

## Director of Children's Services - Budget Report

<b>Reason for Report</b>	Given the significant projected forecast overspend at quarter one for 2021/22 the Director of Children's Services was requested to set out in the Budget Monitoring Report the major budget variances within the service area and the actions being taken to bring the budget into balance.
<b>Summary of Issues and Actions Taken</b>	<p>The last year overspend for 2020/21 on children's services budget was £6.4 million. This budget is to a large extent demand-led and unpredictable. The budget for 2021/22 was increased by £6.9 million (excluding pay award) as some of the higher service costs were regarded as on-going with also some new resources provided for service improvements in both social care and education services.</p> <p>The forecast variance for the first quarter of 2021/22 is £9.6m. A children's services budget recovery meeting is taking place fortnightly supported by senior officers and Cabinet members to explore issues in greater detail and monitor progress against an action plan.</p> <p>The main variances are commented on below.</p> <p><b>Placement Cost of Children in Care - £4.3 million</b></p> <p>The projected overspend relates to increased demand for all placement types but in particular from the rising complexity of needs.</p> <p>The 2021/22 budget has allowed for £3.3 million of growth for cost of care with the projection at the end of June an overspend of £4.3 million.</p> <p>The forecast position does include assumptions relating to end dates of certain placements, if for any reason the placements need to be extended this will impact on the overspend projection.</p> <p>A review of all high-cost placements has taken place to understand the reasons for growth and work is in progress to establish if options are available to reduce costs (such as greater contributions from partners). Historically funding towards high needs placements very much falls to the local authority. Additionally, we are undertaking a forensic review of the top fifteen high-cost placements. The objective is to assess these against a high-cost calculator built around the continuing care framework, to ascertain what a fair apportionment of funding would be across Education, Health and Social Care.</p> <p>The service is considering how the commissioning approach could be adapted to drive down costs. Nationally, alternative models of delivery have been explored and tried. At different times, some services have been externalised and specialist agencies have been approached to run services such as child protection.</p> <p>Other alternatives tried including the contracting out of whole services like fostering services. Two trends have emerged over time.</p> <p>Firstly, it has not been possible to develop new providers and markets to run statutory services. They are all back with local authorities apart from a few in which government intervention has led to the creation of local authority companies. This has been more expensive development.</p> <p>Secondly, agencies like the NSPCC or Barnardo's have concluded they can make a small contribution to service delivery but none of their strategic plans show a broader ambition to become involved.</p> <p>At the same time, the market has taken advantage of resource shortfalls in areas like the placement of children with complex needs and challenging behaviour.</p>

	<p>A small number of independent fostering agencies (IFAs), six in all, control almost 50% of the independent sector market. They will be aware that local authorities often have few, if any, alternatives when it comes to placing a particular child or young person as this often needs to be done quickly.</p> <p>So, whilst it is possible to develop alternative delivery models, caution is urged in linking these to major savings and changes of this nature where care costs could potentially be reduced will take time to deliver.</p> <p>Savings could be made by either cutting services or cutting the number of staff in a service. At this stage this is not recommended as the service needs to make significant improvements following inspection and the council's transformation project has only recently started and has not yet realised the opportunities for savings.</p> <p>In the same way, building flexible residential and supported housing provision, leveraging in private equity funding based on a guaranteed long-term rate of return to investors as the care business is an expanding business in an expanding sector.</p> <p>The council's role would be to make suitable land available for this purpose and to put development partnerships together.</p> <p>Experience has shown that small units for up to 3 or 4 of the most vulnerable and challenging children, young people and young adults, achieve the best outcomes and need the lowest staffing ratios.</p> <p>It may be possible to re-configure certain early help services and other preventatives services like the youth service into a more targeted and focused support service for the highest priority children and young people.</p> <p>However, sizeable savings were taken out of the Early Help service last year, so caution is needed before seeing such a re-configuration as releasing immediate savings. The right service model could prevent expensive care packages and placements as a child or young person gets older, but these are risky to quantify.</p> <p><b>Staffing Budgets - £5.0 million</b></p> <p>The other major in-year budget pressure is on staffing. This reflects just above the regional average use of social worker agency staff (21% compared to 17% in the South West in September 2020) and the continuing need for a small number of experienced interims from the previous financial year to maintain work on the improvement journey. Exit strategies are in place as we gain traction on the crucial work to improve service.</p> <p>Also included in the overspend is the cost of commissioned teams to work on the assessment of cases to manage the significant additional demand into service which is being experienced across the country and for us unprecedented.</p> <p>Included in the forecast is an assumption that the number of social worker agency staff will reduce from October onwards. The reduction in social worker agency staff is linked with the number of new additional supported year of employment (ASYE) placements coming into the service and the impact of these staff qualifying and being able to take higher caseloads.</p>
<p><b>Next Steps</b></p>	<p>The LGA will be carrying out a base budget analysis in September to identify what the new normal looks like for BCP children's services, including benchmarking spend in BCP against five local authorities judged by Ofsted to be good and 5 judged to be outstanding. This will help with understanding the base budget requirement to achieve and sustain improvement and help identify further savings opportunities.</p>

	<p>The third party spend project as part of the transformation programme will build on the work of the LGA with the aim also of identifying potential savings and this is due to report during the third quarter.</p> <p>The first recommendation is a residential strategy to build more suitable residential care and supported housing provision, built and run by service partners who are contracted in. Specific actions for the service are:</p> <ul style="list-style-type: none"> <li>• continue to identify suitable properties owned by BCP for conversion to children's homes and/or properties available in the market for purchase</li> <li>• produce draft business case in parallel with obtaining any quotations for works and/or purchase</li> <li>• produce DfE bid for matched funding for a 2-bedroom flat or small bungalow as a start</li> <li>• identify potential partners for managing homes</li> </ul> <p>The second one is to expand the development of the Partnership Academy to include a recruitment agency that will source experience social workers. This model once established can be scaled up to enter the market as a provider.</p> <p>Both strategy options are transformation options and will inevitably take 1+ years to bring about. In the meantime, good housekeeping is crucial, with enough management grip to reduce or cut spend where it is not needed without sacrificing the ability to manage the work coming in and without undermining the improvement imperative.</p> <p>The Council is also awaiting formal confirmation of DfE bid award which will be awarded over two years.</p>
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