

# North Somerset Council

## REPORT TO THE CHILDREN AND YOUNG PEOPLE'S SERVICES POLICY AND SCRUTINY PANEL

**DATE OF MEETING: 22nd FEBRUARY 2024**

**SUBJECT OF REPORT: 2023/24 MTFP PROGRESS AND 2024/25 MTFP AND DELIVERY PLAN**

**TOWN OR PARISH: ALL OFFICER/MEMBER PRESENTING: FINANCE BUSINESS PARTNER (CHILDREN'S SERVICES) AND DIRECTOR OF CHILDREN'S SERVICES**

**KEY DECISION: NO**

### RECOMMENDATIONS

i. That the Panel notes the progress against the 2023/24 Medium Term Financial Position (MTFP) savings targets and the savings targets built into the 2024/25 MTFP for children's services and the risks and opportunities associated with the medium-term position.

## 1. SUMMARY OF REPORT

1.1. This report summarises and discusses the in-year budget monitoring position for the Children's Services directorate highlighting key variances, movements and contextual information. The report also provides further information in respect of the delivery and progress against the savings targets for 2023/24.

1.2. The report also makes reference to the principles and outcomes associated with the setting of the 2024/25 budget and on-going financial risks.

## 2. POLICY

2.1. The council's budget monitoring is an integral feature of its overall financial processes, ensuring that resources are planned, aligned and managed effectively to achieve successful delivery of its aims and objectives. Revenue and capital budgets are set within the context of the council's medium term financial planning process, which supports the Corporate Plan.

## 3. DETAILS

### Revenue budget monitoring summary for 2023/24

#### 3.1. Revenue budget summary

The Children's Services directorate has a current budget of **£31.348m** to deliver a range of statutory and discretionary services to support children and young people across North Somerset.

Table 1 below provides a high-level summary of the different services and costs that will be incurred by the directorate and these have been separated into two main areas; those that focus on children's social care related activities, and those that support education and partnership activity.

The forecast out-turn position reported against the budget at the end of November 2023 (i.e. month 8) is £38.323m, which would result in an **overspend of £6.975m** at the end of the financial year.

Given the scale of the financial challenges being faced senior officers from across the directorate have focused a great deal of attention on all aspects of the budget, although clearly the greatest focus has been on those areas which are contributing towards the overspend so that the reasons can be properly understood and issues escalated so they can be integrated into the council's wider financial strategies. This report therefore provides more focus on those areas of the service and the budget that are reporting material variances.

Table 1 – Childrens Services forecast out-turn as at P8 2023/24

<b>CHILDRENS SERVICES REVENUE BUDGET SUMMARY, AS AT 30 NOVEMBER 2023 (MONTH 8)</b>	<b>REVISED BUDGET</b>	<b>FORECAST OF PROJECTED OUT-TURN</b>	<b>PROJECTED OUT-TURN VARIANCE</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Corporate Parenting	13,210,850	18,980,487	<b>5,769,636</b>
Front Door	583,258	659,604	<b>76,345</b>
Family Wellbeing	2,603,941	2,342,727	<b>(261,214)</b>
Children With Disabilities	2,199,946	3,266,461	<b>1,066,516</b>
Children With Disabilities Occ Therapy	229,689	182,582	<b>(47,107)</b>
Family Support and Safeguarding	3,481,811	4,223,227	<b>741,416</b>
Quality Assurance and Safeguarding	511,250	560,413	<b>49,164</b>
Adoption	576,268	474,937	<b>(101,331)</b>
Social Work Development	135,365	145,330	<b>9,965</b>
Contracts and Commissioning	614,433	658,471	<b>44,037</b>
Youth Justice Service	299,362	291,603	<b>(7,758)</b>
<b>Children's Support and Safeguarding Sub total</b>	<b>24,446,172</b>	<b>31,785,841</b>	<b>7,339,669</b>
Inclusion Service	448,741	452,602	<b>3,860</b>
SEND	1,541,761	1,605,462	<b>63,701</b>
Virtual School	83,997	86,693	<b>2,697</b>
Music Service and Education Hub	1,051	1,051	<b>(0)</b>
Learning and Achievement	889,499	859,247	<b>(30,252)</b>
Strategic Planning and Governance	640,410	674,344	<b>33,934</b>
Education Funding	1,332,231	1,319,343	<b>(12,888)</b>
<b>Education Partnerships Sub total</b>	<b>4,937,691</b>	<b>4,998,743</b>	<b>61,052</b>
Children's Services Directorate	1,102,191	924,738	<b>(177,453)</b>
Children's Support Services	861,891	613,422	<b>(248,469)</b>
<b>Children's Services Directorate Sub total</b>	<b>1,964,082</b>	<b>1,538,160</b>	<b>(425,922)</b>
<b>TOTAL - CHILDRENS SERVICES</b>	<b>31,347,945</b>	<b>38,322,744</b>	<b>6,974,799</b>

The table shows that there is currently projected to be a significant overspend on Children's Support and Safeguarding services of £7.34m which is an area of the budget that provides care and support to those children who need it, including children in care, children who receive support within the community and also who may be on the edge of care.

Analysis shows that the majority of the increase in costs during the current financial year has arisen within the **Placements budgets** because of increasing numbers of children in care, inflationary pressures faced by providers being passed on in fee rates and the increasing complexity in children's needs.

Another key area of overspending within the directorate budget is in relation to **staffing** and this is because the council has needed to appoint more agency workers because it has not been able to recruit to posts within the establishment structure. The council is not alone in this regard as there have been a well-documented national challenges in social work recruitment and retentions. The council, however does need to ensure there are sufficient numbers of staff to support our children, and the higher costs paid to the agency does put pressure on the revenue budget. The council has worked proactively with the HR recruitment team and launched a new website which will specifically promote these vacancies and increase recruitment in this area. A working group of the Scrutiny Panel has focused on social work recruitment and retention, the report received today will inform the development of a new recruitment and retention strategy which seeks to increase the permanent workforce and reduce spend on the agency workforce.

### 3.2. Medium term financial plan savings for 2023/24

The total amount of savings built into the 2023/24 budget was £0.764m. The savings are detailed in Table 2 below, along an indication of their delivery, demonstrating progress against achievement as at the end of December 2023:

The total deliverable savings currently identified is £0.533m, which is 70% of the total savings target. The main area of under delivery continues to be Childrens Centres and creation of Family Hubs which were due to deliver budget reductions of £0.150m by the end of the current financial year.

Table 2 – Monitoring of Childrens Services MTFP savings in 2023/24

Ref	Savings plans included within the 2023/24 revenue budget	Budget change £000	Budget forecast £000	RAG Rating
CH01	Efficiency savings or reductions in budgets in line with projected or historic spend or demand	-85	-85	G
CH03	Deletion of vacant post in Education Funding, Fostering Training, Strategy & Policy and Training Teams	-121	-121	G
CH12	Uplift to fees and charges	-13	-13	G
CH05	Increase in vacancy management target	-100	-100	G
CH02	Relocate FSS Team to alternative office accommodation	-20	-12	A
CH10	Review funding arrangements for staff costs in Youth Justice Service	-29	-15	A
CH04	Family Time Team	-60	0	R
CH06	Review of costs for children with complex care needs	-50	-50	G
CH08	Family Group Conferencing	-56	-42	A
CH09	0-2s discretionary funding	-80	-80	G
CH11	Children's Centres and creation of family hubs	-150	-15	R
	<b>Totals Children's Services budget reductions in 2023/24</b>	<b>-764</b>	<b>-533</b>	<b>70%</b>

### **3.3. Childrens centres and creation of family hubs**

Family Hubs bring together a range of services in one location so that families find it easier to get the support and advice they need, which will have a positive impact on outcomes for families. Services will vary, but at the heart of all family hubs are comprehensive multi-agency service offer for families with 0-2 year-olds but the service offer extends up to the age of 19 or to 25 years for those with special educational needs. Family hubs could also help families to access a wider range of support including youth services, support for physical and mental health as well as housing and debt advice. Family hubs are important because investing in families and making sure they get the support they need from birth to adulthood will help with children's educational attainment, well-being and life chances.

A steering group was set up in April 2023 to commence delivery of this project. Six sub-groups were set up to look at specific themes:

1. Buildings
  2. Digital
  3. Data
  4. Communications
  5. Workforce and
  6. Consultation
- These sub-groups have been meeting and gathering information to provide a robust rationale for identification of sites which would support the family hub vision to the steering group. There have been several barriers that have resulted in delays to date including access to information, the need for further work with partners who are also deliver services from some buildings and changes in leadership. There is work to do now to pick up the pace of this work to move to delivery of a new service model which will form the basis of consultation with community stakeholders and our employees. Work undertaken over the course of the year has highlighted that this is an exciting opportunity for families but a complex area that needs all aspects to be properly considered to ensure that the model will work for families and will be sustainable moving forward.

To fully realise the vision for family hubs, it is envisioned that further capital funding will be required and these will need to go through the council's usual governance processes at the appropriate stage. It is recognised that this may be a challenge given the council's current financial situation however it is anticipated that the new proposals will be supported by a business case to show that they are affordable and sustainable across the medium term.

Given the need for further engagement, delivery of the 2023/24 savings are not anticipated to be achieved until the new financial year.

### **3.4 National context for Children's Services**

Many local authorities have serious workforce shortages, with the highest levels of turnover since 2013, in the meantime demand for children's social care continues to increase. Many sectors are facing recruitment and retention issues and children's social care is no different. These resource challenges mean that councils are having to use increasing numbers of agency staff, driving higher costs. The shortage of residential placements in the sector is also exacerbating the problem. Recent trends have seen an increase in spend on acute services from by 43.2% from between 2009/10 and 2021/22 at the expense of universal and preventative services which fell by 73.4% over the same period (based on research by the Institute for Government).

Meanwhile demands on children’s services are increasing. Referrals have returned to pre-pandemic levels and the number of children in care continues to rise. In line with our adults counterparts, there is evidence that the children’s cases have become more complex. There is also further pressure on the system from record numbers of unaccompanied asylum-seeking children. The social care sector continues to lobby government for sufficient levels of funding and policy changes to tackle the problems it faces.

### 3.5 Local context for Children’s Services

In line with the national picture, North Somerset Council is seeing an increasing number of children with complex needs which results in higher costs, and this is clearly demonstrated in the tables and commentary below.

It should be noted that senior leaders within the directorate review all of the core data on a weekly basis and this information is fed into a series of panels so that it is possible to assess the broader impacts across the service and the council.

Weekly information is summarised into a monthly forecast and these totals are reported across the organisation through the budget monitoring framework and also the performance management framework as they will be used to collate a council-wide position and support strategic discussions focused on risk, resources and future planning.

Table 3 – Childrens Placements Costs By Type And Financial Year

	2020/21	2021/22	2022/23	2023/24 forecast	Change from 2020/21	Change from 2020/21
	£'000	£'000	£'000	£'000	£'000	
In-house	1,204	1,221	1,184	1,298	94	7.81%
IFA	2,198	1,841	1,859	2,853	655	29.80%
Residential	2,489	2,568	2,890	7,941	5,452	219.04%
Supported Living	2,116	526	1,051	585	-1,531	-72.35%
Other	1,670	1,924	2,681	2,758	1088	65.15%
<b>TOTAL</b>	<b>9,677</b>	<b>8,080</b>	<b>9,665</b>	<b>15,435</b>	<b>5,758</b>	<b>59.50%</b>
FTE	271.3	275.9	308.6	327.3	56	20.64%
Avg. cost per place	36	29	32	47	11	30.56%

IFA: Independent fostering agency

There is almost a 60% forecast increase in total costs when comparing the forecast for 2023/24 to the previous financial year with the biggest percentage and monetary increase being in residential placements.

There are several children currently in residential placements who are suitable to be stepped down into either in-house or independent fostering placements however, it is proving difficult to identify appropriate placements. Having a larger pool of suitable fostering placements to draw on would help mitigate the number of children requiring residential placements, thereby reducing total costs.

Fostering placements is an area of focus and the council is looking at refreshing IFA engagement also exploring strategic relationships with providers. Work is underway to ensure that there is sufficient expertise and capacity in the commissioning team to support this approach. A further worrying trend identified in other nearby local authorities is an increase in the number of single

occupancy placements due to the increasing complexity of children's needs. On average, these placements cost £2k-£5k per week more than a multi-occupancy placement. Children's Services are working on the development of a Sufficiency Strategy to ensure that there are the right types of placements available in the right places for children.

**Table 4 – Childrens Placements Volume Activity By Month For 2023/24**

Children looked after	Average 2022/23	Budget for 2023/24	Forecast @ P2	Forecast @ P3	Forecast @ P4	Forecast @ P5	Forecast @ P6	Forecast @ P7	Forecast @ P8
In-house fostering	72.33	73.95	73.95	75.24	69.91	68.70	67.01	65.60	59.79
Independent fostering	40.20	40.20	43.24	46.11	52.31	50.59	55.67	57.17	59.08
Residential placements	12.73	12.99	13.82	15.97	18.39	18.58	11.59	12.68	13.10
Unregistered placements							7.72	9.63	9.58
Supported living	5.29	5.35	5.35	3.82	3.82	4.67	4.34	4.78	3.73
Secure accommodation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Parent and Child	0.45	0.45	0.45	0.59	0.55	0.70	1.48	1.59	1.83
Special guardianship	100.00	101.60	95.28	98.40	99.61	99.61	99.61	99.61	104.27
Kinship	34.48	35.03	33.13	28.42	24.59	26.43	27.60	30.40	33.52
Child arrangement orders	12.68	12.68	11.00	11.00	11.00	11.00	12.00	13.17	13.17
Adoption allowances	23.93	24.45	20.33	22.00	22.00	22.00	21.04	21.04	21.04
Other	6.51	6.56	8.94	8.14	7.68	8.76	6.20	6.87	7.65
<b>Total</b>	<b>308.60</b>	<b>313.26</b>	<b>305.49</b>	<b>309.69</b>	<b>309.86</b>	<b>311.04</b>	<b>314.26</b>	<b>322.54</b>	<b>326.77</b>

The table above shows the volume and numbers of children and young people in the various placement types. The number of residential and unregistered placements has broadly doubled compared to 2022/23 and this supports the increase in the financial forecast.

We can also see around a 50% increase in the use of independent fostering placements compared 2022/23 along with a 17% reduction in in-house fostering placements. This change in profile has resulted in further financial pressure on the placements budget, resulting in estimated spend on IFAs of £2.853m (almost £1m more than budgeted), representing a 29.8% increase compared to 2020/21.

The changes in numbers from month to month reflect updates to the underlying number of children and young people as well as changes in approach and assumptions within the forecasting, largely relating to timescales for placements and step-down arrangements.

**Table 5 – Childrens Placements Cost Forecast By Month For 2023/24**

Children looked after	Budget for 2023/24	Forecast Spend @ P2	Forecast Spend @ P3	Forecast Spend @ P4	Forecast Spend @ P5	Forecast Spend @ P6	Forecast Spend @ P7	Forecast Spend @ P8	Potential Variance
In-house fostering	1,412,413	1,412,413	1,500,674	1,404,155	1,348,221	1,302,279	1,313,036	1,314,017	(98,396)
Independent fostering	1,859,435	2,000,000	2,354,773	2,654,222	2,475,432	2,660,713	2,762,443	2,875,383	1,015,948
Residential placements	2,820,381	3,000,000	4,199,858	5,475,656	6,764,338	3,335,771	3,403,236	4,023,394	1,203,013
Unregistered placements	0	0	0	0	0	3,296,769	4,051,703	4,007,780	4,007,780
Supported living	906,355	906,355	716,225	707,469	368,422	375,501	418,320	579,982	(326,373)
Secure accommodation	348,024	0	0	0	0	0	0	0	(348,024)
Parent and Child	186,560	186,560	204,629	166,707	577,290	425,015	493,022	593,582	407,022
Special guardianship	1,041,423	976,632	1,020,206	1,046,907	1,070,475	1,044,301	1,056,062	1,060,452	19,029
Kinship	553,285	523,353	453,777	409,038	447,878	456,692	505,167	507,894	(45,391)
Child arrangement orders	138,342	106,081	106,081	106,081	106,082	122,647	122,647	122,647	(15,695)
Adoption allowances	218,383	181,586	182,444	182,444	182,444	183,444	205,291	205,491	(12,892)
Other	734,930	1,002,000	663,765	674,789	547,657	464,724	389,229	292,546	(442,384)
<b>Total</b>	<b>10,219,531</b>	<b>10,294,980</b>	<b>11,402,432</b>	<b>12,827,466</b>	<b>13,888,239</b>	<b>13,667,858</b>	<b>14,720,157</b>	<b>15,583,169</b>	<b>5,363,638</b>
	22%	75,449	1,107,452	1,425,034	1,060,773	(220,381)	1,052,299	863,012	52%

The council is developing strategic relationships within the market with a view to improving outcomes for children and young people by ensuring capacity is available to support them when required. Furthermore, long term relationships enable the council to better plan and understand its medium-term financial commitments through negotiation and agreement of weekly rates and future price uplifts that recognise both the cost pressures faced by providers and the funding pressures faced by local government. Having available capacity will mean that the council can avoid paying high spot rates when looking to find a suitable placement for a child requiring support. These relationships may also allow providers to reduce costs/rates as they are better able to plan their resource as they will receive a known level of income over a given timeframe.

### **3.6 IMPOWER – Valuing Care**

Recognising the challenges faced in terms of demand and cost the council has engaged IMPOWER to support transformation of Children’s Service. IMPOWER are an organisation that have a lot of experience and proven track record in this area and have been working closely with the service to understand the current position and the challenges faced by the service.

Using this knowledge the joint team have reviewed opportunities to develop service delivery, many of which are already being implemented to improve outcomes for children and young people with a particular focus on enabling more children to remain in family-based arrangements and have fewer children in care.

Changes include the introduction of a new panel process, as well as profiles and dashboards that enable the team to better understand the support pathway, longer term ambitions and cost implications of the decisions being made.

Savings and cost avoidance opportunities have been identified but these will need to be closely monitored and actioned so that the benefits are realised within the planned timescales and do not slip, resulting in further cost pressures for the council.

### **3.7 Looking ahead and building budgets for the future – MTFP Growth & Savings**

Work on the council’s medium-term financial planning for 2024/25 is now in the final stages. One of the core principles that has been applied is to try to close the gap between the budget and the projected spend so that the service have a robust and sustainable platform to move forward from in the new financial year. This particularly relates to the budgets for Placements and Children with Disabilities where demand and cost are extremely difficult to manage.

The budget has recently been reviewed and significant growth of £7.999m has been applied to the directorate budget for next year. This includes:

- +£0.96m for pay inflation on staffing budgets
- +£5.40m to re-base placements budgets for children in care,
- +£0.72m for price inflation on children’s placements costs,
- +£0.82m to provide increased staffing capacity,
- -£0.11m a reduction in energy budgets from new contract,
- +£0.22m for increasing legal costs.

Whilst the increase in budgets is extremely welcome and will put the directorate back on a sound financial footing, the council’s wider financial position means that it needs to reduce costs in order to balance its overall budget for next year.

The means that all directorates need to reduce spending on the delivery of services, although a lot of these measures are focused on transforming what we do. Savings of over £16m have been included within the council's budget plans for next year, with £2.001m of these allocated to Childrens Services.

The vast majority of these savings (£1.837m) will be delivered from the change programme underway in Childrens services. It is anticipated that these savings will be achieved through management of the numbers of children requiring council funded services, including "stepping down" children to more suitable forms of care and support where it is appropriate to do so. Based on the current position, this target will be extremely challenging to deliver however, officers will continue to work closely with all aspects of the service in implementing the delivery plan. There is also a further £0.150m saving from the Family Hub programme.

### **3.8 Prevention or cure?**

Prevention is often thought of as a healthcare issue, but good health is not only dependent on our health services. Our health is shaped by a range of factors including our early life, the work we do (and associated remuneration), our education and the homes and places we live. Our public services are intertwined, and most will impact in investing in good health as an asset and in preventing ill health.

Councils play a vital role in our health and wellbeing. They provide a range of services including housing, education, public health and social care. Many of these services can be preventative, averting the need for more complex and costly acute interventions, either by council themselves, or wider public services. A key imperative for our system and within the Children's transformation programme will be to progress further opportunities to provide timely and appropriate help to children and their families at the earliest point, which prevents escalation (or re-referral) to statutory services.

Unfortunately, in the current economic climate, there is a tendency to make more reactive, short-term responses, with resources being targeted towards immediate pressures. This is usually at the expense of long-term investment, and whilst it may ease short-term pressures, it fails to recognise the long-term consequences. To ensure we make decisions that are financially sustainable, provide value for money and reduce inequalities, we need to consider both the short-term and long-term outcomes.

## **4. Consultation**

This is a report of the directorate's progress, there are no decisions requested.

## **5. Financial Implications**

The financial implications are set out in the main body of the report.

## **6. Legal Powers and Implications**

All the work outlined above is undertaken in the context of a range of legislation, regulations and guidance from the relevant government departments.

## **7. Climate Change and Environmental Implications**

There are no specific actions proposed in this report which could impact the environment over and above those which are known. The directorate's accommodation needs are being considered as part of the Accommodation Strategy and the other significant area is travel where there is ongoing work to reduce car travel unless in electric vehicles and to use public transport, including trains for longer distances.

## **8. Risk Management**

Risk is considered at all levels of the directorate, mitigations identified and logged, and shared with the Corporate Leadership Team and elected members.

## **9. Equality Implications**

None.

## **10. Corporate Implications**

None.

## **11. Options Considered**

N/A.

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