

Children's Services Budget Update - January 2015

1. Introduction and Background

- 1.1 Children's Social Care has experienced cost pressures for several years. These have been ameliorated within the overall budget for the Children's Services Directorates until now, so that each year Children's Services Directorate has been able to present a balanced budget. Children's Services have identified the risk of the impact of demographic pressure on the Children's Social Care budget and the problem that would arise when Children's Services reserves ran out through financial monitoring reports and in reports to CMT.
- 1.2 Monthly financial monitoring this year has demonstrated that the Social Care budget pressure cannot be contained within the overall Children's Services budget, because reserves no longer exist to ameliorate the demand. Despite urgent action having been taken to reduce the level of spend, there remains a possible end of year overspend of £3m-£4m in Children's Services the end of the financial year. Children's Services will continue to work to reduce this level of spend.
- 1.3 In addition, a longer term transformation strategy is essential if Barking and Dagenham Council is going to be able to set a sustainable budget in future as demand increases and resources shrink. Children's Services cannot tackle this alone, so a Corporate approach is essential. This Appendix outlines work that has been undertaken for this longer term strategy.

2. Short-Term Financial Recovery Strategy

- 2.1 Children Service's undertook a review of all budgets in Autumn 2014 to identify any areas of inefficiency and cuts in provision that could be made in year to address the problem.
- 2.2 The following immediate actions were identified to reduce the projected Children's Service overspend:

£50,000 Freeze Family Support Worker post
£20,000 Freeze SEN strategic post
£50,000 Catering income
£60,000 Freeze Educational Psychologist vacancy
£340,000 Freeze early years and school improvement vacancies
£200,000 reductions in Agency forecast
£150,000 reductions in Legal forecast
£250,000 Claim health contribution to complex placements
£1,120,000 TOTAL

The majority of these savings have been implemented.

The reductions in legal and agency forecast have involved detailed analysis of all lines of expenditure. This work is ongoing. Health contributions to complex placements have been forensically analysed and to date £224,537 have been identified and will be recouped this financial year.

- 2.3 A spending freeze is in place across the Council, so that only essential spend is agreed. This includes all spend being authorised at Divisional Director level and all placements at Corporate Director level. In Children's Services this has included a moratorium on attending courses, buying stationery, telephone usage and all non-sponsored celebratory events. We have also driven down all non-statutory care and travel costs. The impact of this will be seen over the next few months.
- 2.4 A recruitment manager has been appointed to increase the numbers of permanent staff and reduce agency staff numbers and costs in Assessment and care management teams. A rolling advert and recruitment fairs are now in place. Work has been undertaken with Housing to put together an attractive key worker package to attract applicants. Our recruitment website is now established:
<https://www.lbbd.gov.uk/residents/children-young-people-and-families/childrens-services-jobs/introduction-from-the-director/>
- 2.5 Since October 4 agency staff have converted to permanent, 30 new applications for posts have been received and 9 members of permanent staff have been appointed. We also have 8 Assisted and Supported First Year in Employment Social Workers (who started in September) . 23 agency members of staff have expressed an initial interest in the new package, these are being followed up in January. Each permanent member of staff will reduce costs by around £10,000 - £20,000 per annum (agency fees). Additionally, agency Independent Reviewing Officers were not employed during the Christmas/New Year period, to reduce costs.
- 2.6 Additional legal counsel for court cases can only be approved at Divisional Director level. New processes are in place to ensure that additional costs are not incurred because of delays in preparing paperwork or assessments. New legal planning processes have been established so that court work is prepared in advance and court time and costs are not wasted. The number of cases in court has reduced significantly (from 79 in August to 65 in December) which will bring down costs.
- 2.7 All NRPF placements have been reviewed to check minimum expenditure within court guidelines. Increased checks for validation of situation are in place. Work is being undertaken with Housing to find cheaper accommodation alternatives. In addition stronger links are being established with UK Border Agency to speed up benefits processing and deportation decisions.
- 2.8 A review of all placements, with the support of the Elevate Procurement Team, is underway to challenge providers to reduce their costs. We are aiming for a 1% reduction which would be equivalent to £170,000 over a full year.
- 2.9 The projected overspend for Children's Social Care and Complex Needs was reported as £5,466,000 in September. Significant action has been taken to reduce this to £4,681,000. Children's services reserves and other savings will bring the deficit across Children's Services down to no more than £3,751,000 (from £4,652,000) .As we implement more of the savings this deficit continues to reduce. For example, in December a cull of phones will produce further savings from January onwards.

3. Medium and Longer Term Transformation

3.1 Whilst immediate short term action was essential it was also necessary to take action to manage demand. Despite the adjustments in next year's Medium Term Financial Plan, it will be difficult to address increasing demand as the child populations grows and changes and meet planned budget reductions across Children's Services to deliver a balanced budget, from 2015 onwards.

3.2 To address this Children's Services have put together a Financial Efficiency Programme to support transformation across prevention, early intervention and social care. A Council wide financial efficiency board is developing this work. External challenge and support was engaged to review our plans. Our external partners have included:

- Local Government Association (LGA) – leading on demand management project across three Boroughs (Havering, Newham and ourselves). Work not yet completed.
- iMPower partnership - who reviewed short term projects and current financial and social care approaches, undertook a workflow review and led prioritisation workshops.
- Isos Partnership - who reviewed NRPF, Contact Arrangements and value for money for Early Help. Nicky Pace (consultant) – who reviewed the current work to identify financial efficiency, with a particular emphasis on No Recourse to Public Funds (building on the Isos work) and legal systems.

4. External Service Review Findings

4.1 The reports agree that the right areas are being tackled but recommend three major transformation aspects.

A). Expand and target early help work – with a particular emphasis on reaching those families that currently by-pass early help, including better use of Troubled Families, domestic violence and substance misuse team.

This reflects the approach already suggested by Children's Services in the proposed CHS/SAV/34 proposal where Troubled Families resources are used to target CiN cases, thereby reducing demand on social care. This approach could be extended to other early intervention services.

B). Improving the Child's Journey - Rapid staff turnover has meant less collective understanding of our systems so that not all work is of consistent quality. Flow through for children is restricted. Between October 2013 and November 2014 – 2,351 contacts were made to social care and only 572 cases were closed.

Strong management of the refreshed systems will secure this improvement. We will also review whether our social care IT systems remain efficient and fit for purpose. Reducing system inefficiency, with growing demand requiring more staff, also requires stronger management control.

The Team Manager Social Workers ratios recommended for Social Care Teams of 1:6 (as agreed in the structure proposed December 2012) has now been implemented, and we are close to the goal of caseloads no higher than 20 children

(12 families). We now need to establish permanent staff to fill these crucial positions.

A further essential element of improving the Child's Journey will be reducing staff turnover.

C). Developing the workforce - The current high level of agency staff is impacting on cost and efficiency.

We have begun to recruit and train our own staff and have set up a number of positive initiatives, such as the AYSE programme and step up to social work conversion course.

We now have a recruitment website and materials which can be drawn on by the whole Council, and specific pages for social work. There is a very attractive housing offer in place, which can be used for any key workers in the Borough.

To cope with the additional short-term demand we have invested in additional recruitment staff.

5. Next Steps

5.1 It is intended to report to Cabinet on the next steps outlined in the iMPower Report in April 2015.

5.2 Actions in the run up to the next financial year should also include:

- Agree corporately the ambition for services for children in Barking and Dagenham, build the narrative.
- Identify the capacity and capability required to support the achievement of that vision.
- Continue to support the improvement activity already underway
- Undertake the short term recommendations including the audit of CP and CiN cases, action on thresholds and beginning to shift cases to be worked within Early Help
- Refine the Financial Efficiency Programme to ensure it includes actions to deliver ambition, including ensuring the right capacity and skills are in place to deliver, and the programme is supported by the right governance.
- Engage staff on the transformation agenda, including identification of their roles within the programme.
- Establish the roadmap for the transformation of services for children, in conjunction with the wider Council and partners.
- Develop the mechanisms by which the service/ programme is able to evidence progress and impact.

5.3 An end of year financial report from Children's Services, addressing progress made on each of the 14 areas previously identified for cost reduction, shall be presented to the Children's Services Select Committee (CSSC).

5.4 Each of the 3 externally prioritised opportunities should be the focus of a costed project plan, shared with the cross department financial efficiency task and finish group, and presented to CSCC or PAASC.

- 5.5 Following discussion at CMT, where it became apparent that current Information Systems may not be fit for the purposes of the Care Act, or the new Education, Health and Care requirements, a review of ICS systems needs to be undertaken to consider whether the Northgate system and associated technology remain fit for purpose. This should form part of the end of contract review processes (Contract ends 2017)
- 5.6 As very few Independent Reviewing Officers have even applied for posts, the Divisional Director for Safeguarding and Commissioning should work with the additional financial support to present a business case for increasing salaries so as to attract good candidates. Although this would increase base budget costs it would be cheaper than paying the agency costs currently required. The decision to implement the Business Case shall be taken by the Corporate Director of Children's Services, in consultation with the Chief Finance Officer, appropriate Cabinet Members and the Chief Executive.
- 5.7 The additional support in Finance should work with the Divisional Director of Social Care to develop a costed financial model for Children's Services budgets showing the pathways to transform social care and manage demand, based on these recommendations. This should be used for assuring budgets and spend are appropriate in future years. This would mean a re-alignment of finance to reflect efficiently managed demand - for example, addressing the gap between the current budget and need for NRPF. As part of this modelling, Invest to Save options contained in the reports to be given consideration.

Supporting Papers

- iMPower (2014) Addressing the Financial Challenge in LBBD: Children's Services;
- ISOS (2014) Exploring Options to Increase Value for Money in Barking and Dagenham's Children's Services;
- Nicky Pace (2014) Report on Budget Pressures: Barking and Dagenham.