



Public Accounts Select Committee

Progress of delivery of committed savings delivery in Children & Young People's Services

Date: 22 September 2022

Key decision: No.

Class:

Ward(s) affected: All

Contributors:

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Reasons for lateness and urgency

The report has not been available for five clear working days before the meeting and the Chair is asked to accept it as an urgent item. The report was not available for despatch due to the revised date and key officers being unavailable. The report cannot wait until the next meeting as the information is required by the Committee in advance of budget discussions at its next meeting.

Outline and recommendations

This report seeks to provide Members of the Public Accounts Select Committee with an update on the delivery of committed savings for the 2022/23 financial year, through managing demand and overspend reduction in Children & Young People's Services. With particular focus on Children's Social Care Division.

1 Summary

1.1 Children & Young People's Services (CYP) has a General Fund budget of £61.1m.

1.2 The Children & Young People Services comprises the following Divisions:-

- Children Social Care (CSC)
- Education Services and Schools (ESS)
- Family, Quality Commissioning (FQC)

1.3 As at Period 4, the CYP forecast outturn is £3.7m, with a further £0.4m risk in transport. Some areas within CYP will become more refined in October/November, following the academic year cycle and an update will be provided as part of future monitoring reports.

Children and Young People Directorate Projected Outturn	Net Budget	Net Forecast	Period 4 Variance	Period 2 Variance	Movement since Period 2
	£m	£m	£m	£m	£m
Children's Social Care	52.0	53.7	1.7	1.8	(0.1)
Education Services	13.4	15.9	2.5	1.7	0.8
Family, Quality Commissioning	(2.1)	(2.6)	(0.5)	(0.5)	0.0
Schools	(2.2)	(2.2)	0.0	0.0	0.0
Total	61.1	64.8	3.7	3.0	0.7

- 1.4 CYP as a wider directorate face additional challenges in particular around High Needs Funding and associated Transport costs. Education services also face potential challenges from wider reforms on the White paper "opportunity for all" and Green Paper –Special Education Needs, and the potential implications on the Dedicated Schools Grant, including reforms to funding. At this stage, we are still awaiting further guidance and will continue to update members as appropriate.
- 1.5 As part of the Medium Term Financial Strategy (MTFS), CYP Services are required to deliver savings (reductions to the budget) or overspend reductions (reductions to the level of spend) totalling £5.743m (see appendix A for details) of which, £4.305m is currently expected to be achieved in 2022/23 and is included within the above forecast position for the Directorate. Work is progressing to deliver the remaining savings, any delivery of these in 2022/23 would improve the current forecast position, full delivery is expected by the end of 2023/24.
- 1.6 It should be noted that the focus of this report is Children's Social Care (CSC), of the £5.743m savings/ overspend reductions, Children Social Care (CSC) has £5.092m to deliver, this can be further broken down as:

Type	Overspend Reduction £m	Savings (Budget Cuts) £m	Total £m
Workforce	0.215	1.227	1.442
Demand management	0.5	0.0	0.5
Sufficiency Strategy	1.8	1.35	3.15
Total	2.515	2.577	5.092

2 Recommendations

- 2.1 Members are asked to note and comment upon the contents of this report.

3 Background

- 3.1 Members will be aware that both nationally and locally there has been a significant financial pressure on Children's Social Care services for a number of years. This has been recognised in a recent Independent National Review of Children's Social Care which recommends a national investment of £2.5B to address these on-going pressures. We await a government response this year. [Final Report - The Independent Review of Children's Social Care \(childrensocialcare.independent-review.uk\)](https://www.independent-review.org/childrens-social-care)

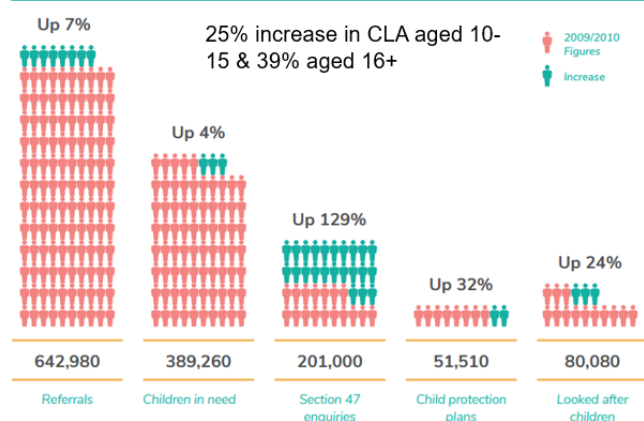
- 3.2 Over the last three years significant work has been taking place in Lewisham to improve the quality of our social work practice, to intervene earlier with families and so reduce the number coming into care and to better manage the budget. While spend is still higher than we would like, it has been reducing and the overspend is now under control. This has however been made more difficult by the Covid-19 pandemic which has seen a slow-down in our improvement work when staff have had to work in a more hybrid way, together with a large increase in referrals to Children’s Social Care.
- 3.3 In addition to Children’s Social Care the other area of significant financial pressure that the Council is facing relates to the cost of provision for children with a special educational need and a disability. This is largely funded through the High Needs Block of the Dedicated Schools Grant. Once again the pressures we are facing here in Lewisham are similar to that experienced by Council’s across the country.

4 CHILDREN’S SOCIAL CARE (CSC)

- 4.1 The largest budget in CSC relates to the placements of children in care and housing for Care Leavers. The total budget for placements is £28.7m. The placements budget is demand led, the Local Authority has limited influence over the numbers of children entering care and little control over the cost of care placements, of which approximately three quarters are commissioned in the private sector. In order to understand the challenges associated with managing demand and making savings in this area it is helpful to know something of the national context.
- 4.2 Below is an extract from the Independent National Review, showing increasing demand for CSC services across England. The numbers of children subject to child protection (s47) enquiries has increased by 129% and the number of children in care has increased by 24% over the last 10 years. Also the ages of children in care has changed and there is a 25% increase of children of secondary school age, this has implications for the type of placements required. As a general rule, older children entering care are, more likely to require a children’s home placement rather than a foster carer. Over the same 10 year period the number of children’s homes has only grown by 8%; demand therefore exceeds supply and costs are being driven upwards. The average cost of a residential children’s home is now between £4,000-5,000 per week. Total spending on statutory CYP services across the country has increased by £2.4 billion. Lewisham is not an outlier and is experiencing the same pressures as other Local Authorities.

Children’s social care in England at a glance

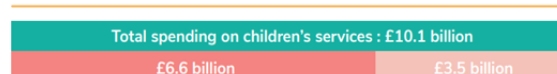
There are more children in the system: Number of children by category 2019/20 compared to 2009/10



2019/20



2012/13



Statutory spending Non-statutory spending

Placements for children in care:

78% of residential homes & 41% of fostering places are private providers.

Price of residential placement: £4000-5000 pw

The no. of CLA rose by 24% between 2010–20, children’s homes grew by 8%

- 4.3 In Lewisham, legacy practice has resulted in Lewisham having a higher rate of children in care (r70 - 2020/21) compared to our Statistical Neighbours (r59). In addition since the beginning of the pandemic, there has been a 13% increase in overall service demand (volume) for CSC services, but a 40% increase in child protection activity which is more complex, risky and time consuming for practitioners.
- 4.4 Despite this, through the CSC improvement programme, strengthened management oversight, maintaining manageable caseloads, investing in Early Help and our Family Support Centre, and introducing the Signs of Safety practice framework, we have:
- ✓ reduced the number of children becoming subject to court care proceedings
 - ✓ kept children safe at home, preventing an increase of entries into care
 - ✓ reduced the overall net number and rate of children in care (r68)
 - ✓ reduced the number of children in higher cost residential placements

5 SAVINGS and OVERSPEND REDUCTIONS PROGRESS – CHILDREN’S SOCIAL CARE

- 5.1 Savings/Overspend reductions in CSC broadly fall into three areas:
- A) Workforce – reduce reliance on agency social workers and thematic savings (*Staffing Budget*)
 - B) Demand management – reducing no. CYP in care (*Placements Budget*)
 - C) Sufficiency Strategy: Cost of placements/housing for children in care and care leavers (*Placements Budget*)

The Savings to be delivered across the CYP Directorate are detailed within the appendix A.

- 5.2 A) Workforce – reduce reliance on agency social workers and thematic savings (*Staffing Budget*)
 Ref: C-03= £ 0.22m + A-01= £ 0.56m + A-01 and A-01a = £0.663m. **Total reduction target = £ 1.442m**

Based on current forecast, on target to be achieved.

Activity to reduce overspend	Measures, targets & progress
Workforce Strategy – Recruitment & Retention initiatives.	<p>Target: Permanent ratio from 70% to 90% by Apr’24</p> <p>Av. difference in cost of agency SW = £15k pa Position at June: 47 agency SW.</p> <ul style="list-style-type: none"> • Agency to perm project; internal & external (Oct-Dec). • Recruit x5 Team Manager & Advanced Practitioner perm posts. • Convert x5 internal agency to perm in 22/23 • Recruitment/branding material subject to Communication division capacity.

Reduce no. Qualified SW posts, redesign service to introduce Family Practitioners	<ul style="list-style-type: none"> • Trial: Convert 6-8 SW posts to FPs in trial June-Oct 2022, 24 in total by 2023 upon successful trial. • Hold vacancy factor: Current position: 18 vacancies = £1.08m FYE
Newly Qualified SW & student academy	<ul style="list-style-type: none"> • Recruit max no. NQSWs annually (N.20). 11 due to start in Sept 2022, recruitment for March intake in progress. • Graduated release of agency SW after NQSW induction • Intro x2 Frontline Student units (Sept) leading to SW reduction = x3 posts.
Strategic recharges, shared costs for joint posts/services & maximisation of DfE grants	<ul style="list-style-type: none"> • Recharge Adult Social Care for EDT (Overtime). Forecast at £70k • Maximisation of UASC grants & DfE Innovation grants. UASC grant 2022 - £1.2m. DfE innovation grant - £70k • Exploring joint funded posts e.g. Care Leaver nurse, to request additional contributions from partners
Thematic savings	<ul style="list-style-type: none"> • Working effectively to reduce spend.

5.3 B) Demand management – reducing number of children coming into care (Placements Budget)

Ref: F-02 = £0.50m = **Total Reduction Target: £ 0.50m**

5.4 In 2019/20, 67% of children referred to Children's Social Care became Children Looked after, the table below shows how the % of Children Looked after has reduced each year. Taking the performance in the previous year as the new baseline to deliver against the table below shows demand management of children entering the system each year with costs avoided of £5.37m.

Children Looked After	19/20	20/21	21/22	22/23 - Forecast
CPP (referrals made)	326	336	458	392
CLA - care	218	179	218	165
% - CLA as a percentage of CPP	67%	53%	48%	42%
Year-on-year baseline		46	26	22
Full year financial value - £		2,612,460	1,550,860	1,214,134

5.5 Prevention of court and care (demand management) is a key area of practice improvement as well as being a significant contributor in cost avoidance and delivering our savings targets.

5.6 In 2019/20, from 326 child protection plan (CPP) referrals, 67% of those resulted in Children Looked After (CLA) came into care. CSC has been actively working to reduce the number of CPP referrals translating into CLAs through implementing early

intervention and prevention strategies. This has gradually reduced the number of CPP referrals translating to CLA to 53%, 48% and 42% in 2020/21 to 2022/23 forecast respectively. Without the intervention support work, it is likely that the percentage of CPP referrals resulting in CLA could have remained at the 67%, had this been the case, the increased pressure over the last 3 years would have meant a potential increase in spend of circa £13m reflecting 231 CLA's.

Numbers	2019/20	2020/21	2021/22	Diff. from 2019/20	Diff. from 2020/21	2022/23 Q1	Forecast 2022/23
Referrals to CSC	3874	3153	4365	+491 (13%) ↑	+1212 (38%) ↑	1177	4700 ↑
CYP open in CSC total (EOY)	2590	2660	2800	+210 (8%) ↑	+140 (5%) ↑	3035	2900 ↑
Assessments completed	4181	3711	4825	+644 (15%) ↑	+1114 (30%) ↑	1092	4400 ↑
CYP placed on CPP (& rate)	326 (38)	336 (40)	458 (58)	+132 (40%) ↑	+122 (36%) ↑	98	392 ↑
Court applications (families)	55	68	52	-3 →	-16 (24%) ↓	TBC	TBC ↓
CYP entering care	218	179	218	0 →	+39 (22%) ↑	36	165 ↓
Net no. children in care (EOY)	473	482	480	+7 (1%) ↑	-2 →	467	450 ↓

Arrows in last column compare with 2019/20

Activity to reduce overspend	Measures, targets & progress
Meliot Centre – expand targeted support for children on the edge of care.	<p>Target : Reduce Net no. of Children in Care</p> <p>Expansion, diversification and in-housing of services to support more children living at home.</p> <p>Net no. of children in care: 2020/21 = 482 Q1 2022 = 467</p>
Strengthen permanence planning & family based care options	<p>Target: Increase Family & Friends (F&F) and Special Guardianship (SG) arrangements</p> <p>Difference in cost between foster care and F&F or SG = £210 per week.</p> <p>In 21/22 we increased the no. of these arrangements by 59, a total saving of £640k by; Strengthening oversight, improving support to enable family based care options, aligning payments to promote SG arrangements and early permanence planning for timely exits from care</p> <p>The monthly monitoring progress will continue to track the deliverability of the savings.</p>

5.7 C) Sufficiency Strategy: Cost of placements/housing for children in care and care leavers (Placements Budget)

Ref: B-02, C-36, E-06, F-03, F-05, CYP-01/03/04/05
Total reduction target = £3.150m

Based on current forecast, £2.050m is expected to be achieved.

5.8 Every Local Authority has a duty to produce a Placements Sufficiency Strategy, which

sets out how it ensures there are arrangements in place to provide sufficient placements for children in care and housing for care leavers. CSC are currently revising the Sufficiency Strategy and associated activity, which has 8 key aims, below of the key actions that are intended to also deliver savings.

Activity to reduce overspend	Measures, targets & progress
<p>Strategic recharges to Health and Education for complex care placements</p>	<p>Target: Shared costs for minimum 20 placements.</p> <p>Average costs of complex placements = £5,000 pw. 30% of each placement to be paid by health. (£1,500 pw). Introduction of shared placement costs panel/protocol. To date 11 placements have been agreed</p> <p>£1m received in 21/22. Anticipate approx. £1.5m minimum to be received 22/23. FYE estimated recharge: £1.5m</p>
<p>Reduce costs of care leavers & accommodation</p>	<p>Target: Reduce unit cost of care leaver accommodation</p> <p>Av. cost of spot purchased accom = £1,800 pw Av cost commissioned housing pathways = £500 pw Difference = £1,300 pw saving</p> <ul style="list-style-type: none"> • Expand commissioned housing pathways for care leavers, minimise spot purchasing, creating partnerships with providers for more cost effective accommodation = 30 less spot purchased units = saving of £52k pw = £2m FYE • Re-purpose buildings to create additional semi-independent accommodation (2023) and develop in house residential units: Amersham/Northover – go live July 2023. Payback forecast 2025. • CSC/Housing protocol to streamline transition to independent housing, Maximising Housing Benefit claims. & strong management of NRPF support <p>The monthly monitoring progress will continue to track the deliverability of the savings.</p>
<p>Fostering: Increase the no. of in-house foster carers to reduce reliance on Independent Fostering Agencies</p>	<p>2025 Target: >40% CLA with in house FC.</p> <p>Cost of in-house FC = £629 pw Cost of IFA = £825 pw (Diff. +£196)</p> <p>Current position: 20% CLA placed with 98 in house FC. x19 FC currently being assessed, but others potentially to retire.</p> <p>R&R strategy being developed (Oct)</p>

5.9 **Risks and mitigation:** This forecast is very early in the financial year and it is hoped that the work we are doing to reduce numbers of children in care and the sufficiency

strategy will present a stronger position on savings delivery on the placements budget, as we move through this year and into 2023/24. However, it is important to note that due to the impact of covid and its legacy, which is significant on the CSC service, increased demand combined with recruitment and retention difficulties, arising from a national shortage of qualified social workers and the chronic impact of the pandemic on staff, has led to higher than normal staff vacancies and subsequently mounting caseloads for social workers. As a consequence we have not been able to sustain the positive trajectory of performance and practice improvement that we saw through the preceding two years and we still require improvement. Furthermore we are yet to see the impact of the cost of living crisis on future demand.

- 5.10 Our ambition, that we deliver consistently good services to children and families, is largely contingent on having a sufficiently stable, skilled workforce with manageable caseloads. Therefore we do anticipate pressure on the staffing budget this year as we focus on reducing inflated caseloads. If we do not do this we will not be able to deliver good services or sustain the trend of reducing the numbers of children in care and the associated costs.

6. Financial implications

- 6.1 The financial implications are included throughout the main body of the report.

7. Legal implications

- 7.1 The recommendations in this report have been considered, and observations have been included in the report. Members are asked to note that The Council must comply with its statutory duties to children and families, in particular those arising under the Children Act 1989 as amended, the Children and Social Work Act 2017, the Children (Leaving Care) Act 2000 and related legislation, Regulations and Statutory Guidance.

8. Equalities implications

- 8.1 Addressing inequalities within the health and care system, especially those impacting upon our Black, Asian and Minority Ethnic (BAME) communities, is a key priority for the Council and its partners. This focus has been sharpened in response to the disproportionate impact that COVID-19 has had on these communities. Any changes to ASC services originating from this review will need to be mindful of this, with a thoroughly consideration of the equality implications for our most vulnerable residents alongside appropriate mitigation to reduce any negative impacts.

9. Climate change and environments implications

- 9.1 There are no anticipated climate change and environmental implications arising from this review of ASC. However, any proposed service changes or recommendations must be mindful of the Council's intention of becoming a carbon neutral borough by 2030 and observe our commitments in the Climate Emergency Action Plan that was agreed by Mayor and Cabinet in March 2020.

10. Crime and disorder implications

10.1 There are no anticipated crime and disorder implications resulting from this service.

11. Health and wellbeing implications

11.1 The changes in progress are likely to have implications for how current services are delivered with an aim to improve outcomes for our residents.

12. Report author and contact

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Nick Penny, Head of Service. Finance

Appendix A – Children and Young People savings broken down by Divisions

Year	Division	Ref	Proposal	Savings/Overspend reduction to be Delivered - £'000	Expected Delivery in 2022/23 - £'000	Expected Savings Shortfall - £'000	Savings type/ RAG rating
2022/23	CSC	F-02	Children Social Care Demand management	500	250	250	Overspend Reduction
			Total Demand management	500	250	250	
Pre - 2020/21	CSC	CYP01	More efficient use of residential placements	300	150	150	Savings (Budget Cuts)
Pre - 2020/21	CSC	CYP03	More systematic and proactive management of the market	600	300	300	Savings (Budget Cuts)
Pre - 2020/21	CSC	CYP04	Commission semi-independent accommodation for care leavers	250	125	125	Savings (Budget Cuts)
Pre - 2020/21	CSC	CYP05	Residential framework for young people. Joint SE London Commissioning Programme	200	100	100	Savings (Budget Cuts)
2022/23	CSC	B-02	Strategic recharging	600	600	-	Overspend Reduction
2022/23	CSC	E-06	Reduce care leaver costs	100	50	50	Overspend Reduction
2022/23	CSC	F-03	Children Service reconfiguration - fostering	250		250	Overspend Reduction
2022/23	CSC	F-05	VfM commissioning and contract management - CSC	250	125	125	Overspend Reduction
2022/23	CSC	C-36	Reduction of commissioned care leaver housing costs - CSC Placements	400	400	-	Overspend Reduction
2022/23	CSC	C-36	Reduction of commissioned care leaver housing costs - NRPF	200	200	-	Overspend Reduction
			Total Sufficiency Strategy	3,150	2,050	1,100	
Year	Division	Ref	Proposal	Savings/Overspend reduction to be Delivered - £'000	Expected Delivery in 2022/23 - £'000	Expected Savings Shortfall - £'000	Savings type/ RAG rating
2021/22	CSC	A-01 and A-01a	Staff productivity - arising from new ways of working (including learning from the COVID-	663	663	-	Savings (Budget Cuts)

			19 pandemic), better collaboration and a return on IT investment				
2023/23	CSC	A-01, A-03 and F-26	Staff productivity - arising from new ways of working (including learning from the COVID-19 pandemic), better collaboration and a return on IT investment and Transport and subscriptions	564	564	-	Savings (Budget Cuts)
2022/23	CSC	C-03	Reduction in the use of agency social workers.	215	215	-	Overspend Reduction
			Total Workforce	1,442	1,442	-	
			Total CSC	5,092	3,742	1,350	

2021/22	ESS	A-13	Children with complex needs (CWCN Revision)	62	62	-	Overspend Reduction
2022/23	ESS	C-07	Review Short breaks provision.	50	50	-	Overspend Reduction
2022/23	ESS	E-05	Traded services with schools	50	50	-	Savings (Budget Cuts)
2022/23	ESS	A-01, A-03 and F-26	Staff productivity - arising from new ways of working (including learning from the COVID-19 pandemic), better collaboration and a return on IT investment and Transport and subscriptions	198	198	-	Savings (Budget Cuts)
			Total ESS	360	360	-	
2022/23	FQC	C-35	Specialist social care support review	177	89	89	Savings (Budget Cuts)
Year	Division	Ref	Proposal	Savings/Overspend reduction to be Delivered - £'000	Expected Delivery in 2022/23 - £'000	Expected Savings Shortfall - £'000	Savings type/ RAG rating
2022/23	FQC	D-13	Review of commercial opportunities for nurseries within children's centres	11	11	-	Savings (Budget Cuts)

2022/23	FQC	A-01, A-03 and F-26	Staff productivity - arising from new ways of working (including learning from the COVID-19 pandemic), better collaboration and a return on IT investment and Transport and subscriptions	103	103	-	Savings (Budget Cuts)
			Total FQC	291	203	89	
			Total CYP	5,743	4,305	1,439	