

Report Title:	Children's Services 2022-23 Finance Report
Meeting for:	Children & Young People Scrutiny Commission
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Summary

- This report highlights the 2022-23 forecast outturn financial position for Children's Services at the mid-point in the year.
- 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 2022-23 (Period 6 - September 2022)



Children and Families Services (CFS) 2022-23

CFS are forecasting a £1.7m overspend as at the end of September 2022 after the application of reserves and after the inclusion of the Social Care Grant allocation. £12k of this is in relation to legacy cyber related activity in the service.

There is a gross budget pressure in staffing across Children and Families Services (CFS) of £1.6m. Following the Ofsted inspection in November 2019, £1.6m of non-recurrent funding was agreed for 2020/21 to increase staffing levels to manage demand alongside additional posts to respond to specific recommendations from the inspection. In 2021/22, this additional £1.6m of staffing resource was funded from the corresponding increase in the Social Care Grant allocation. This resource continues to be factored into the forecast, and proposals are being developed by the Group Director and Director to review the staffing structure across the service. The expectation is that the implementation of the new structure will take place from October 2023. A further Ofsted focused visit took place in September 2022, and focused on the 'front door' services, including decision-making and thresholds for referrals about children, child protection enquiries, decisions to step up or down from early help, and emergency action out of hours. The findings from the focused visit were positive, and recognised the strength of 'front door' services, the recent integration of early help services, and that senior leaders continue to make improvements to services in a challenging context.

The main areas of pressure for CFS continue to be on looked-after children (LAC) and leaving care (LC) placements costs. **Corporate Parenting** is forecast to overspend by £1.2m after the use of commissioning reserves, largely driven by a change in the profile of placements linked to the complexity of care for children and young people coming into the service. Similarly, **Looked After Children** and **Leaving Care Services** is expected to overspend by £0.1m after the use of reserves, and this relates to an increase in commissioning costs and some staffing costs pressures linked to additional posts and agency staff usage. This financial year we have seen a reduction in residential placements, however this month this has increased to 33 placements. We are expecting further reduction in young people stepping down from residential placements in the next six months.

Disabled Children's Services are forecast to overspend by £0.2m after the use of reserves. This is due to an increase in demand for placements in direct payments (including short breaks) due to higher usage amongst families to provide respite and prevent the need for further intervention.

The **Access and Assessment and Multi Agency Safeguarding Hub** have an overspend of £0.3m primarily related to increased staffing costs for maternity cover and agency premiums due to a significant proportion of social workers leaving the Council towards the end of the last financial year. The Workforce Development Board has a rolling Social Worker recruitment process which should address the agency premium costs, providing successful permanent appointment of candidates. The service is also considering initiatives to retain staff such as market supplements in hard to recruit areas of the service.

Children's Forecast - September 2022

Table 1: Summary Table - Children's Forecast (£'000)

Original Budget	Virement	Revised Budget	Service Area	Forecast Variance after reserves/ grants	Change in Variance from August 2022	Of variance - Cyber Amount
23,233	36	23,269	Corporate Parenting [Fostering, Placement and Permanency Team]	1,173	90	
7,257	97	7,354	Family Intervention Support Services [Children in Need, Parenting Support and NRPF]	58	(75)	
4,791	71	4,862	Access & Assessment and Multi Agency Safeguarding Hub	320	196	
4,727	101	4,827	Looked After Children and Leaving Care Services	123	(58)	
5,485	39	5,525	Disabled Children Services	155	(1)	
2,772	42	2,815	Safeguarding and Learning Service	115	6	
1,639	28	1,667	Clinical Services	(225)	12	
712	11	723	Family Learning Intervention Programme	(98)	(99)	
285	4	290	City & Hackney Safeguarding Children's Partnership	-	-	
-	-	-	Teaching Partnership	-	-	
-	-	-	Contextual Safeguarding	-	-	
50,901	429	51,330	Children's Social Care subtotal	1,621	70	-
7,429	92	7,521	Young Hackney	13	(28)	
1,770	(84)	1,686	Directorate Management Team	(23)	15	
1,496	27	1,523	Youth Justice	(112)	7	
967	15	982	Children's Commissioning & Business Support Team	50	-	8
593	13	606	Domestic Abuse Intervention Service	53	(4)	
483	37	520	Supporting Families & Early Help Family Support	50	11	4
63,640	529	64,169	Children's Services Total	1,653	72	12

Corporate Parenting - Corporate Parenting remains the area of the service with the most significant demand pressures. The overspend for the service in 2021-22 was £2.1m after the application of reserves. The predicted position for 2022-23 is a £1.2m overspend after the use of reserves, and this has reduced from last year due to a combination of additional corporate growth in the budget and the allocation of increased Social Care Grant that was allocated to the local authority in 2022-23.

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 in-house fostering placements. The tables in the next part of the report provide a more in-depth breakdown by placement type, including budget and cost along with client numbers:

Table 1: Breakdown by placement type (gross expenditure) - Looked after Children (September 2022)

Looked After Children (LAC)						No. of Placements
Description	Budget £ 000	Forecast £ 000	Variance £ 000	Movement £ 000	Δ %	September
Residential Care	6,132	9,254	3,123	259	3% ▲	33
Secure Accommodation (Welfare)	-	98	98	-	-	-
Semi-Independent (Under 18)	1,570	3,094	1,524	-75	2% ▼	35
Independent Foster Agency Carers	7,688	6,928	-760	-114	2% ▼	119
In-House Fostering	2,400	2,661	261	90	4% ▲	100
Family & Friends	869	896	27	-44	5% ▼	62
Residential Family Centre (P&Child)	300	675	375	112	20% ▲	7
Other Local Authorities	-	124	124	5	4% ▲	3
LAC Total	18,958	23,728	4,770	233	1% ▲	359

Table 2: Breakdown by placement type (gross expenditure) - Leaving Care (September 2022)

Leaving Care (LC)						No. of Placements
Description	Budget £ 000	Forecast £ 000	Variance £ 000	Movement £ 000	Δ %	September
Semi-independent (18+)	1,343	1,950	607	-70	4% ▼	87
Overstayers	290	-	-290	-	-	-
Staying Put	500	819	319	-45	5% ▼	44
Supported Lodging	-	89	89	-1	1% ▼	6
Extended Fostering	-	13	13	11	579% ▲	1
Other SS (YP's Sup Accom Pathway)	-	1,257	1,257	4		-
LC Total	2,133	4,127	1,995	-100	2% ▼	138

Table 3: Breakdown by placement type (gross expenditure) - UASC (September 2022)

UASC / Former UASC						No. of Placements
Description	Budget £ 000	Forecast £ 000	Variance £ 000	Movement £ 000	Δ %	September
UASC	310	986	676	69	8% ▲	27
Former UASC	390	1,318	928	-76	5% ▼	72
Total	700	2,304	1,604	-7	0% ▼	99

Savings/Vacancy Factor

Savings for Children's Services include:

- £200k for Clinical Services from increased contributions from NEL CCG towards health costs within the service;
- £100k from joint funding towards complex health and social care packages; and
- a review of early help services designed to reduce costs by £350k this year. The saving for early help services of £350k will not be achieved fully this year and mitigating non-recurrent funds have been identified.

A vacancy rate savings target of £0.9m has been set for the Children and Families Service and the forecast assumes that this will be achieved or mitigated. Progress against the target is carefully monitored and tracked by the C&E Senior Management Team and this will continue to be monitored closely and reported through this year.

Management Actions to reduce the overspend

In addition to budgeted savings further cost reduction measures have been developed for 2022/23 to seek to reduce the overspend in the service. Management actions of £1.5m have been identified and these are factored into the forecast when they have been delivered.

	Initiative	Description	Target
1	Reduction of residential placements	As part of the forensic analysis of residential placements, the service is targeting a reduction of five residential placements (costing on average £200k per annum, per placement). This is being monitored through the Corporate Parenting budget review meetings. To date circa £750k of cost avoidance has been achieved, the target is on track to be met this financial year.	£1m
2	Operations: Implementation of an overall panel process and forensic review of the Top 20 high cost placements.	Bringing together multiple panel processes into one process, enabling closer financial oversight and strategic oversight across all operational services. The £300k cost reduction will be achieved by reviewing the top 20 high cost placements and seeking a 5% reduction in costs through analysis of care package support and through targeted negotiations with care providers. Cost avoidance of £31k per week is being achieved after a review of 5 high cost placements, the target is on track to be exceeded this financial year.	£300K
3	Review Agency Spend & implement a new process for sign off for new agency staff	Reviewing spend on agency staff will enable us to make savings/reduce overspend. Regular reporting and scrutiny through the Workforce Development Board for sign-off for new agency staff will enable the directorate to closely monitor the use of agency staff and related expenditure. The London Pledge which is a shared agreement of London Boroughs for agency children's social workers may also have an impact in this area in 2022/23. This target is on track to be delivered.	£100K
4	Placement Management Business Support Improvement	The cost reductions realised from the Leaving Care Welfare/ Benefits Officer post will achieve in the region of £130k-£230k, by increasing the number of young people claiming housing benefit post 18 from 50% to between 70%-80%. The £100k target has already been exceeded, with the potential to deliver £330k this financial year.	£100K

Conclusion

Despite significant further funds made available to Children's Services this year, primarily through the Social Care Grant, additional corporate growth and drawdown from one-off reserves/grants, the service is forecast to overspend by £1.7m. The service has worked in collaboration with finance to develop a set of management actions for 2022-23 to reduce the overspend position and the reliance on non-recurrent 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.