

Report for: Children and Young People Scrutiny Committee
6th October 2016

Item number:

Title: **Priority 1 Budget Position (Period 3 2016/17)**

Report

authorised by : Jon Abbey, Director of Children's Services

Lead Officer: David Tully
Telephone: 020 8364 3248,
Email: David.Tully@Haringey.gov.uk

Ward(s) affected: All

Report for Key/

Non Key Decision: Not a key decision

1. Describe the issue under consideration

This report provides an overview of the financial performance of the services within Priority 1 (A Good Start in Life) as at the end of quarter 1, 2016/17.

2. Cabinet Member Introduction

3. Recommendations

That Members note the financial position of Priority 1 services.

4. Reasons for decision

This is a report for information and discussion.

5. Alternative options considered

As this is an information and discussion paper, there are no alternatives.

6. Background information

6.1 Introduction

6.1.1 Priority 1 services are those relating to Children within the Deputy Chief Executive's Department. This includes all of the services managed by the Director of Children's Services and the Assistant Director of Schools and Learning and the Children focussed services managed by the Director of Public Health and the Assistant Director of Commissioning.

6.1.2 **Table 1** sets out the main components of those services funded from Council budgets and it indicates that the Priority is forecast to overspend by £6m in 2016/17. **Table 3** sets out the position for those services funded through the Dedicated Schools Budget.

Table 1: Priority 1 budget position Period 4 2016/17 (Council budgets)

Summary Forecast position	Budget 2016/17 £'000	Forecast position Month 3 £'000	Variance Month 3 £'000
1. Children's Placements	17,074	19,230	2,156
2. Other Children's Social Care	19,271	21,842	2,571
3. SEND	6,629	7,111	482
4. Early Help and Targeted Response	3,564	3,564	0
5. Other CYPS	501	1,376	875
6. Schools and Learning (GF)	12,719	12,586	-133
7. Commissioning Budgets	3,528	3,528	0
8. Public Health Budgets	4,841	4,841	0
Total Priority 1	68,127	74,078	5,951

6.1.3 The projected overspend confirms difficulties in delivering on savings measures, and, in particular, being able to contain demand for children's social care in particular. There have nonetheless been reductions in expenditure, albeit not at a pace and scale expected by savings targets.

6.1.4 This report attempts to convey a sense of the pressures and gaps facing Priority 1 in financial terms.

6.2 Children's Placements £2.156m

6.2.1 The social care placements model analyses costs and numbers of Looked After Children (LAC), Permanency cases (mainly adoption and special guardianship) and Care Leavers. Existing cases and their expected future pathways are combined with assumptions about the rate of new cases to produce a monthly forecast. While numbers of LAC have reduced from a high of 104 per 10,000 population in April 2010 to 67 per 10,000 population in April 2016, the actual numbers of LAC have risen from their low of 406 on 1st April 2016 to 424 on 1st July 2016. While the expected number of new LAC per month was expected to be in the range 12 - 15, the average in the first 3 months of 2016/17 has been 18.3. Moreover, the profile of existing cases now includes more residential placements which has contributed to greater costs.

6.2.2 Overall, this service had savings targets of £4m across 2015/16 and 2016/17, with a further £1.1m due as part of the current MTFs in 2017/18 (£5.1m in total). This level of saving is not going to be achieved and an on-going contingency virement, agreed by Cabinet in September 2016, has increased the budget by £3m. Nonetheless, even with this additional funding, the service is still forecast to overspend by £2.156m in 2016/17.

6.2.3 Officers are continuing to develop strategies to reduce spend in this area where possible within statutory requirements, including:

- Increasing the number of in-house foster carers;
- Ensuring that all clients have a sustainable and cost-effective, future pathway plan;
- Reviewing policy and practice on allowances;
- Ensuring that Housing Benefit supporting accommodation costs for Care Leavers is optimised.

6.3 Other Children's Social Care £2.571m

6.3.1 There are two components to this budget: social care workforce and other social care expenditure.

6.3.2 There have been savings allocated to social care workforce of £2.070m across 2015/16 and 2016/17 already, with a further £1.5m planned for 2017/18, a total of £3.570m. Officers developed options for implementing the full £3.570m earlier this year on the basis of resourcing teams consistently across the service, in relation to the caseload ratios for different services recommended by the London Assistant Directors of Children's Services Network. Such a level of reductions, however, would have left caseloads high, with no capacity for including senior practitioners and newly qualified staff in teams, nor would there be much capacity for sufficient non-social work staff. Moving to such a structure, certainly moving to such a structure in one go, was regarded as too high a risk and a phased approach was preferred .

6.3.3 Since the start of 2016 case numbers have increased and rates of assessment increased by 20% and more. Heads of Service have designed staffing teams that balance the needs of the service, the volumes of cases and the need to contribute savings. These new staffing proposals are the subject of consultation with staff currently. It is expected that when the new structures are in place (later in 2016) they will deliver a full year saving of £1.2m (NB this is an update on the expected figure of £0.9m at Period 3, which is reflected in Appendix 1), £2.4m less than the full-year target in the MTFs. There may be some scope for further improvement on this position if case numbers reduce.

6.3.4 At present, the forecast position against budget is that there will be an overspend of £2.2m in 2016/17, based on a new structure being implemented in October 2016, recognising that an increased caseload in Safeguarding and Support has required some temporary additional resources of £0.150m for up to six months.

6.3.5 As part of the review of the Medium Term Financial Strategy for 2017/18 onwards, a reconsideration of the remaining £2.4m target for which there are no plans will be required.

6.3.6 The No Recourse to Public Funds client placement budget is currently showing a predicted overspend of £248k. Work continues with the dedicated Home Office support worker to review cases and progress to a conclusion, whether this is extradition from the country or the right to remain. This is the largest component of the non-staffing overspend of £0.3m.

6.4 SEND £0.482m

6.3.1 This service includes pressures on SEN Transport of £0.254m, Family Support / Family Link of £0.168m and staffing pressures in SEN teams of £60k. There are plans for making more savings in SEND Transport which will be implemented over the next 18 months or so. Cabinet received a paper in July 2016 regarding the options for Haslemere Road Family Centre, the eventual outcome of which will be to reduce the cost pressures on Family Support budgets.

6.5 Other Children and Young People Service +£0.878m

6.5.1 There is a technical budget problem associated with the DSG that has left a budget pressure within Priority 1 General Fund (Council budget). In simple terms, there is more income DSG SAP budget than there is expenditure DSG SAP budget. As the DSG can only finance eligible expenditure, the income imbalance is a General Fund problem.

6.5.2 Officers have identified changes to the accounting arrangements which would avoid such an issue happening in the future. This will require a budget adjustment to clear, possibly as part of the review of the MTFS from April 2017.

6.6 Schools and Learning -£0.133m

6.5.1 At period 3 this forecast underspend in Schools and Learning included salary underspends across the service.

6.7 Commissioning Nil

6.7.1 Those commissioning budgets in Priority 1 (eg LAC commissioning, Early Years and Children's Centres) are expected to end the year on budget.

6.8 Public Health Nil

6.8.1 Those Public Health budgets in Priority 1 (eg School nursing, etc) are expected to end the year on budget.

6.9 Status of Medium Term Financial Strategy savings measures

6.9.1 **Table 2a** summarises the savings targets for all the services in Priority 1 and their delivery status. As is indicated in some of the in-year variance explanations above, there are services where the targets have not proven to be fully deliverable. In overall terms, around £6.5m out of the £16.7m original targets has firm plans for delivery. Some reconsideration of alternatives will be necessary when the MTFS is reviewed for 2017/18.

Table 2a: Summary of Statuses for Priority 1 MTFS Savings Targets

Saving Proposal	2015-	2016-	2017-	2018-	Total
	16	17	18	19	
	£000'	£000'	£000'	£000'	
	S	S	S	S	
ORIGINAL PRIORITY SAVING TOTAL	5,364	7,025	4,357	0	16,746
SAVINGS ALREADY ACHIEVED	2,673	400	0	0	3,073
SAVINGS ON TRACK WITH FIRM PLANS	0	2,240	1,150	0	3,390
SAVINGS WITH LESS CERTAIN PLANS	0	1,439	1,767	45	3,251
SAVINGS GAP	2,691	2,946	1,440	-45	7,032

6.9.2 Table 2b identifies the status of each of the original MTFS savings targets according to the same categories as Table 2a.

Table 2b: analysis of MTFS savings components for Priority 1

Original MTFS Savings Measure	Already delivered £'000	Savings on track with firm plans £'000	Savings with less certain plans £'000	Savings gap £'000	Original target £'000
Early Years - remodel Childrens Centres - review borough wide provision of childcare	220	1,086	180	0	1,440
Services for Young People including Young Offenders - transform our offer for young people with less direct provision - a more efficient service model in Youth Offending Service	2,100	0	0	0	2,100
Public Health - 5-19 - recommissioning of services with improved efficiency including school nursing and health visiting	196	414	0	100	710
Impact of Early Help on Demand - An improved Early Help offer for Children and Families will deliver savings across the system New delivery model for Social Care - Reshape workforce around Early Help. Fewer families will require intensive social care and we adjust the workforce accordingly.	0	900	650	2,020	3,570
LAC & Sufficiency - decrease in numbers of children in care who don't need to be there - increase use of inhouse foster carers avoiding agency fees and ensuring better care locally - make more use of placements that offer improved stability and lower costs (eg Special Guardianship or Adoption)	0	0	963	4,137	5,100
Special Educational Needs & Disabilities	0	600	900	0	1,500
Enablers	0	0	200	300	500
Services to Schools - Increasing trading activity and providing high quality services. - Review service offer	557	438	136	475	1,606
Pendarren (subject to Options Appraisal) - Options appraisal undertaken - Want to ensure continued success of facility at no net cost to the Council	0	0	220	0	220
Total	3,073	3,438	3,249	7,032	16,746

6.10 Dedicated Schools Budget

Table 3: Dedicated Schools Budget position for Period 3 2016/17

	Budget			Forecast			Variance		
	Net Expenditure (excluding DSG)	DSG Income	Net	Net Expenditure (excluding DSG)	DSG Income	Net	Net Expenditure (excluding DSG)	DSG Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Service									
Schools and Learning	152,514	-152,514	0	152,514	-152,514	0	0	0	0
Children Services	24,679	-25,558	-878	26,060	-26,060	0	1,381	-502	878
Commissioning	10,279	-10,279	0	10,279	-10,279	0	0	0	0
Total	187,473	-188,351	-878	188,854	-188,853	0	1,381	-502	878

6.10.1 **Table 3** sets out the overview of the net expenditure and DSG plans and forecasts for 2016/17, as at Period 3. As explained above, there is a variance of £0.9m arising from an imbalance in the budget, which is a General Fund issue. Beyond that, the DSG budgets for Children and Young People with Additional Needs is showing a projected overspend of £1.4m in the areas related to children with high needs. Much of the action necessary to identify compensating under-spends is being pursued through a sub-group of the Schools Forum (high needs block working group). In the medium to long term alternative provision will be developed which will result in a phased transition to cheaper, better, and more local provision.

7. Contribution to strategic outcomes

7.1 This report is dealing with the financial position of those services which are contributing to the Council's Priority 1: Best Start in Life.

8. Statutory Officers comments (Chief Finance Officer (including procurement),

8.1 Assistant Director of Corporate Governance, Equalities)

8.1.1 The Assistant Director of Corporate Governance has been consulted on this report.

8.2 Finance and Procurement

8.2.1 This is a financial report which has been prepared in collaboration with the Chief Finance Officer.

8.3 Legal

8.3.1 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This could include, as set out in the report, action to reduce spending in the rest of the year.

8.3.2 The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.

8.4 Equality

8.4.1 Equalities issues are a core part of the Council's financial and business planning process.