.06	0.00	0.06	0.00	0.00	0.00
Total Externally Funded Schemes	0.06	0.00	0.06	0.00	0.00	0.00
Total Capital – Services within the remit of this Committee	1.26	0.60	0.95	(0.31)	(0.31)	0.00

4. Financial information

- 4.1 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.

5. Reducing Inequalities

- 5.1 Services consider and respond to equality issues in setting budgets and delivering services. Irrespective of budgetary pressures, the Council must fulfil equal opportunities obligations.

6. Decide

- 6.1 To note the recommendations as set out in this report.

7. Respond

- 7.1 The Executive Director for Children's 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.

8. Review

- 8.1 Regular monitoring reports are presented to Cabinet to inform them of the financial forecast for 2024/25, including an update on risks and impact on the budget for 2025/26 and beyond.

Background papers: Various financial working papers

Contact Officers:

Ross Hutchinson, Head of Finance (Deputy S151 Officer) – Finance Business Partnering & ESS projects

☎ 01922 658411 , ✉ ross.hutchinson@walsall.gov.uk

Tanya Collier, Strategic Finance Business Partner – Children's & Education Services

☎ 01922 652346, ✉ tanya.collier@walsall.gov.uk

Colleen Male
Executive Director, Children's Services

Children in Care (CiC) Financial Monitoring Position for Q2 as at September 2024 Overview

Local Authorities in England have a statutory responsibility for protecting the welfare of Children and delivering Children's Social Care. In more serious situations Local Authorities may use their statutory powers to place children and young people in need on child protection plans or even take them into the care of the Local Authority.

Walsall's Social Care demand led pressures are in-line with the national picture and, although costs continue to increase, extensive work has been undertaken to effectively manage demand.

The Local Authority has a duty, under Section 22 of Children Act 1989 to, as far as is reasonably practicable, secure sufficient accommodation within the authority's area, which meets the needs of children that the Local Authority are looking after, and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is local. In September 2021, the law changed to require that children aged under 16 years who are placed in registered care settings, which includes foster care, residential care or other care setting, must be placed in an Ofsted registered setting. From the end of October 2023, all supported accommodation providers to children in care must be registered with Ofsted or have made an application to do so.

Following these changes in legislation, placement sufficiency continues to be a significant challenge for the service. There has been a fluctuation in the market with several providers exiting the market and new providers who have yet to secure Ofsted registration. The market remains volatile, and this is further compounded by a lack of sufficiency of foster placements locally and nationally.

In addition to this, there has been further cost pressures mainly caused by a larger portion of adolescents entering care with complex needs and vulnerabilities including exploitation, mental health difficulties and emotional dysregulation, some of whom required Deprivation of Liberty Safeguards. These children are placed in the main in high cost homes and in solo provision. There are mitigations in place that include Walsall expanding the internal residential provision and the development of an offer for adolescents with complex needs. Overall, the number of children in care has reduced to 622 at the end of July 2024 compared with 663 at the end of March 2024, following the implementation of the family safeguarding model. The principles of the model have been applied to offers that support children to remain within families or seek to stabilise children through the provision of multi-agency coordinated support that aims to stabilise children and avoid placement moves that inevitably increase placement cost.

Children 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 (C&YP) at a point in time and is adjusted for anticipated placement moves and inflow/ outflow for the remainder of the financial year.

Due to the on-going pressures described above, there was approved additional investment of £11.38m included in the budget for the financial year 2024/25, with savings of £3.40m identified during the financial year and a further £0.50m of unachieved savings carried forward from 23/24.

As at quarter 2, the total forecast for current placement and support costs for 2024/25 is **£48.75m**. This forecast is based on the current mix of children in care and the projected future demand for the remainder of the financial year. The current budget is **£47.35m**, therefore there is a forecasted overspend of **£1.40m**. The overspend is made up of the following:

- **£0.66m** – full year impact of 2023/24 pressures, primarily linked to the increased net inflow/ outflow, offset by identified cost reductions and contributions totalling (£2.11m), of which £1.22m is yet to be realised;
- **£0.28m** – inflationary cost increases linked to the retender of the Independent Fostering Agency (IFA) framework;
- **£0.14m** – cost increases linked to increased support within placements;
- **£0.26m** – net pressure within the inflow / outflow and placement moves budget following an in demand on secure placements;
- **£0.08m** – pressures within the internal residential homes including increased overtime;
- **(£0.01m)** – minimal variances linked to the family drugs and alcohol contract.

Movement from June 2024

The forecasted outturn position for September 2024 has increased by **£0.43m** since June 2024. The main reasons for this movement are:

- **£0.37m** – increased requirement for secure placements and a number of high cost external residential placement moves during the period;
- **£0.07m** – pressures within the internal residential homes including increased overtime;
- **(£0.01m)** – minimal variances linked to the family, drugs and alcohol contract.

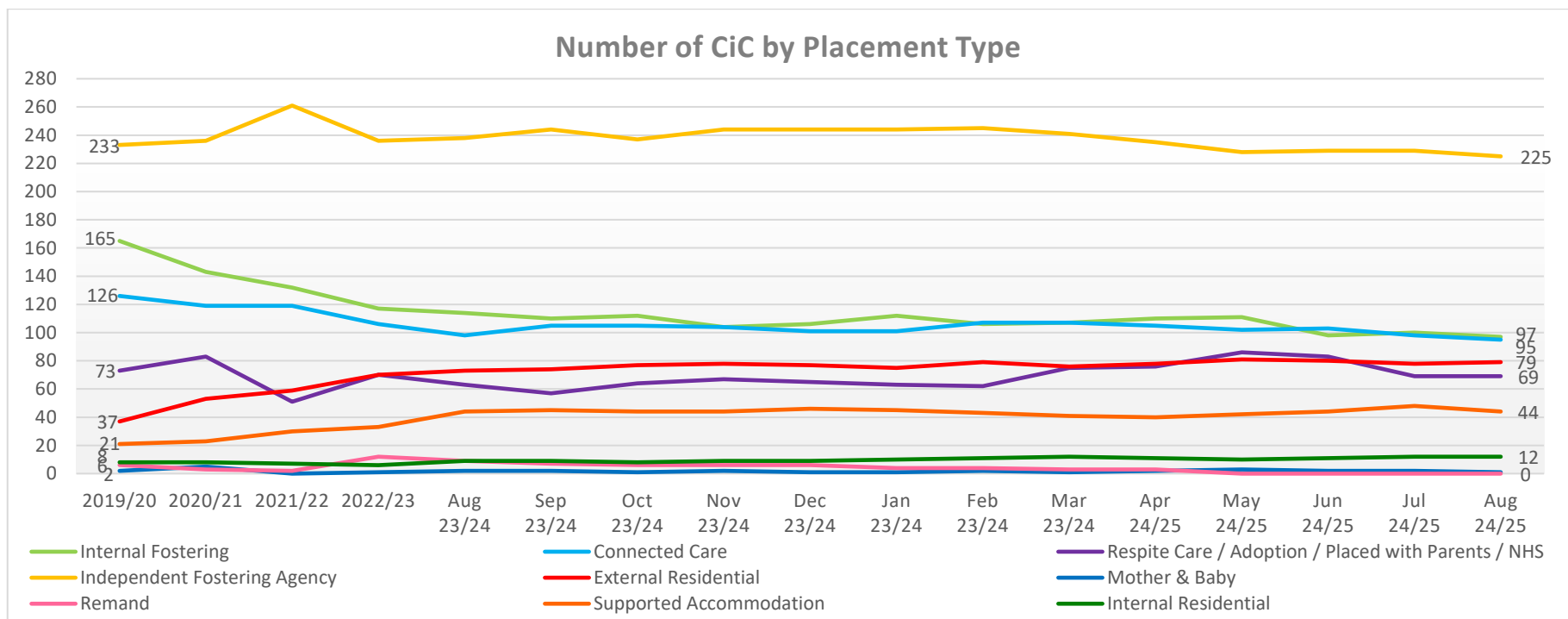
As part of the Proud Transformation Programme £3.40m of benefits have been identified during the financial year, with a further £0.50m of unachieved savings carried forward from 23/24, which specifically relate to Children in Care. £2.09m of which have been or are expected to be achieved by March 2025. There is a risk that the remaining £1.81m may not be fully delivered in this financial year due to external factors that can influence the achievement. Extensive work is underway in the service to prevent further pressures on the financial position and support the full delivery of all identified benefits.

Children's Social Care Demand trends as at Quarter 2 2024/25.

Number of Children in Care by Placement Type

Year	2019/ 20	2020/ 21	2021/ 22	2022/ 23	Aug 23/24	Sep 23/24	Oct 23/24	Nov 23/24	Dec 23/24	Jan 23/24	Feb 23/24	Mar 23/24	Apr 24/25	May 24/25	Jun 24/25	Jul 24/25	Aug 24/25
Total CiC	671	673	661	651	650	653	654	658	655	655	659	663	660	663	650	636	622

As of August 2024, there was 622 children in care in Walsall. The graph below shows these children and young people (C&YP) by placement type and demonstrates the continuing placement sufficiency pressures, which has resulted in a change in the mix of placement types.



The graph shows how the reliance on higher cost placements has increased over the 12 month and 5-year period, with the number of External Residential placements increasing from 37 in 2019/20, and 73 in August 2023, to 79 in August 2024. Although, the use of Independent Fostering Agencies (IFA) had previously continued to rise, there has been a reduction in recent months bringing the total number of IFA placements to 225. In comparison, the use of lower cost placements has decreased, with the number of Internal Fostering placements reducing from 165 in 2019/20 to 97 in August 2024, and Connected Care placements reducing from 126 in 2019/20 to 95 in August 2024.

Number of children entering and leaving care

The table below illustrates the number of children entering care to date for 2024/25 and the prior four-year inflow trends by placement type.

Placement Type	Apr - Aug 20/21	% of total	Apr - Aug 21/22	% of total	Apr - Aug 22/23	% of total	Apr - Aug 23/24	% of total	Apr - Aug 24/25	% of total
Internal Fostering	22	26%	11	15%	17	28%	12	15%	7	15%
Connected Care	17	20%	8	11%	9	15%	4	5%	3	6%
Respite Care / Adoption / Placed with Parents / NHS	14	16%	9	12%	9	15%	4	5%	11	23%
Independent Fostering Agency	22	26%	32	43%	13	22%	33	41%	14	30%
External Residential	5	6%	6	8%	3	5%	8	10%	3	6%
Mother & Baby	1	1%	2	3%	2	3%	4	5%	0	0%
Remand	2	2%	0	0%	4	7%	1	1%	0	0%
Supported Accommodation	2	2%	7	9%	3	5%	15	19%	8	17%
Internal Residential	0	0%	0	0%	0	0%	0	0%	1	2%
Total CiC	85		75		60		81		47	

The number of children entering care from April to August in 2024/25 is lower than that of the other prior years, with a total of 47 C&YP (as at 02/09/24). This reduced number has supported achieving cost avoidance savings in year and reduced the financial impact to the overall position. However, it should be noted that the reduced use of lower cost placements, such as internal fostering and connected care,

described above, is also mirrored for those entering care, with internal fostering reducing to 15% of total placements used and connected care reducing to 6%.

During 2023/24, 200 C&YP entered care, an increase of 20% on the prior year. In addition to the increased numbers, there was an additional reliance on IFA's and External Residential placements as seen above. This extraordinary growth and increased reliance on higher cost placements has created a pressure in 2024/25 over and above the budgeted investment of £660k.

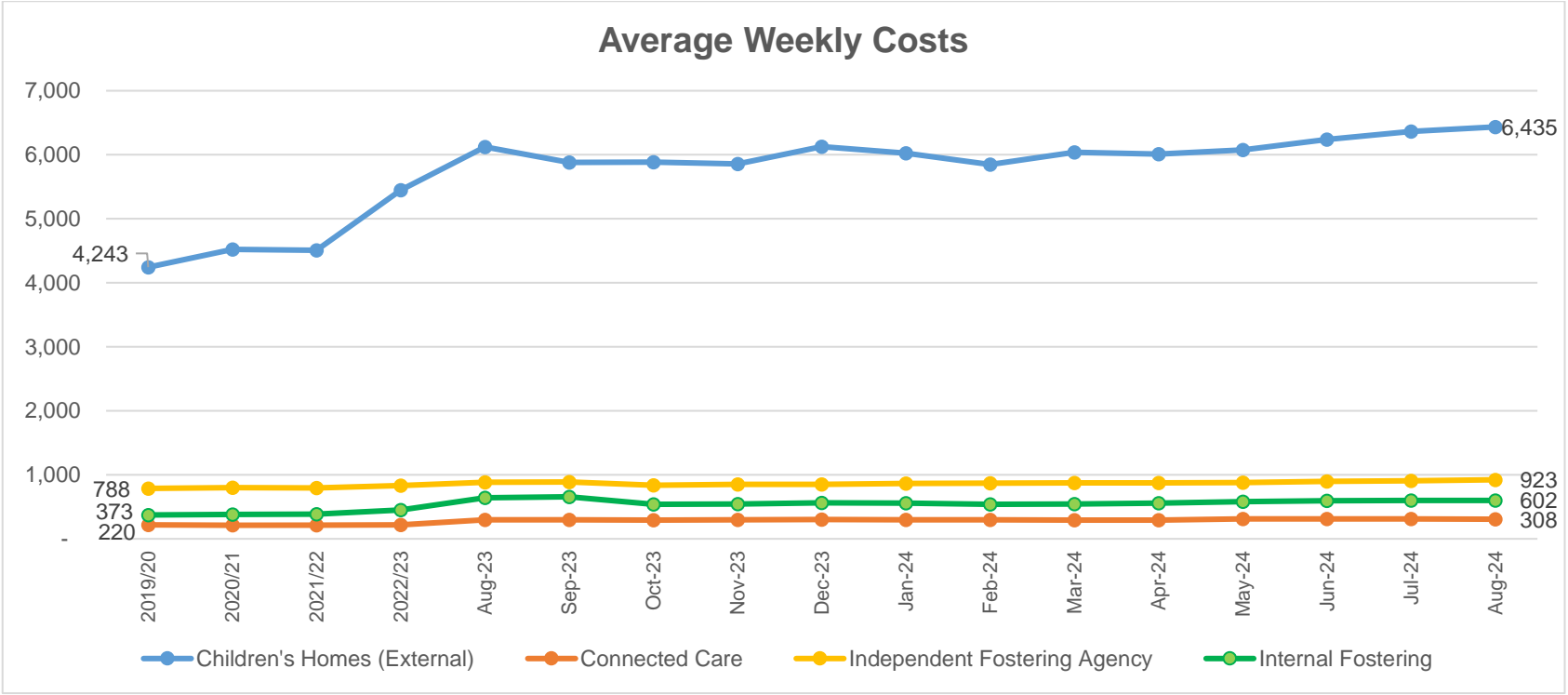
The table below shows the number of C&YP leaving care to date for 2024/25 and the prior four-year outflow trends. To note, this excludes those that have turned 18 as the financial impact of these have been considered within the forecast and budget.

	Apr - Aug 20/21	Apr - Aug 21/22	Apr - Aug 22/23	Apr - Aug 23/24	Apr - Aug 24/25
Number of C&YP leaving care	-43	-50	-52	-49	-67

From April to August 2024, there was 67 C&YP who left care. This is higher than that of the prior four financial years, however 23 of these were placed with parents so do not have an impact on the placements budget.

Average weekly costs of placements

The chart below shows the average weekly cost of the four most utilised placement types for Walsall's CiC. The average weekly cost for an external residential placement has significantly increased from £4.2k to £6.4k (52%) over the last 5 financial years, and from £6.1k 12 months ago (5%). There are currently four placements over the cost of £10k per month which is influencing this average cost. When removed the average cost reduces to £6,121 per week. This is significantly higher than the average weekly cost of an Internal Fostering placement of £602 p/w and Connected Care placement of £308 p/w.



In recognition of the financial impacts above, the service will continue to focus on stepping C&YP down to lower cost placements where possible during 2024/25.