

Meeting Title	Children and Young People's Scrutiny Committee
Report Title	Children's Integrated Services: budget proposals, current financial position and transformation
Meeting Date	25 November 2021

Corporate Director(s)/Director(s):	Catherine Underwood, Corporate Director for People Helen Watson, Interim Director for Children's Integrated Services
Portfolio Holder(s):	Councillor Cheryl Barnard
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Summary of issues:

Providing services for Children and Families is a key statutory responsibility for the local authority and a priority for Nottingham City Council.

The Council has published a series of budget proposals for consultation as part of the development of its medium term financial plan. A number of these relate to Children's Integrated Services.

Children's Integrated Services have been forecasting an in-year overspend. This report provides information on the forecast, reasons and mitigating actions being taken. The report also sets out the implications for the medium term financial plan.

The Council is committed to ensuring outcomes for children are met in a cost-effective way. To support this, a transformation plan is being developed. This report provides information about developments to date.

Recommendation(s):

1. Children and Young People Scrutiny Committee consider the budget proposals as they relate to Children's Integrated Services.
2. Children and Young People Scrutiny Committee considers the in-year financial position and mitigating actions and implications.
3. Children and Young People Scrutiny Committee considers the development of transformation proposals in the service.

1. Background

Providing services for Children and Families is a key statutory responsibility for the local authority. The Strategic Council Plan sets this out as a priority reflected in outcome 5: Child Friendly City. The plan sets out the vision that:

“Every child in Nottingham will get the best start in life, regardless of their circumstances. We will support local children to thrive academically, emotionally and physically, ensuring equality of opportunity for all.”

The plan notes that the Council will “continue to provide the vital statutory services that support and protect vulnerable children, including safeguarding, children in care, those with Special Educational Needs and Disabilities (SEND) and other vulnerable groups” and that the Council will “Work hard to improve our children’s services, to ensure we provide the quality of service local children and families deserve.”

2. Budget proposals relating to Children’s Integrated Services

On 09 November 2021, the Council published a series of budget proposals (attached as Appendix A) as part of developing its medium term financial plan. Consultation on these proposals runs from 16th November 2021 to 10th January 2022.

A number of these proposals relate to Children’s Integrated Services:

- Play and Youth
- Children’s Centres
- NGY Grant Funding
- Child and Adolescent Mental Health Services
- Business Support
- Targeted Support to Children and Families
- Strategy and Improvement

3. In-year financial position of Children’s Integrated Services

Children’s Integrated Services has been forecasting a significant overspend during 2021/22. At the end of September 2021 (Period 6), this was forecast at £3.671m overspend for this financial year. This is an improved position to the previously reported overspend of £5.232m at the end of June 2021, this is as a result of spending controls across the service and improved forecasting on children’s placements. The biggest pressure is within our Children in Care Service which is currently forecast to overspend by £5m by the end of the year. This is as a result of increased demand for placements and increased placement costs, some of which is due to increased complexity of cases. This pressure is off-set, in part, by underspends across other services within Children’s Integrated Services and the Directorate is working on reducing the in-year overspend and achieving a balanced budget by the end of the financial year as much as possible.

The pressure on the Children in Care budgets is forecast to continue into future years and is reflected in the Council’s Medium Term Financial plan, details of which are set out later in the report.

4. Costs relating to children in our care

Local authorities have a statutory duty to ensure sufficient accommodation for their children in care. This is referred to as the ‘Sufficiency Duty’ as laid down in Section 22G of the Children Act 1989. This duty should be undertaken within the context of the planning and co-operation duties, which the 2004 Act places on partners in order to improve the wellbeing of the children in the local area.

Spend in this area is driven by three key factors:

- 1) Numbers of children in care
- 2) The types of placement available / utilised
- 3) The costs of placements

It is nationally recognised that there are increasing demands and costs in relation to providing the right placements for children in care and care leavers. The pressures that the Council is facing are also being experienced in other Core Cities. Some of the cost pressures relate to Covid, as an example, the backlog in family courts resulting from Covid is impacting on the Councils ability to discharge children from care. Some are likely to continue into the next, and potentially future financial years.

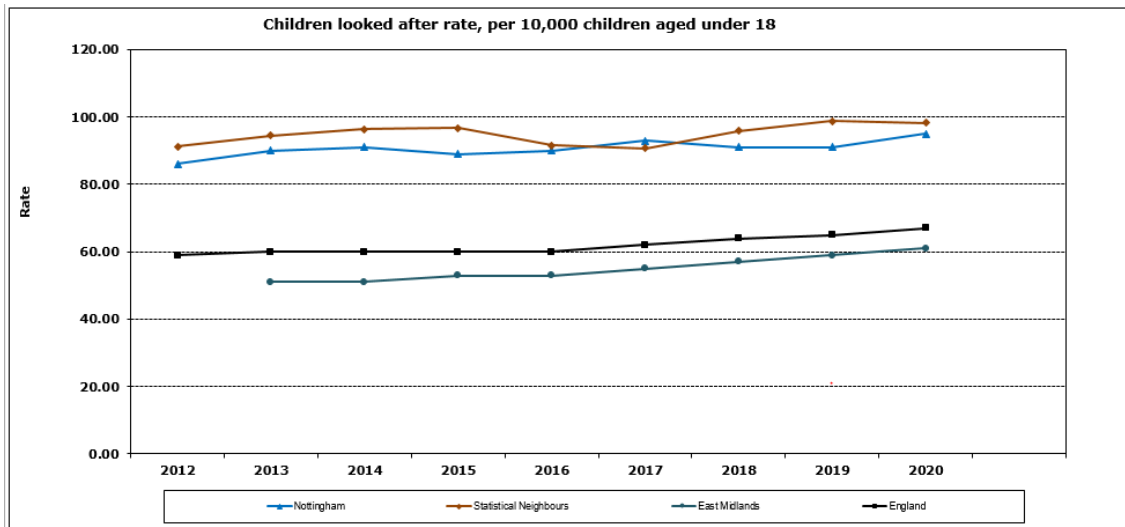
Table 1 below summaries the CIC numbers and spend from 2018/19 to date.

Key Performance Indicator	2017/18	2018/19	2019/20	2020/21	2021/22 Pd5	2021/22 Pd6**	Variance
Financial Performance							
Average Rate £p/wk	1,095.33	1,159.17	1,120.88	1,213.87	1,358.50	1,344.37	-14.13
<i>Annual % Change</i>		5.8%	-3.3%	8.3%		10.8%	
Numbers	632.64	614.12	632.52	673.65	702.18	703.60	1.42
<i>Annual % Change</i>		-2.9%	3.0%	6.5%		4.4%	
External Provision							
Core Placements over £4,100 p/w - No's	12.69	15.81	22.19	31.76	43.18	42.90	-0.28
<i>Annual % Change</i>		24.6%	40.4%	43.1%		35.1%	
Core Placements > £4,100 p/w - £m	3.188	4.258	6.162	9.774	12.548	12.435	(0.113)
<i>Annual % Change</i>		33.6%	44.7%	58.6%		27.2%	
Core Placements > £4,100 p/w -AR £p/wk	4,831.86	5,179.64	5,340.21	5,917.25	5,588.07	5,573.82	-14.25
Health Care Contributions	1.364	1.889	1.699	1.521	1.308	1.135	(0.173)
<i>Annual % Change</i>		38.5%	-10.0%	-10.5%		-25.4%	

Excludes Secure & UASC placements

***Pd6 growth is indicative only due to a review of assumptions*

The service regularly benchmarks the number, rate and costs of children in care with national, regional and core cities comparators. For a number of years, Nottingham’s rate of Children in Care per 10,000 has been lower than statistical neighbours. We are currently waiting for 2020/21 comparator data to be released.



The below are cost comparators from the region:

- Residential – the average cost of a placement in Nottingham City is less than the average weekly cost across the region (£4554 against at £4663).
- Fostering – the average cost of a fostering placement in Nottingham City is 2.7% higher than the average weekly fee across the region (£858 against £835). It is worth noting that Nottingham City Council have a number of specialist foster placements that are included in this average. These placements carry a higher tariff, however are commissioned in order to prevent an admission to residential care. Nottingham has a comparatively high percentage of in-house fostering placements compared to many other local authorities which is positive for children and in terms of financial impact. Further investment in our in-house fostering team and foster family cohort could reduce our reliance on independent fostering agency placements to meet these bespoke needs.
- Semi-independence – the average cost of a semi-independence placement in Nottingham City is the second lowest in the region (£1403 against £2396).

Action undertaken to mitigate Children in Care Costs

Given the forecast overspend, the service has taken action to mitigate this. The focus has been on ensuring that children and young people are receiving the right care in the right setting. Alongside this, work is undertaken to ensure that the right price is being paid for care.

- We have increased local placements and maximised value for money achieved through Nottingham City Council's long term residential block contract, established in 2015. We are already committed to savings for 2021/22 onwards and have an established programme of work to deliver through the expansion of our current external residential block contract and the development of a semi-independence block contract.
- We have a proactive Placements Team, working closely with corporate commissioning colleagues. We are currently seeking additional contract management capacity and a role to focus on ensuring appropriate Continuing Care contributions. This will improve the ability of this team to reduce costs by scrutinising, challenging and renegotiating packages of support with providers and maximising income from health contributions.

- We have an extensive package of support at the edge of care delivered through our Targeted Support Team (TST), Multi Systemic Therapy Team (MST) and MST Child Abuse and Neglect (MST CAN) and Edge of Care Hub, which are identifying and supporting families as an alternative to care.
- We are reviewing permanence plans and care packages on a case-by case basis. Two specific Reviews were carried out in September 2021.
- Arrangements for all 89 children in external placements were reviewed by Essex County Council which has assisted us in prioritising focus on care packages and some cost reduction.
- We have reviewed arrangements for all 131 children in care aged 17½ and over and those Care Leavers who appear to still be in some sort of supported housing. This has ensured a stronger 'grip' on care and cost.
- We have an established programme to invest in a Supported Lodgings Project with Barnardos to deliver existing savings commitments for 2021/22 onwards.
- We have an established Reunification Panel and support offer for children who may be able to leave care and return safely to family or significant others.
- We have an ongoing programme to expand our internal residential provision, opening a ninth in-house residential children's home with 4 beds to meet the needs of our most complex children.
- We are working with the STARS project to prevent placement break down; entry into care and support reunification and step down from residential to foster care.
- Following our transformation sprint (outlined below) we have identified a significant programme of work around our in-house fostering provision.

Despite this work, the presenting needs of our children and families mean that the Council is expecting to see continued increases in demand for services and also for the cost of placements to increases and these have been reflected in the Medium Term Financial Plan that is presented to the Executive Board in November. The Table below sets out the additional demand cost pressures, totalling £18.4m over the 4 financial years, which have been built into the Medium Term Financial Plan.

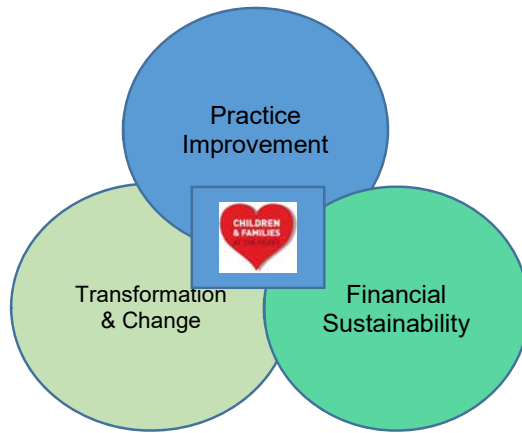
Demand Cost Pressures Assumed in the Council's Medium Term Financial Plan 2022/23 – 2025/26				
	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Children In Care Cost Pressures	6.5	3.6	4.0	4.3

The assumptions include an element of catch-up from the 2021/22 financial year and then assume growth of 3% per annum and 3.1% per annum in placement costs. The figures will be updated to reflect any changes in both demand and cost as the year progresses and as the impact of any transformation activity unfolds.

5. Transformation Activity

We are on a journey of transforming Children's Services in the city, proactively responding to the rising, and changing, demands on our services: the needs of children and families, the increasing costs of providing those services, the pressures staff come under day-to-day and the need to continually improve the quality of the work we do.

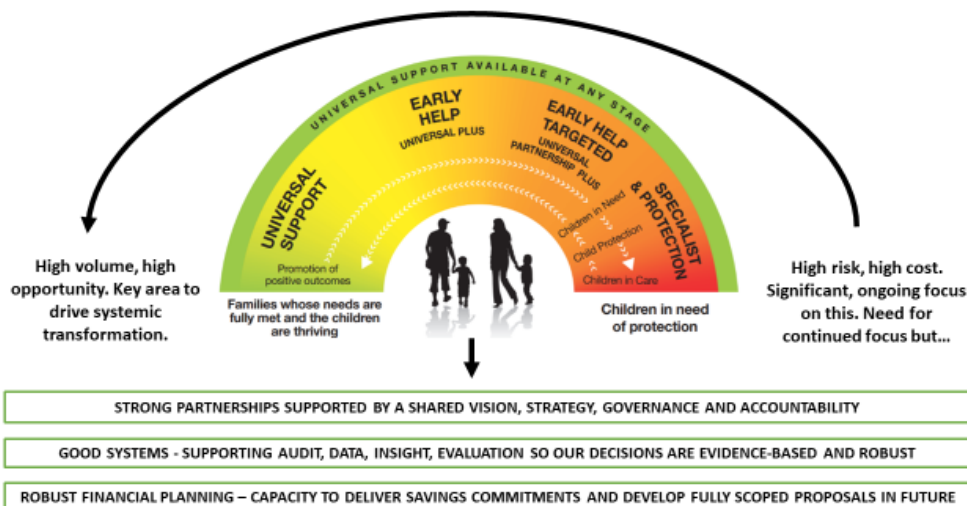
Children’s Integrated Services is managing a programme of work, responding to three key drivers for change and transformation and this work will contribute towards the next phase of the Medium Term Financial Plan and delivering a balanced budget for 2022/23.



Our programme of practice improvement has been in train since our Ofsted Focused Visit in February 2020, and reviewed in our recent Focused Visit in June 2021. Progress is overseen by our Children at the Heart Improvement Board.

Alongside our Ofsted Improvement Plan, we developed a separate workstream which addresses financial sustainability with key programmes of work addressing the financial aspects of the service, including savings delivery, in-year mitigations and future planning. This programme is monitored through the Sustainability Board.

In order to ensure we achieve outcomes for Nottingham’s children in a sustainable and cost-effective manner, in common with many areas, we are reviewing our service operating model. This will allow us to scope a crucial wider programme of transformation and change. This will involve work across the wider Council and partnership to ensure families get the right help at the right time, preventing escalation to costly statutory services where this is appropriate.



We are committed to doing the very best that we can for our children and their families. To support this work, we are working with our front-line staff to look at how to improve what we

do and how we do it, focussing on achieving better outcomes for children. This will ensure our service is set up, resourced and operating in the best possible way to keep children safe and ensure they can enjoy their lives and fulfil their potential in the city. During November and December our front-line staff are taking part in a series of workshops to identify what we could do better and how, so that we can develop a transformation plan founded on outcomes for children and young people.

We are being supported in this work by Newton Europe who are specialists in operational transformation. We are undertaking a rigorous process, focused on the root cause of issues, bringing specialist expertise and capacity to both support and challenge us as a service. Newton are working with frontline staff to forensically identify, design and implement effective change. This work is in train, but we are confident in the progress made already and that this will help us to identify opportunities to improve which are quantified, precise and achievable.

Newton Europe commenced their assessment in September, focusing on:

- Children in Care:
 - Preventing children from coming into care;
 - Placement type of children in care setting;
 - Placement costs and frameworks;
 - Supporting children leaving care.
- Early Help, Child in Need (CIN) and Child Protection (CP) Plans:
 - Ensuring right intervention and support;
 - Case progression

The Assessment includes the following activities:

- Review of data, live studies and discussion with members of NCC's team;
- Development of a project plan with clear performance targets together with resource requirements, owners, and timescales;
- Identification of opportunities to work with and/or train NCC's staff as part of the implementation process;
- Developing a vision for change that links to the organisational strategy

This process will allow us to identify what our priorities should be, to determine how we transform the way we work with children and their families and to put in place a programme to deliver this change.

New Savings Proposals requiring Public Consultation

Appendix 1

	Department	Service Area	Title of Proposal	Narrative	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
1	People	Early Help	NGY Services	Ending the grant funding of the youth services and NGY base provided by Base 51	(0.200)	(0.180)	(0.180)	(0.180)
2	People	Early Help	Play & Youth Services - Excluding buildings	Reduction of the service to provide targeted youth provision only. All play services would cease and there will be a reduction in staffing.	(0.615)	(0.838)	(0.838)	(0.838)
3	People	Early Help	Play & Youth Services - Buildings only	Reduction of the Play and Youth buildings in line with a reduced service as above	0.000	(0.165)	(0.165)	(0.165)
4	People	Early Help	Children's Centres - Excluding buildings	The Early Help service will operate from only three Children's Centres across the City, with a reduction in staffing and early help offer to families	(0.332)	(0.449)	(0.449)	(0.449)
5	People	Early Help	Children's Centres - Building Only	Children's Centres operate from three centres. 6 Centres would close	0.000	(0.344)	(0.344)	(0.344)
6	People	Early Help	CAMHS City Wide Service	Working with the Clinical Commissioning Group and Public Health to transform Child and Adolescent Mental Health Services (CAMHS)	(0.215)	(0.215)	(0.215)	(0.215)
7	People	Children In Care	Agency Decision Maker (ADM) for Adoption and Fostering	Currently delivered by an external consultant this would be delivered in house within the senior management team	(0.019)	(0.019)	(0.019)	(0.019)
8	People	Strategy & Improvement	Management reductions in Strategy and Improvement	Reduction in management capacity within Strategy and Improvement section	(0.028)	(0.028)	(0.028)	(0.028)
9	People	Strategy & Improvement	Business Support	Savings linked to reductions in Play & Youth and Children's Centre provision	(0.200)	(0.200)	(0.200)	(0.200)
10	People	Targeted Family Support	Targeted support to children and families	Review and reconfiguration of Targeted Family Support and Edge of Care Services to consolidate and target the offer.	(0.309)	(0.309)	(0.309)	(0.309)