

Report Title:	Children's Services Finance Forecast - November 2020
Meeting for:	Children & Young People Scrutiny Commission
Date:	16 December 2020
Produced by:	Children's Finance Team
Authorised by:	Naeem Ahmed & Anne Canning

Summary

- This report highlights the financial position of Children's Services as at the end of November 2020. 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

November 2020



Children's Services November 2020 forecast

Summary position

Children's Services (CS) is forecasting a £3.64m overspend (5.9%) as at the end of November against budget after the application of reserves totalling £7.075m. COVID-19 related expenditure accounts for £2.135m 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 incorporates £4.650m of Social Care Grant funding (that is an additional £3.450m in 2020/21 when compared to last year). Set against this, there is a significant increase in spend driven by looked-after children (LAC) and leaving care (LC) placements costs within Corporate Parenting where the net overall spend is forecast to increase by £5.2m compared to last year (excludes reserves and Social Care grant, however £1.34m has been identified as relating to COVID-19). There is also an increase in forecast spend on staffing across CS of £3.4m when compared to last year (£0.6m has been identified as relating to COVID-19 and £0.67m relates to an increase in the employer pension contribution from 15.6% to 18.5% and a further £0.77m for pay inflation of 2.75%). £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 forecast across different service areas and includes how much of the forecast is attributed to COVID-19 expenditure.. Table 2 sets out use of one-off funds and reserves.

Table 1A: Directorate Forecast (£k)

Original Budget	Virements	Revised Budget	Service unit	Forecast Variance from Budget (before Reserves)	Reserves usage	Variance after Reserves	Change in Variance from Oct '20	How much of variance owed to Covid-19
4,526	369	4,896	Children in Need	739	(701)	38	(4)	23
25,605	595	26,200	Corporate Parenting (including Adoption Team and LAC & LCS services)	7,422	(3,869)	3,553	498	1,343
3,860	34	3,894	Disabled Children Service	631	(476)	155	30	186
284	13	297	City & Hackney Children's Safeguarding Board	20	(20)	-	-	-
2,936	118	3,054	Safeguarding & Learning Services	(104)	-	(104)	(22)	10
-	-	-	Contextual Safeguarding	79	(79)	-	-	-
4,575	261	4,836	Access & Assessment Team	461	(600)	(139)	(93)	4
1,984	16	2,000	No Recourse to Public Funds Team	26	(66)	(40)	(75)	28
1,736	131	1,867	Clinical Services	(32)	-	(32)	(21)	-
1,696	(279)	1,417	Parenting Support Services	(12)	-	(12)	15	1
-	-	-	Tackling Troubled Families	224	(224)	-	-	42
1,430	70	1,500	Youth Justice	6	(38)	(32)	(1)	-
703	29	732	Family Learning Intervention Programme	(9)	-	(9)	(46)	37
-	-	-	Teaching Partnership	126	(126)	-	-	-

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-	-	-	Controlling Migration Fund	-	-	-	-	-
-	-	-	National Assessment & Accreditation Scheme	35	(35)	-	-	-
49,336	1,356	50,692	Children's Social Care subtotal	9,613	(6,234)	3,378	281	1,674
892	41	933	Children's Commissioning & Business Support Team	26	-	26	(6)	-
1,701	(221)	1,481	Directorate Management Team	1,066	(712)	354	58	276
7,602	232	7,834	Young Hackney	(24)	(128)	(152)	(106)	141
531	36	567	Domestic Abuse Intervention Service	38	-	38	25	44
60,062	1,445	61,507	Total Children & Families Service	10,719	(7,075)	3,644	252	2,135

Table 2: Reserve and Grant Usage (£k)

Reserve Name	Nov20 Forecast	Oct20 Forecast	Variance	Comment
CS Commissioning Activity Reserve	(3,269)	(3,269)	-	Reserve applied to offset pressures across Corporate Parenting placement budgets.
Delayed Budget growth for CP placements	(600)	(600)	-	
Children's Restructuring Reserve	(1,600)	(1,600)	-	Additional Ofsted work - post visit
FLIP	-	(0)	-	Family Learning Intervention Project
CIN - Section 17	(300)	(300)	-	F0050 - Section 17 and LAC incidental
Disabled Children Services	(476)	(476)	-	Applied to homecare and other commissioning costs
National Assessment and Accreditation System (NAAS)	(35)	(35)	-	Enhance practitioner knowledge and skills to create a national benchmark in relation to post-qualifying standards
Contextual Safeguarding Grant	(79)	(69)	(10)	
Teaching Partnership Grant	(126)	(120)	(6)	Social Work Teaching Partnership
MHCLG - Tackling Troubled Families grant	(224)	(216)	(8)	Includes 2.5 FTE posts in FISS and 5 FTE posts in DAIS
HO - Trusted Relationship grant	(128)	(116)	(12)	
DWP - Parental Conflict Grant	(20)	(31)	11	Training and Room hire
Safe and Together	(17)	(17)	-	
Housing, Legal and Immigration Officer Costs [NRPF]	(66)	(77)	11	
Corporate reserves	(135)	(75)	(60)	£98k Redundancy; £36k Early Help Review
Children's Services Total	(7,075)	(7,002)	(73)	

Main variances against budget

Corporate Parenting is forecast to overspend by £3.6m (includes £1.34m of COVID-19 expenditure) after the use of £3.9m of commissioning reserves. This position also includes 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. The overall position for Corporate Parenting has increased by £0.5m since October and is largely due to increased placements costs linked to COVID-19.

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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).

Directorate Management Team is forecast to overspend by £354k 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. £276k of staffing pressure in relation to COVID-19 is forecast in this area, and this includes an estimate of additional staffing relating to delays in closing cases during this period.

Disabled Children's Service is forecast to overspend by £155k after the use of £476k of reserves. Staffing is projecting an overspend of £160k due to additional staff brought in to address increased demand in the service. This is offset by £215k of additional Social Care Grant funding. Commissioning is projecting a £625k overspend attributed to care packages (£292k Home Care, £353k Direct Payments, Short Breaks and other commissioning £-20k). Other operating costs pressures come to £60k.

Access and Assessment is forecasted to underspend by £139k after the use of reserves which relates to staff vacancies in the team, delays in recruitment and the emergency duty team demand being projected to be lower than anticipated for the year. There are significant levels of non-recurrent funding in the service including £564k of reserve funding to provide additional capacity following the Ofsted inspection.

Safeguarding and Learning Service is forecast to underspend by £104k. Staffing is underspend by £118k, which is due to some vacancies in the team and delays in recruitment. Supplies and Services are also forecasted to underspend by £14k (mainly due to Security Services and Hire of Room / Halls not being incurred due to COVID-19).

Children In Need is forecasted to overspend by £38k after the use of reserves. There are 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 are in progress which should address the high numbers of agency staff currently in this service.

Management actions to reduce costs

The interim Director of Children's Services is working 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. Table 3 provides an overview of measures already in place.

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.

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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 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 further funds available to Children's Services this year, primarily through the Social Care Grant and significant drawdown from one-off reserves and grants, the service is forecasting an overspend of £3.6m, of which £2.1m is attributable to Covid-19.

The service is working with finance on a suite of actions to reduce the overspend position and 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.