

Report Title:	Children's Services Finance 2020-21 Outturn
Meeting for:	Children & Young People Scrutiny Commission
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Summary

- This report highlights the 2020-21 provisional outturn financial position of Children's Services. The report includes the financial impact the Covid-19 pandemic has had on the service.
- The report highlights the main budget variances across the service as well as the management actions that have been developed to reduce the overspend across the service.



Children's Services Finance Update

Financial Year 2020-21



Children's Services 2020-21 Financial Position

Summary

Children's Services (CS) provisional outturn for the 2020/21 financial year is an £3.3m overspend (5.4%) after the application of reserves totalling £7.0m. Covid-19 related expenditure accounts for £2.0m of the reported budget overspend. The draw down from reserves includes:

- £3.869m from the Commissioning Reserve, set up to meet the cost of placements where these exceed the current budget.
- £1.6m for additional staffing required to address a combination of increased demand across the service and management response to the Ofsted inspection.

The forecast also incorporated £4.650m of Social Care Grant funding (that is an additional £3.450m in 2020/21 when compared to 2019-20). Set against this, there was a significant increase in spend driven by looked-after children (LAC) and leaving care (LC) placements costs within Corporate Parenting. There was also an increase in spend on staffing across the service of £2.9m when compared to 2019-20 (£0.6m has been identified as relating to Covid-19). £1.6m is linked to increased staffing levels agreed in response to increased demand and additional posts agreed to assist in responding to the Ofsted recommendations arising from the inspection in November 2019 in which the Council received a 'requires improvement' judgement.

Table 1 breaks down the provisional outturn across different service areas and includes how much is attributed to Covid-19 expenditure. Table 2 sets out use of one-off funds and reserves which have been used to reach the net position.

Table 1A: Directorate Forecast (£k)

Original Budget	Virements	Revised Budgets	Service Unit	Change from Budget after Reserves	Amount of variance owed to Covid
£k	£k	£k		£k	£k
4,526	420	4,946	Children in Need	804	25
25,605	659	26,264	Corporate Parenting (including Adoption Team, LAC & LCS services)	3,859	1,358
3,860	34	3,894	Disabled Children Service	777	276
284	13	297	City & Hackney Safeguarding Children's Partnership	-	-
2,936	118	3,054	Safeguarding & Learning Services	(182)	18
-	-	-	Contextual Safeguarding	-	-
4,575	284	4,859	Access & Assessment Team	(25)	4
1,984	16	2,000	No Recourse to Public Funds Team	(96)	28
1,736	131	1,867	Clinical Services	(217)	-
1,696	(279)	1,417	Parenting Support Services	(426)	1
703	29	732	Family Learning Intervention Programme	12	37
47,905	1,425	49,330	Children's Social Care subtotal	4,506	1,747
892	41	933	Children's Commissioning & Business Support Team	55	-
1,701	(359)	1,343	Directorate Management Team	(944)	24
7,602	232	7,834	Young Hackney	(238)	133
-	-	-	Supporting Families	47	47
1,430	70	1,500	Youth Justice	(99)	-
531	36	567	Domestic Abuse Intervention Service	-	64

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60,061	1,445	61,507	Children's Services Total	3,327	2,015
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Table 2: Reserve and Grant Usage (£k)

Reserve Name	2020-21 Provisional Outturn	Comment
CS Commissioning Activity Reserve	(3,269)	Reserve applied to offset pressures across Corporate Parenting placement budgets.
Delayed Budget growth for CP placements	(600)	
Children's Restructuring Reserve	(1,600)	Additional Ofsted work - post visit
CIN - Section 17	(300)	F0050 - Section 17 and LAC incidental
Disabled Children Services	(476)	Applied to homecare and other commissioning costs
National Assessment and Accreditation System (NAAS)	(7)	Enhance practitioner knowledge and skills to create a national benchmark in relation to post-qualifying standards
Contextual Safeguarding Grant	(77)	
Teaching Partnership Grant	(103)	Social Work Teaching Partnership
MHCLG - Supporting Families grant	(33)	
HO - Trusted Relationship grant	(97)	
Safe and Together	(17)	
Housing, Legal and Immigration Officer Costs [NRPF]	(44)	
Corporate reserves	(381)	Redundancy costs and insurance adjustment
Children's Services Total	(7,004)	

Main variances against budget

Corporate Parenting provisional outturn in an overspend of £3.9m (includes £1.4m of Covid-19 expenditure) after the use of £3.9m of commissioning reserves. This position included the use of £2.9m of social care funding that was announced in the October 2019 Budget - £0.6m is in relation to staffing costs and the remaining £2.3m is for placements.

One of the main drivers for the cost pressure in Corporate Parenting continues to be the rise in the number of children in costly residential placements which has continued to grow year-on-year and the number of under 18s in high-cost semi-independent placements. Where children in their late teens are deemed to be vulnerable, and in many cases are transitioning from residential to semi-independent placements, they may still require a high-level of support and in extreme circumstances bespoke crisis packages. We are also seeing an increase in the number of Independent Fostering Agency (IFA) placements and a stagnation in the number of in-house fostering placements. The annual cost of an IFA placement (£50k) is twice as much as an In-house fostering placements (£25k).

Children In Need provisional outturn was an overspend of £804k after the use of reserves. There was significant levels of non-recurrent funding in the service including £687k of Social Care Grant funding in recognition of staffing pressure at the start of the financial year. Recruitment to permanent Social Worker posts is in progress which should address the high numbers of agency staff currently in this service.

Disabled Children's Service provisional outturn was an overspend of £777k after the use of £476k of reserves. Staffing had an overspend of £140k due to additional staff brought in to address increased demand in the service. This was offset by £215k of additional Social Care Grant funding. Commissioning had an £840k overspend after the use of £476k of reserves. This was attributed to care packages (£440k Home Care, £360k Direct Payments, Short Breaks and other

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commissioning £40k). The cyber attack has meant that the monitoring of homecare and short breaks commissioning budgets has been more challenging this year and this was noticeable at year with providers sending backdated invoices that we had not anticipated, meaning the outturn worsened by a further £160k.

The **Directorate Management Team** provisional outturn was an underspend of £944k after a drawdown of £712k reserves for post Ofsted staffing pressure and £166k Social Care Grant funding for the creation of two Service Manager posts. The improvement in the forecast relates to a favourable insurance adjustment and legal fees and court cost activity being lower than anticipated.

Parenting Support Services provisional outturn was an underspend of £426k which was largely from an increased public health contribution towards eligible expenditure in the service and various underspends in non-staffing costs.

Young Hackney provisional outturn was an underspend of £238k. £91k related to the delay of opening a new Multi Use Games Area service due to the pandemic, with late recruitment of staffing in the Sports and Adventure Playground teams DPR restructure and across the wider service increasing the underspend.

The **Clinical Services** provisional outturn was an underspend of £217k due to late recruitment of Specialist Clinical Practitioner posts and receiving unplanned income from the CCG.

Safeguarding and Learning Service provisional outturn was an underspend of £182k, which was largely due to staffing vacancies in the team linked to delays in recruitment and underspends due to room hire activity being reduced linked to the Covid-19 pandemic

The **Youth Justice** team provisional outturn was an underspend of £99k due to late recruitment of various posts during the financial year.

The **No Recourse to Public Funds team** provisional outturn was an underspend of £96k as a result of declining client numbers in Section 17 during the year.

Management actions to reduce costs

The interim Director of Children's Services has been working closely with Finance to refresh and assess the financial impact of measures to reduce costs and therefore the overspend and reliance on one-off reserve funding going forward. Plans for 2021/22 have been developed, and will be reported through the monthly Overall Financial Report (OFP). Below is the list of actions for the 2020/21 financial year.

Table 3: Management actions

Service unit	Description	Commentary on action
Corporate Parenting	Joint funding on health and children's social care packages	The Transition Steering Group has agreed a process and individual placement are in the process of being reviewed. Placement contributions from the CCG towards eligible healthcare needs will be backdated to 1 April 2020.
Corporate Parenting	Review and reduction in high cost placements as part of budget review meetings.	Reviewing high cost residential, semi-independent and IFA placements on a rolling monthly basis to see if any packages can be stepped down. Residential and semi-independent placements are expensive so a reduction in placements can have a significant impact on the forecast.
Corporate Parenting	Mockingbird Project and Supported Lodgings	The extended family model for delivering foster care with an emphasis on respite care and peer support, and new arrangements for implementing Supported Lodgings will also be reviewed going forwards.
Corporate Parenting	FLIP & Edge of Care	Work undertaken by FLIP and Edge of Care workers aimed at preventing children and young people coming into care

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		and supporting young people back to their families.
Service wide	Improved flexible use of staffing and recruitment controls	The Director of Children's Services is developing an improved system for monitoring staffing levels, enhancing flexible use of staff across the service and increasing controls over recruitment.

Conclusion

Despite significant further funds made available to Children's Services this year, primarily through the Social Care Grant and significant drawdown from one-off reserves and grants, the service has overspent by £3.3m, of which £2.0m is attributable to Covid-19. Finance are working closely with colleagues within the service to understand any longer term cost implications arising from both the Covid-19 pandemic and the response to the cyber attack.

The service has worked with finance to develop a suite of actions for 2021/22 to reduce the overspend position and the reliance on one-off reserve funding. Key to making real inroads into expenditure are actions to reduce the numbers of children and young people looked after, particularly those in a residential care setting where the net cost of one placement for a year is approximately £200k and managing demand so staff numbers in post can be maintained at budgeted levels.