

<b>PUBLIC ACCOUNTS 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 Executive Director for Resources and Regeneration	
<b>Class</b>	Part 1	25 <sup>th</sup> September 2018

### **Reasons for Lateness and Urgency**

This report was not available for the original despatch because of the need to have thorough and detailed review of the Children Social Care budget in conjunction with latest financial forecasts, elsewhere on this agenda. The report is urgent and cannot wait until the next meeting of the Public Accounts Select Committee given the need for Members to be sighted on the current financial position now.

Where a report is received less than 5 clear days before the date of the meeting at which the matter is being considered, then under the Local Government Act 1972 Section 100(b)(4) the Chair of the Committee can take the matter as a matter of urgency if he is satisfied that there are special circumstances requiring it to be treated as a matter of urgency. These special circumstances have to be specified in the minutes of the meeting.

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

- 1.1 The purpose of this report is to provide briefing and information in depth on the financial position of Children's Social Care. It describes how the budget is made up and explains the demands and cost drivers. It then goes on to describe the action which is in train to address the current overspend.

#### **2. Recommendations**

- 2.1 The Public Accounts Select Committee is recommended to note and comment on the report.

#### **3. Policy Context**

- 3.1 Children Social Care continues to contribute to five of the key priority outcomes of Lewisham's Sustainable Community Strategy 2008-2020:
- **Ambitious and achieving** – where people are inspired and supported to fulfil their potential.
  - **Safer** – where people feel safe and live free from crime, antisocial behaviour and abuse.

- **Empowered and responsible** – where people are actively involved in their local area and contribute to supportive communities.
- **Healthy, active and enjoyable** – where people can actively participate in maintaining and improving their health and well-being.
- **Dynamic and prosperous** – where people are part of vibrant communities and town centres, well connected to London and beyond.

3.2 Children Social Care contributes to the Children and Young People's Plan 2016-2018 and its five priorities: Be healthy, Stay Safe, Enjoy and Achieve, Make a positive contribution and Achieve economic wellbeing.

3.3 Reporting financial results in a clear and meaningful format contributes directly to the council's tenth corporate priority: inspiring efficiency, effectiveness and equity.

#### **4 Local Context**

4.1 The financial forecasts for 2018/19 as at 31 July 2018 show a forecast overspend of £17.4m against the whole Council's net general fund revenue budget. This compares to a final outturn of £16.5m for 2017/18 which resulted after applying £1.3m of funding for 'risks and other budget pressures' against the Council's year-end overspend of £17.8m.

4.2 Over the last eight 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 2017/18, the Council has implemented savings of £160m, with work is underway to identify and deliver a further £32m by 2019/20. 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 78% of the CYP budget and 17% of the total General Fund spend across the Council.

4.3 The year-end outturn for the CYP Directorate 2017/18 was an overspend of £15.6m, with £12.6m (after Reserves draw down of £0.721m) of this attributable to CSC. The CSC is presently forecasting an overspend of £12.9m, with the CYP Directorate as a whole forecasting an overspend of £15.5m. While the overall overspend is broadly at similar level to last year, it is against an increased budget with CSC adverse variance slightly higher than prior year. The key drivers remain placements for looked after children and staffing spend, hence the focus on these areas in this report. Last year, the remainder of the overspend (beyond CSC) was made up of SEND Transport (£2.4m), Youth Services Contract (£1.1m) and Education Psychologists (£0.5m). Members should note that a summary of the 2017/18 outturn position and summary reasons for variances are attached at Appendix 1 to this report.

4.4 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 net budget in CSC was increased from £48.7m last

year and is now £53.5m. An increase of £4.8m (10%). The savings attributable to CSC since 2010 are shown below:

	£m
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>

## 5. **Headline analysis of CSC Overspend**

The CSC overspend falls into two parts:

### 5.1 Overspend on placements

The placement budget for *looked after children* is currently forecast to overspend by £10.1m (up £2m from prior year). This is based on an average of 488 looked after children for the year. The forecast assumes all of the agreed revenue budget savings will be delivered in full. This budget funds foster and residential placements for Lewisham's looked after children.

### 5.2 Overspend on CSC staff

The CSC staffing budget, which funds social workers, their managers and business support is forecast to overspend by £4.1m (£4.6m last year. This however masks the real underlying pressure as budget was increased by £1.2m). So in reality a £700k adverse movement.

## 6 **National and London context**

### 6.1 National underfunding of Children Social Care

The Local Government Chronicle reported in August 2017 that across England, spending on children's social care is outstripping budgets by close to £1 billion, estimated to rise to £2 billion by 2020. This research found that over that last three years, around 4 out of 5 councils had overspent and that while budgets had increased by an average of 2.5%, spending had gone up by 5%. 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. Nationally the number of looked after children has increased. 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.

## 6.2 London Councils' data on Children Social Care spending

6.2.1 An informal benchmarking survey was initiated by Lewisham Finance to compare outturn positions in CSC with other councils within London area. There were 32 responses and all, but three boroughs overspent. The underspending Boroughs were underspent by marginal amounts of £0.5m or less and it was unclear if this was after applying one off reserves or not. Similarly many of the overspending boroughs reported positions after use of reserves and so a fair comparison was not possible. Lewisham similarly has reported an outturn position of £12.6m after use of £0.721m reserves. What is clear is that there is a high number of London Boroughs facing challenging financial pressures and although at face value Lewisham is on the highest percentile, it is difficult to be conclusive as figures are not being reported on a consistent basis across councils.

6.2.2 An analysis of Section 251 benchmarking returns also provides some interesting context of how Lewisham compares with 10 neighbouring boroughs. Below is a summary table based on 2016/17 spend;

<b>Spend Category</b>	<b>Lewisham</b>	<b>Rank</b>
	£	#
3.1.1 Residential care (D)	110	3
3.1.2 Fostering services (D)	185	4
3.1.3 Adoption services (D)	22	5
3.1.4 Special guardianship support (D)	7	11
3.1.5 Other children looked after services (D)	17	8
3.1.6 Short breaks (respite) for looked after disabled children (D)	10	3
3.1.7 Children placed with family and friends (D)	0	10
3.1.8 Education of looked after children (D)	0	9
3.1.9 Leaving care support services (D)	17	7
3.1.10 Asylum seeker services children (D)	3	6
<b>3.1.11 Total Children Looked After (D)</b>	<b>371</b>	<b>6</b>

*Note: D - Spend Per Total population aged between 0-17.*

The table shows clearly that Lewisham is in the top half of spend on Residential, Fostering, Short breaks and Adoption services. The spend from 2016/17 to 2017/18 had significantly increased as indicated by reported outturn position, the likelihood therefore is that we will even be further up the table on high spending in aforementioned areas. The 2017/18 benchmarking report is being concluded and will be shared in due course.

6.2.3 In 2016/17, London Councils released an initial report on their analysis of spend in children's social care. Patterns of overall children's social care spend varied significantly between boroughs over the past four years: spend

increased in 13 boroughs and decreased in 8 boroughs. Lewisham was one of the boroughs where spend decreased. However, current spend (2017-18) and increases in Children Looked After suggest that the trend has reversed. Investigation will need to be done by operational teams to understand the underlying reasons for this change

#### 6.2.4 The main findings from the London Councils research were below

- Overspends are widespread in children’s social care: in 2016/17, 25 out of 28 boroughs overspent on children’s social care budgets – equating to £3.4m per borough or 9.6 per cent of aggregate budgets
- Overspends as a proportion of budgets are slightly higher in outer London (10.0% compared to 8.9% in inner London). Lewisham is 14.5% so an above average overspend.
- Amongst the 22 boroughs providing full data over the past four years, the number of boroughs experiencing overspends increased from 15 to 21 between 2013/14 and 2016/17
- Many (but not all) boroughs experienced a large increase in overspends in 2016/17, driving an increase in the average overspend from £2.3m in 2015/16 to £3.5 million in 2016/17
- The two main areas of spend are core staffing budgets and placement budgets. At an aggregate level, overspends are equivalent to 12 % of core staffing budgets (compared with 11% in Lewisham) and 18 % of placement budgets (compared with 12% in Lewisham)
- 19 out of 28 boroughs overspent on both core staffing and placement budgets in 2016/17
- Across 29 boroughs providing data, the number of LAC (start of year) fell from 9,017 in 2013/14 to 8,878 in 2016/17. This masks significant variation between boroughs – 14 boroughs experienced an increase in LAC numbers, 13 boroughs experienced a decrease and 2 boroughs experienced no change.
- Prior to 2017/18 Lewisham had experienced a small decrease. This trend has however changed in the last year with numbers rising from 470 to 479 during the year and are now moving towards 490

6.2.5 A recent report in the local Government Chronical (30<sup>th</sup> August 2018) table is from the LGC of 30<sup>th</sup> August 2018 was interesting and relevant for the PASC report.

<b>BUDGET OVERSPENDS IN CHILDREN’S SERVICES OVER 2017/18</b>		
<b>Council</b>	<b>% overspend</b>	<b>Latest Ofsted rating</b>
Ealing LBC	54	Good
Wandsworth BC	54	Requires improvement
Gloucestershire CC	51	Inadequate

Richmond upon Thames LBC	38	Good
Hammersmith & Fulham LBC	35	Good

When measured against this table, Lewisham were at 33% by our figures. This goes to illustrate that there is a national problem being felt particularly in London.

## **7 The functions and activities of Children Social Care**

### **7.1 Statutory basis**

7.1.1 Children's Social Care operates under a set of legislation and statutory guidance, the main pillars of which are:

- The Children Act 1989 which imposes a statutory duty on local authorities to safeguard children in their area
- The London Child Protection Procedures 2016 which have been adopted by all London councils and Local Safeguarding Children Boards (LSCBs) lined to the delivery of statutory guidance.
- Working Together to Safeguard Children 2015 which has recently been reissued with some revisions. This provides a national framework and core requirements which agencies and professionals must satisfy in order to safeguard and promote the welfare of children.

### **7.2 Key functions of CSC**

#### **7.2.1 Early help**

Early help means taking action to support a child, young person or their family early in the life of a problem, as soon as it emerges. It can be required at any stage in a child's life from pre-birth to adulthood and applies to any problem or need that the family cannot deal with or meet on their own. It is to meet this wide definition that the council commissions family support and children's centres in particular but a wide range of other services provided by the council and its partners also count as early help although (as in councils across the country) the range and quantum of this has been eroded during the austerity period. CSC has to ensure that children and families who do not meet the threshold for social care intervention are offered and indeed take up and benefit from early help. CSC is also expected to 'step down' cases which no longer need a social worker but where some vulnerabilities remain to early help services. Early Help is part of the Ofsted's focus in its current inspection arrangements for CSC.

#### **7.2.2 Child protection**

7.2.2.1 A local authority's powers and duties to safeguard children are defined in the Children Acts of 1989 and 2004. Two core elements of the 1989 Act are Section 17 and 47. Section 17 imposes a general duty on every local authority

to safeguard and promote the welfare of children in need of local authority services within their area.

- 7.2.2.2 Section 47 defines the authority's duty, in partnership with other agencies, to initiate enquiries if they become aware that a child in their locality is suffering or is likely to suffer significant harm. If, following or during the course of assessment, concerns about a child's safety are identified, local authority social workers should convene a strategy discussion/meeting with the police and others to decide whether to undertake an enquiry under Section 47 and any associated action to protect the child.
- 7.2.2.3 Within the 2004 Act, Section 11 requires local authorities and partner organisations with responsibility for the care and well-being of children to co-operate. This includes health, police, probation and youth offending teams. Schools and the voluntary sector are encouraged to work in partnership with local authorities to plan and deliver services tailored to the needs of the child.
- 7.2.2.4 In addition, the 2004 Act requires all children's services' authorities to establish a Local Safeguarding Children Board (LSCB) and appoint a Director for Children's Services (DCS) and a Lead Member for Children's Services (LMCS). Legislation this year changes the requirement to have an LSCB but the government guidance on the new expectations has not yet been received. It is unlikely to reduce the burden on councils in terms of finance and administration.

### 7.3 Looked after children

- 7.3.1 There are several ways that a child or young person can become looked after by the local authority
- A parent can request that their child is looked after or "accommodated" by the local authority under Section 20 of the Children Act 1989
  - The police can take a child under Police Protection for 72 hours
  - The local authority can be so concerned about a child that they decide to apply for an Emergency Protection Order which also lasts for 72 hours
  - The local authority can decide to implement care proceedings if the threshold for this has been met.
  - The court may decide to award an Interim Care Order whilst further investigations are continued which may lead to the granting of a Care order.
  - The Courts can remand a child into the care of the local authority in criminal matters
  - In exceptional cases, the local authority can apply for a Secure order under Section 25 of the Children Act 1989
- 7.3.2 When a care order is made, the local authority acquires parental responsibility and becomes a legal parent with associated duties alongside the parent/

guardian. Looked after children are placed at the expense of the local authority in foster placements or in exceptional circumstances, residential placements. Other types of care include adoption, kinship care with extended family and special guardianship arrangements. Looked after children become Care Leavers at age 18 and following recent legislation, the council has responsibility for them up to age 25.

7.3.3 Foster placements are either with in-house foster parents who are recruited by the Council or by placing a child with an external agency who employs foster parents and then sells out the placements to local authorities. These are known as Independent Fostering Agencies (IFAs).

#### 7.4 Adoption/Special Guardianship Order

7.4.1 A Special Guardianship Order (SGO) is an order appointing one or more individuals to be a child's 'special guardian'. It is intended for those children who cannot live with their birth parents and who would benefit from a legally secure placement. Usually SGOs place children with grandparents, other close family or family friends. They are increasingly used by the courts, sometimes even if the local authority considers that the child should be placed for adoption. The local authority is expected to provide financial support for the placement under a local policy which meets legislative requirements.

#### 7.5 Section 17

7.5.1 A 'Child in Need' is defined under the Children Act 1989 as a child who is unlikely to achieve or maintain a satisfactory level of health or development, or their health and development will be significantly impaired, without the provision of services; or a child who is disabled.

7.5.2 For children who are disabled, assessments are carried out by the Children with Complex Needs Team and packages of care may be given, where appropriate linking up as part of a holistic package of support with education and health.

7.5.3 For children whose parents present as destitute and/or intentionally homeless it may also be necessary for a social work assessment and may require support to be given in kind, by providing accommodation or cash.

#### 7.6 Ofsted inspection regime

7.6.1 Ofsted inspects and regulates services that care for children and young people, and services providing education and skills for learners of all ages.

7.6.2 Ofsted inspects Local Authority Children Services and the Local Safeguarding Children Board under its powers in accordance with section 152 of the Education and Inspections Act 2006 and carried out under the Local Safeguarding Children Boards (Review) Regulations 2013.

- 7.6.3 Lewisham was last subject to a full inspection of our CSC Department in November 2015, with the report published in February 2016. Based on current arrangements Lewisham would expect to receive a further inspection under the new ILACS regime fairly early in 2019. The borough could also receive a thematic inspection through the Joint Targeted Area Review (JTAI) inspection arrangements from any time from now onwards. On 5<sup>th</sup> and 6<sup>th</sup> September, the council received a 'Focussed visit' from Ofsted. This is a form of 'mini inspection' reported via a letter rather than a graded report. It focused on our front door and MASH arrangements, given that this was the main area for action following our 2015 inspection.
- 7.6.4 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. If an Ofsted inspection finds (as in a number of London boroughs) that standards are not met and the services are graded 'Inadequate', the Council is required to rectify this, with a high degree of scrutiny from the DfE, or risks CSC being removed from Council control.

## 8. Understanding demand:

### 8.1 What are the demand trends?

An underlying driver of demand is the increase in population in Lewisham of children and young people aged under 18. The increases since 2011 are as follows

Year	Population	%Growth
2011	64,234	
2012	65,153	1.43%
2013	66,276	3.18%
2014	67,366	4.88%
2015	68,137	6.08%
2016	68,845	7.18%
2017	69,330	7.93%
2018	69,867	8.77%

Source:

<https://www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/strategies/Documents/LewishamAnnualPublicHealthReport2015.pdf>

## 8.2 What are the key headline statistics for CSC in Lewisham?

	As at August 2017	Statistical Neighbours	National
Number of children 0 to 18	68,272		
No of contacts and referrals per 10,000 population	476	478	548
S47 child protection enquiries per 10,000 population	175.0	139.0	142.0
Number of children on Child Protection Plans	331	263	296
Number of Looked after Children per 10,000 population (1)	71.8	63.8	62.0

## 8.3 What drives demand for CSC?

8.3.1 There are a number of drivers for demand which have resulted in increased spend across London. They can be seen as associated with economic disadvantage, increased child poverty and with intergenerational problems of mental health and deprivation, including:

- Increase in incidence of poor parental mental health linked with substance abuse, leading to neglect of children and poor attachment
- Increase in problems of adolescent mental health (e.g. increasing incidence of self-harm, eating disorders, suicidal ideation)
- Increase nationally in serious youth violence and involvement in drug dealing, leading to exploitation of vulnerable young people, including sexual exploitation and peer on peer abuse
- Increase in homelessness, mobility and transience
- Increase in numbers of Unaccompanied Asylum Seeking Children

## 9. **Analysing the budget overspend**

The Children Social Care Budget is made up as follows:

Area of spend	£ m	Forecast overspend 18/19
Staffing	10.5	4.1
Children's placements	22.6	8.7
Specialist Support	1.3	0.1
Other Support	3.0	0.4
Other Costs	4.0	(0.4)
<b>Total</b>	<b>£41.6</b>	<b>12.9</b>

## 9.1 Staffing

### 9.1.1 Staffing costs are driven by:

- Service demand, since to enable social workers to operate safely and effectively, their caseloads must be limited; this is kept constantly under review;
- Recent increases across London in the cost of agency staff, driven by the competitive market for staff and many social workers' choice to opt for agency work.
- Implementation of improvement plans following our RI inspection outcome in 2016 and more recent diagnostic work which has identified improvement priorities – staffing is required to drive and deliver change as there is insufficient capacity in the management tier to carry this forward as well as managing operational day to day pressures
- Some staff and teams have been, for whatever reason, historically unfunded and there has been a mismatch between budget and spend over a number of years.
- High levels of maternity leave during 2017/18, with 13 posts needing to be covered, generating an overspend of £0.4m.
- Challenges in recruiting and retaining senior staff in the service, leading to agency spend.

### 9.1.2 Staffing costs make up a quarter of the budget (£10.5m)

- There are 353 FTE staff in Children Social Care as at August 2018
- 31.7% of these staff are agency workers of Lewisham's CSC staff are agency staff as at June 2018. This is considerably higher than the national average of (18%) but mid-range for inner and outer London.
- The additional cost of an agency worker (compared with an employee) ranges between 5% and 16% depending on the role.
- Moving to the best in London (11% excluding K&C) would reduce the cost by just over £500k
- Lewisham's rates of pay for SWs are within the lowest quartile in London.

### 9.1.3 Caseloads by team are shown below

Team	Average number of cases per social worker	
	Target	Actual
Referral & Assessment	17	15
Family Social Work Service	17	-
Fostering	-	-
Social workers within LAC/Leaving Care	15	15
Personal Advisors within LAC/Leaving Care	27	-

## 10 Placements budget

- 10.1 The placements budget of £22.6m is expected to overspend by £8.7m in 2018/19.

At the end of August there were 494 Looked after Children, the pattern over the past four years are as follows:

August 2018	494
August 2017	467
August 2016	440
August 2015	489
August 2014	516
August 2013	506

- 10.2 The rate of looked after children per head of population in Lewisham has risen above statistical neighbours. Nationally and in London, local authorities are experiencing upward pressure on LAC numbers. If our rate of LAC was at the same rate as the average for our statistical neighbours and the average cost was similar to current costs, the spend would be approximately £3.4m less, which is less than half the overspend.

### 10.3 Placement unit costs

Looked after children are placed with the full cost falling to CSC (with a small number of exceptions for children with complex needs where there maybe tripartite funding across education and health). LAC are placed in either:

- In house foster placements – placements with foster carers who have been recruited by and are paid and supported directly by Lewisham
- Independent Fostering Agency placements – placements with foster carers who have been recruited by and are paid by the IFA, with an agency fee as an overhead. These are used particularly for 'higher end' or more complex cases.
- Residential placements – these are a last resort for young people who have not/cannot thrive in a foster placement. A small minority of those children in residential placements even require secure placements which require additional approval from court and are both expensive and hard to source because of a national shortage.
- Semi-independent placements – for young people whereby they do not wish/require foster care placement and are being prepared with the requisite skills for independent living post age 18.

- 10.4 The table below shows that:

- Unit costs in Lewisham compare reasonably well with statistical neighbours, although the average cost of residential placements is higher than national and statistical neighbours, being skewed by a significant number of very high cost secure/specialised placements.
- Placements in Lewisham are skewed towards the higher cost placements. For those in foster care, the distribution of children between in house and IFA is about 50/50 but the IFA placements cost **twice as much** on aggregate. Putting it simply, if the balance can be changed to increase in house fostering and reduce reliance on IFAs and escalation to residential, the placement budget could be reduced substantially.
- Use of residential placements is high and has increased. The unit costs of these are so high that even a small decrease in these numbers (with increased use of suitably supported IFA and in-house placements) would make a large impact on the overspend.
- Our position in part reflects a national context, with the ADCS and others describing the market for children's social care placements as 'broken', with escalating costs and competition for placements between local authorities. Our analysis shows however that we are not sufficiently active in developing and supporting the local market for placements and securing best value from the placements we buy.
- Lying behind this is a 'burning platform' position where demand for placements exceeds supply, our own population of in-house foster carers is ageing and over the last few years, the rate of in-house foster carers leaving has exceeded recruitment. This has been partly reversed with increased recruitment over the last year but is still at an early stage.

	% Lewisham	% Statistical Neighbours	% National Average	Number as at Sept 17	Aggregate annual cost as at Sept 17
LAC in In-House foster placements	35.8%			168	
LAC in Independent Foster placements (IFAs)	42.2%			198	
LAC in Residential placements (1)	16.4%	12.4%	12%	77	
<b>UNIT COSTS</b>					
Residential placements	£3,741	£3,438	£3,446	35	£6.8m
Agency fostering	£911	£946	£911	198	£9.4m
In-house fostering	£426	£462	£480	168	£3.7m

Notes:- (1) Includes Semi-independent placements

## **11. Other areas of budgetary pressure**

### **11.1 Section 17/Intentional homelessness**

This budget area is forecast to overspend by about £0.8m. This appears to reflect increasing numbers presenting as intentionally homeless and then requiring support under the Children Act 1989. This is being addressed in joint work with Housing to reduce this spend.

### **11.2 Special Guardianship Orders**

The cost of funding families who are looking after children under SGOs is forecast to overspend by £1m in 2018/19. Under the current policy when an SGO is agreed, the support payments remain until child until the child ceases to be looked after or leaves fulltime education. Given that the profile of children on SGOs are mostly in the younger age groups, the number of 'joiners' is greater than the number of 'leavers' and hence the cost continues to grow each year.

## **12. Strategy for reducing cost and bringing the service within budget**

12.1 The Ofsted report in 2016 identified that there needed to be a major improvement programme for children social care focusing on greater rigour, improved recording and performance management and much better systems and processes. The work achieved so far has necessitated investment in bringing the service's IT up to date, ensuring that the social workers have phones and tablet devices to enable mobile and secure working. Also, officer carried out a huge data cleansing exercise and development of a new performance framework. A further stage of this work is underway to renew and reconfigure the CSC system, Liquid Logic. Following a number of pieces of diagnostic work, a new CSC Improvement Plan is being implemented. This is being overseen by a CSC Improvement Board which is chaired by the Lead Cabinet Member. The improvement activities can be summarised as follows:

- Improving children's social care practice through work to implement the Signs of Safety practice framework
- Improving performance management and quality assurance, including case auditing
- Improving systems and processes, especially in the Front Door and MASH, with a full reconfiguration and upgrading of the Liquid Logic IT System.
- Recruiting additional foster carers to reduce reliance on high cost independent fostering agencies
- Working to reduce relatively high numbers in residential placements through improved management systems, stronger gatekeeping, monitoring and developing the local market
- Reducing reliance on agency staff through a strong workforce strategy, encouraging agency staff to become council employees and rigorous establishment control

- Multi agency work to reduce the number of older adolescents coming into care through finding more effective pathways, including a focus on contextual safeguarding
- Better procurement to get best possible VFM from suppliers (placements, agency staff, contracts)
- Effective joint working with Housing Needs to reduce costs of intentional homelessness and improve housing options for care leavers

Further details of the Children Social Care Improvement Programme are attached as Appendix 2 to this report.

### **13. Conclusion**

- 13.1 This report highlights that controlling and reducing the overspend in CSC is vital for the council finances. All the initiatives which are being undertaken and are described in this report involve a degree of systems change. The problems faced by Lewisham are common across London and beyond. London Councils are working with the LGA on lobbying strategies to highlight the scale of the problem.

### **14. Financial implications**

- 14.1 There are no specific financial implications to this report although it concerns the council's finances.

### **15. Legal implications**

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

### **16. Crime and disorder implications**

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

### **17. Equalities implications**

- 17.1 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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## 2017/18 overspend

## Appendix 1

Overspending	September 2017	January 2018	March 2018
<b>Oracle – General Ledger</b>	CYP £12.0m CSC £10.0m  CSC Change	CYP £13.0m CSC £11.0m  CSC Change Quarter £1.0m, 10%	CYP £15.5m CSC £12.6m  CSC Change Quarter £1.6m, 15%
<b>Monitoring Report</b>	CYP £7.2m CSC £4.8m	CYP £8.6m CSC £5.9m	CYP £15.5m CSC £12.6m
<b>Explanation</b>			
<b>Difference between General Ledger and Monitoring</b>	Difference £5.2m, due to: <ul style="list-style-type: none"> <li>£2.0m over commitments on system</li> <li>£3.0m under reporting of savings, placement and staffing pressures (not capturing pace of service growth)</li> </ul>	Position worse due to continued growth in placements & staffing costs – see service below.  Realism of being able to reduce overspend by £3.0m by assumed action to bring in line with forecast.	Position worse due to continued growth in placements & staffing costs – see service below.  Finance £1.3m at year end: <ul style="list-style-type: none"> <li>(£0.7m) CYP reserves</li> <li>£1.0m CVD write off</li> <li>£1.0m actuals from year end commitments and recharges</li> </ul>
<b>Monitoring Report</b>	Overspend of £4.8m from: <ul style="list-style-type: none"> <li>undelivered savings, placements and staffing</li> </ul>	Overspend of £5.9m from: <ul style="list-style-type: none"> <li>undelivered savings, placements and staffing</li> </ul>	Overspend of £12.6m from: <ul style="list-style-type: none"> <li>undelivered savings, placements, staffing</li> </ul> Full impact of undelivered savings, placements and staffing costs for the year, plus Finance – see above.

18/19 overspend

Overspending	March 2018	July 2018	September 2018	
<b>Oracle – General Ledger</b>	CYP £15.5m CSC £12.6m  CSC Change Quarter £1.6m, 15%	CYP £13.6m CSC £10.0m  CSC Change Quarter (£2.6m), -26%	CYP £15.5m CSC £13.0m  CSC Change Quarter £3.0m, 30%	
<b>Monitoring</b>	CYP £15.5m CSC £12.6m	CYP £13.6m CSC £10.0m	CYP £15.5m CSC £12.9m	
<b>Explanation</b>				
<b>The Gap</b>		Diff. of (£2.6m) from closing: <ul style="list-style-type: none"> <li>Once off pressures added back - £0.3m</li> <li>£0.7m CYP reserves (£1.0m) CVD write off</li> <li>Base budget pressure adjustments - £2.5m</li> <li>£1.5m placement costs</li> <li>£0.6m MASH team</li> <li>£0.4m FSW team</li> </ul>		
<b>Service (monitoring report)</b>		Overspend of £10.0m from: <ul style="list-style-type: none"> <li>undelivered savings, placements and staffing</li> </ul> <p>Under reporting of savings, placement and staffing pressures not capturing pace of service growth?</p>	Overspend of £12.9m from: <ul style="list-style-type: none"> <li>undelivered savings, placements and staffing</li> </ul> <p>Assumes actions by new leadership will aggressively and quickly start to reduce placement and staffing costs by £3.0m by year end.</p>	

## APPENDIX 2

### BRIEFING PAPER

#### CHILDREN AND YOUNG PEOPLE'S SERVICE IMPROVEMENT PROGRAMME

##### 1. PURPOSE OF THE REPORT

The purpose of this briefing paper is to update stakeholders on the Children and Young People's Services Improvement Programme

##### 2. CONTEXT

In response to diagnostic work on the path for the service to move from 'requires improvement' to 'good' and the challenges facing the service, in particular budget overspends and rising demand, a CSC Improvement Board was established and a project team put in place with additional capacity with experience of delivering social care improvement in other councils.

Five priorities have been identified for immediate action, with this improvement work getting underway immediately, while a more detailed plan is finalised to drive forward a wider programme of improvement over the next year. Through rigorous programme management, the programme will be built up over the next two months to incorporate wider partners and additional priorities.

The initial proposed priorities are:

- a) **Children's Social Care practice improvement** – improving social work practice and performance management, with a stronger focus on outcomes for children. This also necessitates the reconfiguration and updating of the LCS IT System which is the main IT system for children's social care since practice is currently hampered by IT shortcomings. The IT improvements will enable the remodelling of the front door/MASH to be more efficient.
- b) **Resource Management** – improving establishment control, increasing the % of permanent staff, improving budget data for the service and remodelling the budget so that it matches planned spend so that there is clearer accountability. This strand of work also includes the updating of the financial module of LCS (Controcc) as well as business processes, especially as they relate to payment of foster carers. It also involves the formulation of a medium term financial plan specifically for CSC.
- c) **Commissioning of placements** – improving processes for making placements, improving quality assurance and increasing proactive management of providers and the wider market. This involves reworking the Sufficiency Strategy.
- d) **Early Help Review** – this will review thresholds, following the Ofsted focused visit and will review all commissioned provision in the lead up to the end of existing contracts in 2020 with a view to getting the right support to families at the right time, particularly to reduce the numbers of older adolescents coming into care.
- e) **Transitions** – improving transition for young people with disabilities, promoting independence and with a focus on outcomes and preparing for adulthood. The work will focus on developing clearer pathways, improved commissioning and a new performance dashboard.

##### 3. PROGRESS

###### a) Children's Social Care Practice

The interim Director of Children's Social Care took up post in in July 2018. She has implemented the following:

- Weekly performance meetings commenced in August 2018 attended by all operational team and service managers and will serve to ensure compliance with key activities such as ensuring assessments are completed within timescales ensuring children are visited according to agreed standards, ensuring that all children open in the service for longer than 45 days will have an up to date plan of intervention in place and that there is compliance around basic requirements relating to children looked after and care leavers. The meetings are also being used to address issues that are undermining good practice such as problems around transfer, throughput and step up, step down of cases. IT system issues have hampered this work, so the fully impact of this depends on the IT improvement programme.
- The strategic capacity of the current service manager group was enhanced (new interim group manager posts) from within the service. This is providing more capacity, enabling closer scrutiny of quality of practice issues.
- The focus of the existing LAC Scrutiny panel that acted as a retrospective gatekeeper for LAC placements has been changed to become a 'Best Care' Panel that will more systemically review all residential placements to ensure there is no drift for individual children and young people, to ensure their needs are being met and to ensure best value alongside improved outcomes.
- A detailed week long review of the functioning of the MASH was carried out in August 2018, followed in September by an Ofsted Focused Visit. This has identified the refinements in business processes and pathways required to ensure resource is being used to best effect. Implementation of this depends on the IT improvements referred to above.
- Lewisham has been accepted as part of the phase 2 pilot of the National Assessment and Accreditation System (NAAS). This is an assessment and accreditation system for child and families social workers, for them to demonstrate their knowledge and skills against the [knowledge and skills statements](#) (KSS), which are now the post-qualifying standards for child and family social work as set out under [Section 42 of the Children and Social Work Act 2017](#). Accreditation will begin in Spring 2019 and the intervening period will be used to ensure our social workers are prepared for the national regime.
- Lewisham has been awarded £144,200 to be part of the above pilot and intends to use this money to fund the Signs of Safety practice framework across children's social care as a proven fast track to improve and promote consistently good practice across all the services.
- Plans are underway to provide a half day introduction to 'Signs of Safety' for managers across the authority both the statutory and non-statutory services. This has been scheduled for October. A neighbouring LA whose SoS practice is well established to good effect is also coming to deliver a workshop to managers in September.
- The audit programme needs urgent improvement. A review of the audit tool and the audit programme has been carried out and a new programme will be launched in September with a clear expectation of full compliance from all managers. The learning from the audits will be fed into an updated QA Framework to support continuous learning.

## **b) Resource Management**

To improve budget management, demand management and financial planning, the following actions/activities have taken place:

- A Resource Management Group was established in July, meeting fortnightly, with representation from all key corporate core functions and services, working collaboratively to improve the use of resources and the development of effective infrastructure. Terms of reference and project plan are in place.
- This Group worked on savings proposals submitted for 2019/20 and 2020/21 to ensure they were realistic and tied into service improvement, with further potential to develop robust 'invest to save' proposals as part of a 3-5 medium term financial strategy for CSC to improve demand management. These are targeting at reducing the budget overspend.

- In the short term the focus has been on the immediate priorities of Establishment Control, clarifying the staffing establishment and recruitment requirement and managing reduction in agency spend as well as potential for in-year efficiencies and cost reductions to mitigate pressures.
- An intensive exercise has been completed which worked through every single post in the staffing establishment to get the establishment right in terms of numbers of staff needed to deliver the service, costed and budgeted properly. This builds on work previously undertaken by HR and Finance and sets a clear baseline with an expectation thereafter of full compliance with protocols and full transparency in control of the establishment.
- An analysis of all agency and interim resource currently deployed by the Directorate has been undertaken from HR and systematic challenge will be brought to the ongoing need for resource
- An analysis of Section 17 expenditure has been undertaken with a view to shifting spend from housing to family support.

### **c) Commissioning of Placements**

The current commissioning approach for placements for looked after children and care leavers has been reviewed. In the short term the focus has been on ensuring that the placement function is effectively managed, ensure roles and responsibilities are better defined and that the interface with social workers, finance and performance is clear and effective, such that efficiencies and a new QA framework with providers can be delivered. In the longer term, a new Sufficiency Strategy will be put in place, underpinned by a sound integrated commissioning response for LAC/ SEND/ Public Health. The key priorities identified to date are:

- A Commissioning and Placements Group has been established began meeting in August to drive the improvement programme for this high priority area. Terms of Reference and a Project Plan are in place. The group will meet on a fortnightly basis.
- A number of meetings with Commissioning Managers and Service Managers within Joint Commissioning and Targeted Support have been held to triangulate the current position and the required improvement.
- LAC Commissioning Contract Officer now attends the 'Best Care' Panel to support operational decision making and work collaboratively with the service.
- The placement function and placement budgets have been shifted to sit within the commissioning function as of 20<sup>th</sup> August, to ensure that there is a more strategic approach and a focus on efficiencies in the management and the quality assurance of providers. This will enable a more proactive approach to shaping the local market offer.

### **d) Early Help Review**

A detailed review of early help processes is being scoped to develop a refreshed Early Help Strategy, clarify pathways, inform commissioning intentions for adequate step-up and step-down targeted provision, articulate the early help offer within Lewisham and improve multi-agency Early Help partnership work. This builds on a good current offer but also will enable review of thresholds.

As part of the Sector Led Improvement offer for Children's Services in London, a peer review of Early help is planned for October/November to be led by the DCS in Greenwich.

### **e) Transitions**

A Transition Operational Group has met and Terms of Reference and Project Plan have been agreed. The priorities of the Transition Operational Group are to:

- review of the current pathways to inform a seamless life journey approach linked to mutual outcomes for young people into adulthood.

- undertake a collaborative review of services currently commissioned jointly to support children and young people to transition and prepare for adulthood to baseline the quality and evidenced outcomes of the current market offer and inform the development of the market based on a person-centred approach.
- develop a whole systems performance dashboard linked to outcomes.
- review of current resources across the whole system to inform a proposed transition delivery model.

A Transition Strategy has been drafted with supporting 'whole system' Vision and Principles, Information Sharing Protocol across partners and proposed governance arrangements.