

CHILDREN'S SERVICES – IN-YEAR BUDGET BRIEFING

Report of the Chief Officer for Children's Services

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendation:

Scrutiny to note the pressures in Children's Services, consider the actions proposed, or in place, to reduce pressures and determine what, if any, recommendations to make as part of the budget setting process

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#### 1. **Background/Introduction**

Devon County Council has a thorough, fair and transparent approach to financial planning and budget setting. The context however is challenging. Need and demand is expected to continue to grow and resource is expected to stay the same or reduce. The legal and regulatory frameworks that support the delivery of Children's Services constrain the discretion that councils can exercise in the management of the need/resource equation.

Scrutiny should note that the Local Government Association is currently projecting £2 billion pounds pressure nationally in Children's Services. The statutory roles of Lead Member and Director of Children's Services are intended to ensure a Council is fully sighted on the impact of its decision-making for the most vulnerable children and young people in the country.

This report updates Overview and Scrutiny on the pressures in the service and the progress made in managing down the pressures.

*NB this report deals only with services that fall under Devon County Council's core budget. It therefore does not include any commentary in relation to the Dedicated Schools Grant (DSG) and in particular the High Needs Block of the DSG.*

#### 2. **Main Text/Proposal**

2.1 In preparing this report I reviewed the report prepared last year for Children's Services Overview Group. With the exception of the Disabled Children's Service (discussed later in this report), we are grappling with the same areas of pressure this year, as last. I set out below an extract from Month Four Cabinet Report, September 2017. I have inserted (*in italic*) the figures reported for Month Four in 2016/17

“Children’s Services are showing a forecast overspend of £1.643 millions.

Children’s social care is forecasting an overspend of £699,000 (*£1.3 millions*). Placement costs are forecasting an overspend of £933,000 (*£1.8 millions*). The majority relates to an increased number of placements within the independent sector with new children entering placements and difficulty in securing “step down” from independent residential care due to lack of alternative placement availability.

Disabled children’s services are also looking at an overspend of £716,000 around Children in Need short breaks. A project is underway to review the Disabled Children’s Service with the overarching objective to modernise the ways in which disabled children’s needs are met within a consistent operating model for delivering services which is both financially sustainable and which achieves the best possible outcomes for children with disabilities and their families.

These overspends within Children’s Social Care have been partially offset by vacancy management, lower legal disbursement and other minor variations of £567,000 (*£500,000*). Other savings across the remaining budgets including Early Help and Supervised Contact services are also underspending by £383,000.

The non DSG element of Education and Learning is forecasting an overspend of £944,000 (*£721,000*). This relates mainly to personalised transport and the unplanned Special Educational Needs (SEN) contract cost increases together with SEN route increases due to continuing growth; specifically around exclusion and special school placement increases, totalling £1.062 millions. Further growth in these areas throughout the financial year is incorporated within this forecast (at 6.82%), which is in line with growth in SEN pupils within the High Needs block of the Dedicated Schools Grant (DSG). Since summer term 2015 the number of pupils being transported to special schools has increased by 278, or +27%. Home to College and Home to School transport are expected to show an underspend of £185,000 as a result of on-going route reviews.”

2.2 The Month Four position for 17/18 in Education and Learning is worse than in 16/17 for the reasons set out above; the (unconfirmed) forecast at Month Six has not changed significantly since Month Four.

For social care the comparisons between 16/17 and 17/18 look encouraging; however, the latest reporting period (Month Six) will show a significant deterioration, a forecast overspend of £1.9 millions (draft, to be confirmed) of which £1.75 millions (draft, to be confirmed) is attributable to placement costs for children in care.

In line with our strategy, the number of children in care has steadily declined. Our rate of children in care, 47 per 10,000 (49 last year) is lower than national and our statistical neighbours, but it remains higher than the County Councils rated ‘good’ by Ofsted (average 39 per 10,000). This is entirely in line with the progress of our improvement journey (see Performance Book). The problem we face is the national scarcity of placements, which has driven up unit cost and undermined our capacity to secure step down placements; for example for children in high cost residential into lower cost family placements. This is coupled with a more stringent regulatory framework making providers’ practice increasingly risk averse, which is also driving up cost.

2.3 It was agreed in September, in spite of our current overspend position, to commission some consultant capacity to explore the options we could pursue to bring costs down. There are essentially three options:

- Manage the market more effectively
- Construct an alternative to care for teenagers
- Open some in-house capacity

The options are not mutually exclusive, each has numerous sub-options and there is an enthusiasm to consider a wider peninsular solution. Options two and three will require some significant investment.

I am mindful that in 2014/15, the Council agreed to close its then residential capacity. Many Local Authorities are in the same position as Devon, with no in-house capacity, working actively with the market through commissioning relationships to ensure the needs of children are met and outcomes improve. The national increase in numbers of children in care, market failure and the impact of increased regulation could not have been predicted in 2014. The gradual reduction in numbers of children in care in Devon would tend to endorse the decision to close capacity in 2014/15. However, the context is dynamic and Local Authorities have to be nimble in their response to the shifting sands. Devon County Council should expect to keep the market conditions under fairly constant review and be prepared to flex in response. As we reported last year, 3 children in very high cost placement (£7.5k+ per week) will cost the Council in excess of £1 million pounds over the course of a year.

The Service is satisfied that all three options will need to be actively progressed.

2.4 The deteriorated position in Disabled Children's Service is attributable to changes in leadership, with incoming leaders needing time to get to grips with a complex area of service and financial responsibility. Since March 2017, we have seen personnel change in three layers of senior management. One of those, the introduction of Locality Directors was purposefully planned to drive some system change. Others reflect the exigencies of service delivery. The area manager responsible for disabled children left in the spring. The head of service, Mark Lines, took over from the interim in May and subsequently made the very difficult decision to leave early for family reasons; his replacement starts in December.

The new Locality Director with responsibility for Disabled Children's Service is re-establishing management grip on spend (the overspending has slowed down in Month Seven). A modernisation programme has been developed and is underway. Overview and Scrutiny will need to satisfy itself that the programme continues to improve outcomes for disabled children and to support disabled children and their families in a fair and transparent way. An Equalities Impact Assessment for the modernisation programme is in development.

2.5 The staffing budget is underspent. This is attributable to the national challenges of social worker recruitment exacerbated by factors in the South West, previously reported and discussed with Overview and Scrutiny. The Service is re-profiling the workforce to ensure that we remain fully compliant with our statutory responsibilities while making the best possible use of all the available resources. Caseloads are a very reasonable proxy for workforce

well-being. Data in the Performance Book shows a very encouraging picture for Exeter and Mid & East; a less favourable position in the North and a troubling picture in the South. Overview and Scrutiny has received a report on the Improvement Board North Overview. Resolution of the issues in the South is dependent upon the workforce review, now underway.

### 3. **Conclusion**

- 3.1 Support to the Service from colleagues in finance continues to be exemplary, but there remains much more to do to develop a financially literate, confident and competent cadre of managers in social care.
- 3.2 School transport and the rapid growth in demands reflects a national trend, that is particularly acute in rural county councils. Every effort is made by colleagues in transport to manage down costs but the budget is not yet set in line with the need. Government is clearly signalling that there will be no parliamentary time to review the statutory requirements that have barely changed since the 1940s.
- 3.2 The social care service can make savings through its modernisation of the Disabled Children's Services. The service response, post modernisation, will be more similar to other Local Authorities. The modernisation programme will need political support.
- 3.3 A more radical response is needed to respond the national placement sufficiency crisis. In Devon we are probably slightly ahead of the game and we have the opportunity to develop a peninsular response. Discussion with fellow Directors of Children's Services confirm that most are reviewing their balance of in-house and commissioned capacity.

Reason for accepting the recommendation (e.g. VfM, compliance with policy, cost, public interests, consultations or statutory obligations).

**Electoral Divisions:** All

Cabinet Member for Childrens Services and Schools: Councillor James McInnes

Chief Officer for Childrens Services: Jo Olsson

### **LOCAL GOVERNMENT ACT 1972: LIST OF BACKGROUND PAPERS**

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