Financial Observations – Rehabilitation Team, Children in Care

The financial advice is a high-level summary that requires further due diligence once placements are confirmed.

The decision seeks approval to establish a small team to expedite the reunification of children in care with their families and links to an approved £0.300m budget saving.

The investment is essential to the delivery of the programme (as noted as part of the budget process). Any delay will increase the risk of failure to achieve their financial target.

The maximum requirement of the proposal is £0.175m based on a team of 3fte social workers (Grade I) to lead an intensive work programme. The service has indicated a 1:8 ratio of social worker to cases. This includes working with families after reunification to prevent the risk of re-entering care. The proposal also includes a small budget for non-pay expenditure including support for families.

In the absence of an agreed budget for the above, the service aims to fund this through a reduction in children in care costs (Invest to Save). The service is clear that any agreement would **increase the budget saving from £0.300m to £0.475m** to include additional costs associated with the decision.

The service has provided an initial summary of potential placements. Based on the information reviewed, the following points for consideration and risks are noted:

1. The ratio is less than other social worker teams, and therefore the service should ensure that the standard caseloads remain separate to this cohort to avoid any risk of challenge from other teams,

2. The cohort should predominately include higher cost placements to ensure achievement of financial targets. The initial cases highlighted included a few standard caseloads i.e. fostering, that are significantly less expensive that other placements. In addition to the point 1, any breakdown in the future could result in them re-entering care at a much higher cost (i.e. External Residential),

3. Finance is not aware of individual placements exit plans. Unless otherwise stated, the information from the Insight & Analysis External database assumes children will remain in care to their 18th birthday. Further analysis is required to ensure savings are not overstated.

4. In addition to point 3, some placements have an impending 18th Birthday. This is will limit the ability to generate savings depending on existing exit plans,

5. How sustainable is the model - are there more children suitable for the programme in the future?

6. In addition to point 5, there are several saving programmes aimed to reduce high cost children in care. The service need to ensure there is visibility across the programmes to avoid the risk of double counting and to scope the opportunity for wider transformation across the department.

7. There is no provision for any costs associated with Leavers. NCC is liable for providing leaving care support. Based on Pd11 the average annual cost is £0.006m and therefore further analysis is required when the cohort is agreed. To confirm, this

cost is **not included** in our financial modelling and will impact the projections below if these cost materialise.

8. From the initial cases, projections and staffing ratio identified, the staffing requirement is **only 2fte**. On this basis, this is the costs included in the financial analysis. Any increase in this assumption will require further financial analysis.

9. The service is requesting the full 3fte to enable operational flexibility. If the decision is approved, **the additional fte should only be agreed once the following is satisfied**:

    - Identification of sufficient and appropriate cases
    - Evaluation of the programme, including robust performance against programme targets and financial analysis of further potential savings
    - Approval strictly by the Corporate Director, following collective agreement via the Children's Sustainability Board that must include finance and insight & analysis recommendations.

10. There is no provision for agency staff, including backfilling posts if internal candidates are successful. Additional costs should be managed with the agreed funding; however, any reduction may impact case holding and subsequently projected savings and require further financial analysis.

A review of the workforce strategy is required with regular performance that takes into account the outcomes associated with this and other programmes. For example, a reduction in cases may offer opportunities to realign resource in line with the 'Strengths Based' model.

The programme is a new initiative. The financial advice recommends the service appoint posts on a **fixed to permanent contract**. This provides a prudent option that reduces the council's liability until the Children's Sustainability Board is confident of the programme's success in line with best value and avoid the risk of integrating the additional staff into standard casework.

Financial Analysis

<u>Medium Term Financial Plan</u>

Currently there is no confirmation of placements aligned to the programme. In the absence of this, the following assumes the information provided by the service and <u>potential</u> cohort projections.

The table below summaries the forecast position by financial year.

	2021/22	**2022/23**	**2023/24**
	£m	**£m**	**£m**
Average Caseloads	9	16	16
Social Workers – FTE	2	2	2
Approved MTFS Saving Target	0.300	0.300	0.300
Additional Costs	0.118	0.130	0.130
Revised MTFS Saving Target	**0.418**	**0.430**	**0.430**
Forecast Savings	(0.392)	(0.528)	(0.528)
Under/ (Over) Performance	**0.026**	**(0.098)**	**(0.098)**

Based on the above, there is a pressure in 2021/22 of £0.026m, whilst additional savings are forecast in 2022/23+.

Invest to Save

Based on the forecast above and an initial investment of £0.118m, the programme assumes payback and a positive NPV (discounted at 3.5%) in 2022/23 (£0.135m).

Summary

The above are indicative figures using only averages and subject to change. Any deviation from the assumptions will require further financial analysis to highlight any impact to the performance and forecast outturn of the programme.

In light of the organisations financial position, it is imperative that placements and staffing aligned to the programme are able to achieve the financial targets in all years.

The Childrens Sustainability Board is responsible for monitoring the programme, including all risks are documented with robust mitigation plans to ensure it achieves the financial targets aligned to the Medium Term Financial Plan.

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