Title: Addressing Financial Pressures in Children’s Services

Report of Corporate Director of Children Services

Open Report For Information

Wards Affected: All Key Decision: No

Report Author: Helen Jenner Contact Details:

Accountable Divisional Director: N/A

Accountable Director: Helen Jenner

Summary:

This report follows an update from the January meeting when a progress report was presented regarding the Children Services overspend at that time. It addresses actions taken in response to the issues raised through the Peer Review in July 2014 and in responses to a predicted budget overspend in August 2014, of £4,652,000.

Recommendation(s):

PAASC is asked to note this report.

It is recommended that a further report be presented to PAASC in four months time to outline progress to implement the recommendations from the external reviews, and to provide detailed analysis of the financial progress in Q1 against the 2015/6 budget.

Reason(s)

Children’s Services need to undertake rapid and transformational change if they are to contain the current rapid demographic change and child population growth. The Peer review emphasised that there was a need for greater Corporate ownership of this challenging agenda.

1. Introduction and Background

1.1 The Peer Review (Appendix 1 - Summary slides) clarified that the culture of improvement in social care was strong, but that the culture of financial responsibility was less so. In essence, the review made 6 recommendations.

1. Reform Services
2. Scale back demand
3. Improve culture of financial responsibility
4. Tackle the level of pressure in the system so that leaders have capacity to be forward looking
5. Bring in external support to help with this
6. Ensure Corporate ownership of the significant pressures the service faces.

1.2 In August 2014 it was clear that Children’s Services potential end of year overspend appeared to be increasing dramatically each month. Urgent action was required to stop it from continuing to spiral upwards.

2. Proposal and Issues

2.1 Actions to reform services

The appointment of a new and experienced Divisional Director for Social Care last February was essential to bring the level of leadership necessary for the task. There is much to be done to improve the quality of service particularly in the light of unprecedented growth in demand and serious financial constraint. In addition the senior management team has required changes to give the capacity for this agenda.

Work has been undertaken on systems to help manage the huge demand and to ensure cases are followed through. There has been a need to address quality, consistency and compliance.

The change to Oracle R12 has been important for supporting managers in understanding their financial responsibilities. In the short term there were difficulties at the change over across the Council, but the easier routes to management information are helpful in training business managers and senior leaders to take stronger financial ownership and to see the need for system change.

Recruitment continues to be a major challenge. We are currently operating with more case holding agency staff than permanent staff. Despite significant recruitment campaigns we have not been able to attract as many permanent staff as we would like. Numbers leaving have, however, slowed – between April and June 12 social workers left, since September only 5 have left. We are also seeing a slowing in the rate of churn for agency staff.

Although financially this does not reduce the burden it is meaning that more children are being properly supported and are progressing through the social care system, reducing the risk of cases being poorly managed and therefore costing more in the long term.

Despite a commitment to maximum caseloads of 20 this has not been delivered, which may be contributing to unwillingness to hold permanent posts. To achieve a caseload of 1:20, with current case numbers, we would need to recruit, on top of the current establishment, a further 8 social workers, with supervision and team management in our Care Management Teams. This would be an additional cost pressure of around £400,000.

The improvements to our recruitment processes and website have brought more interest in applying to the Borough (see Table). Unfortunately, of the 56 applications received since October only eight have been of sufficient calibre to appoint. To tackle this we need to look to “grow your own” schemes, but this will not reduce costs short term.
<table>
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<th>Month</th>
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1.3 Actions to scale back demand

This is an increasing challenge as the child population continues to increase. For example, the number of children going into secondary school next year increased by 7% in Barking and Dagenham, compared with 3.5% across London. The number of 5-10 year olds in the Borough increased by 27% in the last 4 years, a higher increase than any other Borough.

Children’s Services have put in place actions to scale back demand. The Multi-Agency Safeguarding Hub is now firmly in place, and this is ensuring that cases that do not meet the threshold for social care are managed at an early intervention level. In the first 6 months of the MASH 736 cases were processed and 174 were able to be redirected to Tier 2 (early intervention) services – this will have saved a minimum of £147,900 (based on an estimated cost of a full assessment being around £850). Despite this impact the number of referrals to social care is expected to be around 3600 for 2014/15, compared with 1812 in 2011/12. Thresholds have not changed and are still considered by OFSTED (2014 report) to be quite high.

Figure 1 – Referrals into social care – impact of embedding MASH.

The Troubled Families team have worked hard to prevent families from reaching care thresholds. Our team have been one of the most effective in London and “turn around” figures are currently at 97.5%, well on track for our end of year target of 100%. These are 645 families that may otherwise have entered the social care system in the last two years.
Had these families entered social care this could have led to further demand, equivalent to around 15-20 social workers. We need to maintain this level of prevention and to start to impact on Children in Need numbers.

We have improved our step down out of social care system, which has led to an increase in the numbers of children being moved out of the system. (See Figure 2)

Figure 2: Increased numbers of children are being stepped down out of social care.

We have worked hard to reduce the number of children in care. This year has also seen a significant increase in the number of children adopted (33 compared to 17 the year before) which significantly reduces cost (although it is very difficult to calculate actual savings because each case is difficult we believe this would be, on average, a minimum of £10,000 saving per year for each child adopted – ie around £330,000).

We had managed to reduce numbers in care to a low of just over 420, (see Figure 3 below) but unfortunately this has begun to increase again. No child goes into care without the court having agreed that this is the appropriate action. The CIPFA benchmarking report (Appendix 2) and other comparator data suggests that our rate of Children in Care per 1000 population is slightly lower than might be expected, given our demographics.

Figure 3 Numbers of Children in Care
We benchmark children in care costs and are careful to use our own foster carers whenever possible, reducing the cost of Independent Fostering Agencies. Figure 4, from the CIPFA 2014 Report, shows that our costs are below the average for the group. The group consists of the following Boroughs: Barking and Dagenham, Blackpool, Croydon, Enfield, Essex, Greenwich, Lewisham, Luton, Newham, Rotherham, Southwark, St Helens, Stoke-on-Trent, Thurrock, Tower Hamlets, Wakefield, Walsall.

Figure 4: Cost of Children in Care per week.

1.4 Improve the Culture of Financial Responsibility.

Group Managers are invited to weekly short briefings to look at financial pressure points. This has led to improved efficiency in areas such as spend on telephones, and care packages and ensuring the financial freeze is in place. For example, sponsors have been required for all celebration events, staff have only attended free training conferences, unless signed off by Divisional Directors, charges have been made for expertise offered outside the Borough.

Finance is a key item at fortnightly DMT meetings, with detailed consideration monthly. In addition, in Social Care, line by line consideration of budgets is undertaken monthly. A change in Social Care Group Managers has helped us move towards greater Senior Management oversight of budgets.

Further training for senior managers is still needed. Business Support Officers and Finance Officers are struggling to complete the work accurately and the high level of financial transactions, alongside their other work, is not sustainable long term. Business Support is being reorganised so that some officers will focus only on finance to improve accuracy and analysis in future. There is a need for additional posts, in the short term, to address this pressure.

The Finance Team have supported Children’s Social Care Officers to develop systems and structures that enable them to record and track spend more accurately, this should enable managers to identify any pressure points from the start of the financial year. Capability issues are being addressed.

In order to ameliorate the pressures identified in August by October potential in year savings have been identified. We have been able to reduce the projected overspend by
freezing vacancies, increasing income, reducing legal costs. We had hoped to reduce the overspend further by converting agency posts to permanent and increased recruitment. We are also still working with health to ensure their full contribution to the costs of placing children with medical needs in our schools. Unfortunately neither of these areas has had the financial impact we had hoped for in year.

As part of all appraisals this year every budget manager will have a specific financial target. Attendance on ORACLE training is being closely monitored. Benchmarking Reports are considered and debated at DMT.

Detailed work has been undertaken with Finance colleagues to ensure budgets are correctly aligned and set for 2015/16. Budget managers will be held to tight account for accounting accuracy and variation in trajectory.

1.5 Tackle the level of pressure in the system so that managers are able to be forward looking.

As part of the response to the peer review a number of short-term additional posts have been put in place.

1. A Group Manager to support and improve the front door into Social Care. This manager now has the oversight of the MASH and Assessment Teams. This post has enabled a much tighter control of thresholds and has ensured that the monthly contacts into social care (around 700 a month) do not progress to become referrals or assessments unnecessarily. A business case to request making this post permanent is being compiled.

2. An additional Recruitment Manager post is in place, and two administrative posts are supporting this work. Recruitment of qualified social workers is currently a major problem and our biggest financial challenge is to reduce the number of agency staff. Running on a fully permanent staff would reduce costs by £2-3,000,000.

3. An additional consultant has been engaged to put in place a systems handbook, essential to ensure compliance with social care procedures. This post will need to continue to address the extra pressures and systems required following on from the government response to the Jay and Casey reports. A business case to make this post permanent is being compiled.

4. A Senior Finance Officer in the Finance Team to support and develop sound financial systems across Children’s Social care to ensure improved future practice.

1.6 Bring in external expertise.

In addition to the actions above three external experts were brought in to look at particular aspects of financial risk. Their reports are attached:

Isos Partnership (Appendix 3) reviewed No recourse to Public Funds, Early Intervention and Contact Arrangements

iMPOWER (Appendix 4) reviewed the possible areas for short term savings, analysed current volumes of work in Children’s Services, identified opportunities for behavioural change and reviewed corporate financial planning to address the challenges of a rising population.
Nicky Pace (Appendix 5) reviewed the current costs and proposed areas for spending reduction, working alongside the Divisional Director for Social care, to ensure all areas of efficiency had been considered.

1.7 These projects have led to four key priorities for our work:

- Expanding and Targeting Early Help
- Improving the Child’s Journey
- Recruiting and Retaining the Workforce.
- Managing “No Recourse to Public Funds” demand

The Business Plan for Social Care addresses these projects and Programme Boards have been established, to see this work through.

Work so far has included:
- Establishing a savings target based on early help, through Troubled Families, reducing the number of Children in Need in the system.
- Setting in place practice guidance through the purchase of the Tri-ex system, so that there are clear expectations for all social workers.
- Improving systems monitoring so that managers have a clearer picture of any delays and gaps in work.
- Clarifying the role of Business Support Officers
- Improving the social care recruitment website.
- We have interviewed X potential social workers and have been able to appoint Y new staff. Managers have been advised not to appoint workers with insufficient skill to the Borough, all applicants have to complete literacy and numeracy tests as well as being interviewed.
- We have applied for, and been granted a further round of “Step Up to Social Work” training – which enables strong graduates to convert to social work whilst being financially supported. This is being advertised internally to the Council in the first instance.

1.8 Corporate Ownership

A Financial Efficiency Group, chaired jointly by the Director of Finance and the Director of Children’s Services has been established. Representatives from all Directorates attend this bi-monthly meeting.

Work has been jointly undertaken with Finance colleagues to develop a clearer strategy for projecting appropriate medium and longer term finance levels to meet the growing population. The current Medium Term Financial Plan has identified growth in 2015/16 of £3,000,000 for social care and safeguarding pressures and £1,250,000 for Children and Family Act Pressures. This will be sufficient only if the numbers of referrals and children in the system can be held at a steady rate, despite the population increase. This must be done without increasing the risk to children.

The longer term financial projection work will be completed as part of the Corporate Strategic Plan currently being developed by the Chief Executive.
The Dedicated Schools Grant is based on age weighted pupil units and has increased by an average of 3.7% each year, over the last 3 years. It may be possible to have a similar model for social care.

There are also additional pressures created in the system as OFSTED inspections demand more and additional responsibilities; as a consequence of the implications of the Jay and Casey reports such as an increased “wilful neglect” offence, improved support for sexual abuse survivors, increased scrutiny expectations for Local Safeguarding Children Boards and as improved services are expected for children with disabilities through the Children and Family Act (expanding responsibility from 4-19 to 0-25).

Children’s Social Care also have to take responsibility for finding savings to contribute to Corporate pressures. The four priorities in 1.7 will be expanded to detailed and costed programme plans to contribute to savings targets for 2015/16 and beyond.

3. Current financial position

Children’s Services

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Overall the service is forecasting a projected overspend of £3,947m. This projection takes into account the use of the children’s reserve of £1.500m and actions undertaken totalling £1.120m. This represents an increase of £78k from last month.

Pressures across Children’s Services continue to grow so that less will be available to ameliorate the social care overspend, and grant income has also reduced. Cabinet has been updated in October and a further update in January setting out options for significantly reducing or eliminating the adverse budget position and quantifiable growth data, analysis and trends. The increase this month in the forecast relates to two key aspects:

- Increase in numbers of placements in the last month, in particular an additional 10 placements in internal fostering; the Council actively promotes internal fostering as a more cost effective solution in comparison to expensive agency placements;
- There is an increase of young people in the secure units which has resulted in additional costs in this area

There are further risks that may affect the outturn, including the costs of responding to increased awareness of Child Sexual Exploitation and the ongoing child population increases. The need to fund secure accommodation for youth offenders and to provide accommodation for those families with No Recourse to Public Funds continue to bring huge financial pressures.
The troubled families programme extends over several years. Phase one is due to end in May 2015 with phase two set to commence shortly. Grant funding is received from central government for the programme and should be rolled forward where necessary to meet the targets of the programme. Failure to roll forward this funding into future years would place the scheme and its targets at risk though this must be viewed in the context of the Council’s overall financial outturn before any decision is made.

4. **Financial Implications**  
Provided by Patricia Harvey, Head of Children’s Finance  
Patricia.harvey@lbbd.gov.uk  

The figures in this report have been agreed with the Children’s Finance Team.

Children’s Services have taken significant steps to address the financial pressures in service and to improve financial responsibility. There is still much work to be done, both to improve financial efficiency and to model forward planning in a very demanding demographic context.

As the report states Children’s Services budget is projected to over spend by around £4,000,000, and this figure includes having drawn down reserves of £1.5million.

5. **Legal Implications**  
Provided by Lucinda Bell, Education Lawyer  
Lucinda.bell@BDTLegal.org.uk  

The Committee is asked to note the contents of this report. There are no legal comments as no decision is to be taken.

**Public Background Papers Used in the Preparation of the Report:**

The Children and Family Act 2014  
Tacking Child Sexual Exploitation 2015

**List of appendices:**

Appendix 1 : Peer review feedback slides (Pages 71-74)  
Appendix 2 : CIPFA Looked After Children Benchmarking Report 2014 (Pages 75-125)  
Appendix 3 : Isos Report (Pages 127-144)  
Appendix 4 : iMPOWER Report (Pages 145-195)  
Appendix 5 : Nicky Pace Report (Pages 197-208)