

<b>CHILDREN &amp; YOUNG PEOPLES SELECT COMMITTEE</b>		
<b>Report Title</b>	Update on Children's Social Care Budget	
<b>Key decision</b>	No	Item No. 4
<b>Ward</b>	All	
<b>Contributors</b>	Executive Director of Children and Young People	
<b>Class</b>		16 October 2019

## **1. Summary of the Report**

- 1.1 This report provides an update and briefing and information on the financial position of Children's Social Care (CSC). It describes how the budget is made up and explains the demands and cost drivers, including the challenges regarding placements for children looked after. It also describes the trends in these together with the impact to date of the CSC Improvement Programme.

## **2. Recommendations**

- 2.1 For the committee to note and comment on the report.

## **3. Policy Context**

- 3.1 One of the priorities in the Council's Corporate Strategy is "Giving children and young people the best start in life - every child has access to an outstanding and inspiring education and is given the support they need to keep them safe, well and able to achieve their full potential. "
- 3.2 Children Social Care contributes to the Children and Young People's Plan 2019-2022 and its priorities.
- 3.3 Reporting financial results in a clear and meaningful format contributes directly to the council's aims to ensure transparency, efficiency, effectiveness and equity.

## **4. Budget headlines**

- 4.1 In 2018/19, the CSC budget had an outturn of £50.3m on a budget of £43.4m. This was as projected throughout the financial year and reflected a programme of work to stabilise the budget and to recalibrate it to be closer to reflecting the required activity in the Directorate.

- 4.3 In 2019/20, the CSC budget is £46.8m, with additional funding for 1 year only on placements (£3m) and salaries (£4m), making a total gross budget of £53.8m.
- 4.4 The 2019/20 budget also reflects savings agreed on the placements budget of £1.5m, with a similar level of savings planned for 2020/21. As at August 2019, the CSC budget is projected to be on track to meet its targets, including the savings of £1.5m on placement costs.
- 4.5 In 2020/21, the budget assumes savings in the placement budget of £1.35m. This can be achieved within existing projections provided the 1 year only funding is made permanent. Additional funding from central government for social care is likely to make this possible.

## 5 Background

- 5.1 Over the last nine years, the Council has undertaken a major budget reduction programme to manage the difficult financial challenge it has been faced with. In the period 2010/11 to 2018/19, the Council has implemented savings of £174m, with work underway to identify and deliver a further £12m by 2021. The Children and Young People's (CYP) Directorate represents approximately 22% of the total General Fund budget across the Council. For its part, Children Social Care (CSC) makes up 79% of the CYP budget and 19% of the total General Fund spend across the Council.
- 5.2 In 2010/11, the CYP budget was £76.4m and through the period of the government's austerity programme, it has been reduced to £53.5m, a reduction of £22.9m or 30%. The savings attributable to CSC since 2010 are shown below:

	<b>£m</b>
2010/11	0.2
2011/12	3.6
2012/13	0.3
2013/14	0.5
2014/15	0.3
2015/16	4.2
2016/17	1.4
2017/18	3.3
2018/19	0.7
	<b>14.5</b>

In 2018/19 and 2019/20, the CSC budget has been increased to rectify the historic structural 'overspend'.

## **6. National and London context**

### **6.1 National underfunding of Children Social Care**

6.1.1 In January 2019, the National Audit Office reported that nationally there was a £872M shortfall in CSC budgets (£108M for London). They also reported that 91% of councils were overspending on CSC in 2017/18. The report also noted that nationally the looked after children population had gone up by 15%, compared with general population growth of 5%. In London, CSC spend has increased by £50m between 2014/15 and 2017/18 – a 5% increase. During this period, the average overspend in London increased from 6% to 9%. This situation has not received the popular attention which spending on adult social care has but it has been the subject of representations to central government from the LGA and the Association of Directors of Children’s Services. With Ofsted’s demanding regulatory regime, expectations of children’s services have never been higher, yet many of the non-statutory preventative services have been eroded since the beginning of the austerity programme. DfE figures show that in the 10 years from 2006 to 2016, the number of child protection enquiries nationally increased from 72,000 to 172,000.

6.1.2 A recent report commissioned by London Councils says that their research indicated that “children’s social care budgets were often set historically and may not have responded to changes in the population or need over time. ... Analysis of the data suggests that councils with both high and low per capita budgets are equally likely to be overspent and that there is no discernible correlation with the degree of overspend and whether per capita expenditure is below or above average or has increased or decreased over the period.”

## **7. The budgets in Children’s Social Care**

### **7.1 Placements of looked after children**

7.1.1 The placement budget for *looked after children* is the largest in the CYP directorate and funds fostering and residential placements for Lewisham’s looked after children (CLA), as well as other related costs. It had an outturn of £31.2m on a budget of £28.7m in 2018/19, in line with forecasts. In 2019/20 the budget is £31.3m (incorporating a budget cut of £1.5m) and is currently forecast to spend in line with the budget and deliver the £1.5 savings.

7.1.2 Through 2018/19, Lewisham had an average of 488 CLA at any one time. Through a series of improvement measures this year, the overall number has been gradually reducing. As at the end of August 2019 the number of CLA was 474. Lewisham has a higher rate of CLA (72 in 2018/19) than its statistical neighbours (63) and more work is being done to ensure only the right children come into care, for as long as they need to. Our aim is to reduce our CLA rate to be comparable with our neighbours. Through 2019 it has fallen from 72 to 69, but this is not something that can be done quickly, as children cannot simply be moved from carers and homes that they have

become attached to. Transitional moves back to family or to different placements have to be carefully and safely managed. Therefore we do not expect to be in line with our neighbours until the end of 2021 at the earliest.

7.1.3 Our ability to predict and manage demand for children to become looked after, or to manage the market of private placement providers is very limited. A particular pressure is the age profile of Lewisham's CLA i.e. at August, 71% (337) of our looked after population was aged between 10 – 18. This is 9% higher than the national average. The reasons are associated with exploitation, drugs, serious violence in the community, homelessness and significant mental health difficulties. The availability and effectiveness of other support and services i.e. community safety, youth work, public health, policing, housing and mental health services impacts on prevalence and escalation of need. Another significant factor on CLA numbers is unaccompanied asylum seeking children (UASC). Lewisham's UASC intake threshold was 0.07% of the care population, this equates to 48 young people. This year the threshold has been increased to 0.08% which is an additional 6 young people.

#### 7.1.4 What are we doing to manage this?

A range of strategies are being employed as part of our improvement programme to try and ensure only the right children become looked after, children only stay in care for as long as they need to and whilst they are in care they are in the most suitable and cost effective placement. In summary:

- (a) Tighter scrutiny and consistent threshold decision making for children coming into care (ARC panel)
- (b) Training and development in a different operating framework to promote a 'risk sensible' culture of practice (Signs of Safety)
- (c) Routine scrutiny of high cost placements and 'additional' associated costs, including bi & tri part funded placements (Best & Complex Care panel)
- (d) Strengthened tracking of care planning for looked after children to prevent drift and ensure children are not in care for longer than necessary (Permanence panel)
- (e) Increase the number, range, quality and resilience of 'in house' foster carers and supported lodgings, suitable for our looked after population (Fostering strategy)
- (f) Exploration of different approaches to working with young people (11+) at risk of harm in the community (Safe Space & Concern Hub)

7.1.5 The table below shows the impact this year of the work undertaken on reducing children coming into care. The next stage of focus is care planning, to explore which CLA can be safely rehabilitated back to their family network and/or permanence can be provided for them through timely Adoption or Special Guardianship arrangements. Every CLA care plan is being reviewed through Q2 & 3 2019/20.

<b>Period</b>	<b>Q4 17/18</b>	<b>Q1 18/19</b>	<b>Q2 18/19</b>	<b>Q3 18/19</b>	<b>Q4 18/19</b>	<b>Q1 19/20</b>
<b>No. of children becoming looked after</b>	63	60	54	41	40	27
<b>No of children ceasing to be looked after</b>	55	56	39	38	26	47

7.1.6 In parallel to the above work, throughout late 2018 and 2019 we have been scrutinising high cost placements and the associated additional extra costs. Through more robust negotiations with providers we have driven costs down on the 'extras' that providers will seek to charge on top on the basic care rate. This includes reviewing the complex care placements for looked after children who have with disabilities (30 – 35 children). A complex care panel is more robustly negotiating split costs between children's social care, health and education.

7.1.7 The type of placement is a significant factor on the budget. When taking a child into care, we will always try and place in a child in their extended family network first, if that isn't possible a foster family, unless is it not safe or suitable to do so. Lewisham currently has a bank of 126 'in-house' foster carers who have the capacity to look after 200 children. At present on average between 160 and 175 of our looked after children become placed with Lewisham 'in house' foster carers or connected carers (family & friend placements). In August this is 37% of all looked after children.

7.1.8 Between 190 and 215 of our CLA are placed with independent foster carers (IFA), in August this was 40%. This is because we either don't have the capacity or a suitably specialist carer. Between 43 and 55 young people are also placed in residential units, because they cannot manage in a family based environment or we unable to find a suitable foster carer. In August this was 11% and a further 9% (No.42) of young people were placed in semi-independent units, these are young people aged over 16 years transitioning into independent living.

<b>Type of placement</b>	<b>Weekly Unit cost</b>
Local Authority Fostering	417
Agency Fostering	915
Residential Placement	3,921
Semi-Independent	1,439

We also have 1% of young people that are either in secure units, remanded by the criminal courts, or on welfare Secure Orders. This is presently 6 young people. Secure placements cost £9,000 per week.

7.1.9 The age, gender, ethnicity and need profile of our CLA population are all significant factors that determine the types of placements required. As at August, 71% (No.337) of our CLA population was aged between 10 – 18. The greater the proportion of complex and older children we have in care, the more specialist and expensive the placements tend to be required. It should be noted that in future as we reduce our overall number of CLA, the complexity of the children in care will proportionately increase and therefore

the cost of placements and additional support to keep the placements stable will also increase.

- 7.1.10 Despite the challenging context, we are aiming to increase the proportion of CLA placed with 'in house' carers. A new fostering recruitment and assessment service was established in 2018 and a campaign to attract more foster carers to work for Lewisham was launched in July 2019. Our campaign was targeted at recruiting carers for young people 11 – 21 years old, rather than younger children. The campaign so far has resulted in 114 enquires, the conversion rate is 10:1, therefore our expectation is to get 11 approved carers. Since April 2019, 6 new carers have been approved, a further 20 are currently being assessed, of which we forecast 50% becoming approved. If this is correct we will have achieved above the target conversion rate, however this long term strategy is not expected to have a significant impact until at least 2021 and much more work is needed on marketing, recruitment, training and support for foster carers to achieve our overall ambition of 60% of CLA placed with Lewisham carers by the end of 2021, rising to 80% in 5 years.
- 7.1.11 It is also important to understand that whilst new carers are gained, others are lost, through retirement, changing lifestyles and from the impact of the new duties to provide services to care leavers and provision of 'staying put' arrangements. Staying put means CLA can remain with their foster carers after 18 years of age, until 21. The impact is that overall placement capacity is reduced as placements are released more slowly. Lewisham currently has 28 care leavers in 'staying put' arrangements and this is expected to increase. Lewisham currently has approximately 450 care leavers.
- 7.1.12 Finally, it should also be noted the placements budget is not simply for the cost of placements. It includes the provision of Advocacy and Independent Visitor services for looked after children, which are statutory requirements. It also includes costs associated with supporting placements when young people have complex needs e.g. additional staff for enhanced monitoring, supervised contact, transport, storage. It also provides funding for the support of Special Guardians, Adopted children and Care Leavers. When children cease to be CLA the Local Authority still has duties to support the permanent care arrangements and when young people leave care until they are 25 years of age. This wide range of variables all place separate pressures on the placements budget.
- 7.1.13 The complexity of the placements budget and projections about how many looked after children we estimate having in the future, their profile (age, needs etc) and associated costs, is being laid out in detail in the Sufficiency Strategy, which is still in development and due to be completed by the end of 2019 at the latest.

#### 7.1.15 Our immediate next steps on managing the placements budget

- (a) South London Regional commissioning programme, for management of market costs of external placements. Together with seven south east London boroughs, Lewisham will tender for residential and independent fostering agency provision in autumn 2019. This will support raising expectations of providers to deliver provision that really meets the needs of our children looked after, quality of that provision and value for money. Efficiencies are anticipated through an expanded market and reduced need for off-framework provision, together with an assumption of 5% like for like cost reduction achieved through reprocurement with the purchasing power of the 8 local authorities.
- (b) Improving our housing pathways for young people (16+ years) leaving care
- (c) Strengthen and expand the intensive edge of care/family support to help keep more children and young people safely with their families and in their local communities. This has been partly strengthened CSC that specialises in working with secondary age children at risk of exploitation and criminal involvement. A further review of edge of care/family support is planned as part of the CSC Improvement Programme.
- (d) Working with the newly established Regional Adoption Agency to find ways to manage demand and expectations for post adoption support.

#### 7.1.16 Staffing budget

The CSC staffing budget, which funds social workers, personal advisors, managers and business support had an outturn of £16.7m on a budget of £12.6m in 2018/19 in line with forecasts. In 2019/20 the staffing budget is £17.1m (Including £4m, 1 year only from reserves) and spending is projected to be in budget.

7.1.17 As at August children's social care has a 65.7% permanent staff (Q1 19/20). This is the same as the rate during 18/19. Our target is 90% permanent workforce by the end of 2021. The majority of vacancies are filled with agency staff, to keep caseloads manageable. Agency staff are sourced through the council's contract with Reed to manage costs.

7.1.18 The national picture for permanent social work recruitment is very challenging. To respond to this we have changed the way we will recruit newly qualified social workers to ensure we attract the best quality and support them to develop good skills in their first 'Assessed & Supported Year' (ASYE). We are working hard to strengthen the other factors that assist with retention i.e. manageable caseloads, continuing professional development opportunities, career progression and good supervision.

7.1.19 In recruiting both permanent and temporary staff, we are experiencing increased pressures since neighbouring boroughs are paying more. This is

particularly acute for our most experienced senior social workers. A strategy is being developed to retain senior social workers through changing some of these post to 'Advanced Practitioner' posts and the funding is being sought for this.

7.1.20 We have successfully recruited to 8 out of 9 posts at Head of Service and Group Manager, in one targeted campaign, using two separate recruitment agencies. This is a significant step forward in establishing a refreshed permanent senior management team underneath the Director of Children's Social Care, to lead on the delivery of the improvement programme.

7.1.21 A comprehensive review of the staffing structure has been undertaken to ensure that the future establishment is sufficient to meet the projected demand and deliver consistently 'good' services to the children and families of Lewisham. Existing resources have been re-aligned to better target the most vulnerable groups of children and improve practice e.g. creation of a dedicated Care Leavers Service and establishment of a permanent additional layer of management (Group Managers)

7.1.22 As part of the improvement plan a Workforce Development Strategy is being developed due for completion in Q4 2019/20, which will address the structures, salaries, recruitment, retention, career progression, succession planning and continuing professional development of the staff for the remainder of the improvement programme.

7.1.23 The review of the Improvement Plan following the Ofsted Inspection is identifying a number of areas where additional investment is required and the CSC Improvement Board is working with the ED for Corporate Services on this.

7.1.24 The Family Support/Edge of Care, Section 17 budget

7.1.25 The 2019/20 Section 17 budget is £5.2m. This covers a wide range of areas, such as legal advocacy fees and commissioning of expert independent assessments for court proceedings e.g. drugs testing, psychiatric reports. We commission a range of intensive family support work with families where the children are on the edge of care. Payments of rent for homeless 16 and 17 year olds and 'intentionally' homeless families also comes from this budget, when there are insufficient beds on the housing pathway. This budget includes the support for families who have no recourse to public funds (NRPF) which is administered by the Housing Team.

7.1.26 There is increasing demand led pressure on this budget for the following key reasons. In trying to keep children safe with their families and prevent them coming into care unnecessarily, intensive support and intervention is required. This is above that which the allocated social worker can provide single handed. In these circumstances additional edge of care family support services need to be put in place. As we reduce the numbers of CLA and the placement costs subsequently reduce, the spend on edge of care family

support increases. It is however less expensive than the cost of CLA and likely to have better outcomes for the family.

7.1.27 Another pressure on this budget is created by the family courts. Proceedings have a target of completion in 26 weeks but in the London region they are routinely going beyond that timescale because of a national shortage of judges and court availability. Furthermore, the judiciary, court guardians and family advocates frequently request expert assessments as part of proceedings, for which the local authority has to share costs. These demands are not within our control, but we are having regular discussions with the judiciary and CAFCASS to highlight these issues.

7.1.28 During Q3 and 4, as part of the improvement programme we are undertaking a feasibility review of all our internal and externally commissioned family support services. The purpose is to scope the need for different types of intensive edge of care support, clarify how we best target the right families and consider whether we can provide better quality intensive support differently to help reduce the need for children to become looked after. i.e. PAUSE programme to support women who have had previous children removed. Family Group Conferencing, to support families find alternative to care. Outreach crisis intervention to wrap support and supervision around families to avoid the need for them to come into care.

7.1.29 In addition to the above, with colleagues in housing and commissioning we are reviewing the working protocols between housing and children's social care to find better ways to support homeless young people and families. We have increased the number of beds available on the young people's pathways for care leavers and more work will be scrutinising this area of spend to identify possible efficiencies.

## **8.0 Ofsted inspection**

Ofsted inspects and regulates services that care for children and young people, and services providing education and skills for learners of all ages. Ofsted inspects Local Authority Children Services under its powers in accordance with section 152 of the Education and Inspections Act 2006. All aspects of Children's Social Care fall under the Ofsted regulatory regime and in effect this regime sets standards which the council is required to adhere to. The local authority is not free (as with some council services) simply to 'cut its coat according to its cloth' but rather is expected to provide a service that meets requirements, not just keeping children safe but ensuring good outcomes in a holistic way across children's services.

8.1 Lewisham was subject to a three week inspection under the Inspection of Local Authority Children's Services (ILACS) framework by Ofsted during July 2019. The report was published on 19<sup>th</sup> August 2019. The overall judgement is that Lewisham's services 'Require Improvement' to be good, in

line with the council's own self-assessment. The inspection judgements sit under three headings:

1. The experiences and progress of children in need of help and protection
2. The experiences and progress of children in care and care leavers
3. The impact of leaders on social work practice with children and families

8.2 The inspectors found that services 'required improvement' across all three headings. Within each heading, Ofsted have highlighted areas of good practice as well as those areas to be addressed in order for services to reach a 'good' standard. Their findings largely mirrored that of Lewisham's own self-assessment which was updated in June 2019. The inspection report can be found online here <https://files.api.ofsted.gov.uk/v1/file/50101634>

## **9. Children's Social Care improvement plan**

Ofsted acknowledged that the Children's Social Care improvement plan and improvement board was making a difference and the pace of improvement has increased substantially over the last year. Ofsted advised they are planning to return to undertake a further focused visit within the next twelve months to monitor progress. We are also subject to a 'health check' visit from the Department of Education Advisor on Care Leavers at the end of October. The expectation of Ofsted and the Department of Education is that Lewisham continues the progress it has made in the last twelve months, creating sustainable change in order to provide consistently good services to children and families in future. Through August and September the improvement plan has been revised to take into account the Ofsted recommendations.

## **10. Conclusion**

- 10.1 This report explains the financial challenges faced by Lewisham are common to Children's Social Care services across London and beyond. London Councils and ALDCS are lobbying central government to highlight the scale of the problem.
- 10.2 This report highlights that the various strategies being employed as part of the improvement programme is beginning to have a positive impact on social work practice and deliver tighter financial controls. In particular a more in depth understanding about the CLA population and placement demand is delivering against this year's cuts, which is vital to the Council finances.
- 10.3 All the strategies described in this report involve a degree of cultural and systems change, the quick fixes have been made and the impact of the remaining activity is going to take longer to have the intended effect. The ambition is to provide consistently and sustainably good children's social work services in the most cost effective way. The improvement plan is a three year programme and is not expected to fulfil this aim until 2021 at the very earliest.

## **11. Financial implications**

- 11.1 The current budget for Children's Social Care is net £46.8m. The budget will reduce by £1.35m next year (20/21) as set out in the current Medium Term Financial Strategy.
- 11.2 Whilst the service is currently spending on target there are potential upward pressures on the budget. These include the following:
- Post Ofsted inspection – The Director is reviewing the staffing and other requirements for the council to achieve a Good Ofsted rating.
  - Recruitment and retention of staff, given competition across London
  - Demand led risks e.g. implications of Brexit and ongoing pressures from austerity and the housing crisis.
- 11.3 It should also be noted that some costs in CSC are currently offset by the underspend in the NRPF budget of approximately £1m. Any movement in this underspend would result in an immediate pressure on the overall CSC budget position.

## **12. Legal implications**

- 12.1 The legal basis for the provision of children's social care services is set out in the report.

## **13. Crime and disorder implications**

- 13.1 The children's social care service works closely with youth offending and community safety service as they work with many of the same young people and their families. The police are key partners as is the MASH and LSCP and Children and Young People Directorate is a key part of the Safer Lewisham Partnership.

## **14. Equalities implications**

- 14.1 The children's social care service is designed to promote equality of opportunity by giving children a better start in life than they would otherwise have without the service's intervention. The service inevitably deals predominantly with those who are disadvantaged economically, in terms of disability, health and other protected characteristics.

If there are any queries on this report please contact:

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