

AGENDA ITEM

OVERVIEW & SCRUTINY BOARD

DATE OF MEETING: 30 May 2006

REPORT ON VULNERABLE CHILDREN BUDGET PRESSURES

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1. PURPOSE OF THE REPORT

To provide Overview & Scrutiny Board with the additional contextual information requested regarding budget pressures within Vulnerable Children Services (Children, Families & Learning).

2. BACKGROUND

In 1996, when Middlesbrough became a Unitary Authority, there were 164 children 'looked after'. The majority of these children were in placements in other parts of 'Cleveland', (Middlesbrough was in fact a net 'exporter' of children.)

Middlesbrough had a small in-house fostering base (64), 4 residential homes (5 young people in each) and Farndale Remand Centre.

Since that time, the profile and provision of services has changed significantly.

In 2001/02 there was 27% increase in Children Looked After (CLA) peaking at 272. Currently the figure has shown stability at 240-250, however the composition of this group has changed significantly in terms of complexity of need.

In national data terms, Middlesbrough has a high number of CLA:-

2004 – Children looked after per 10,000 population aged under 18:

Middlesbrough	71.1
Statistical 'Neighbours'	68.3
England	60.1

The rate is comparable to inner city areas, and in absolute numbers comparable regionally to Gateshead.

In the period 2001-2006, placement provision has also changed:

2003 – 120 'in-house' carers

2006 – 107 'in-house' carers

1998 – 20 'in-house' residential, plus remand centre

2006 – 11 'in-house' residential

The reduction in 'in-house' fostering is primarily due to the increase in Independent Fostering Agencies (IFA) and the development of a competitive 'market'. The reduction in residential provision was the result of a Best Value Review and recognition that the outcomes for young people were significantly better within foster care or small 'domestic style' homes. The Partnership with 5 Rivers was established to provide this service.

In addition to these changes, the service reduced the Children's 'preventative' budgets by 50% in 2003/04 financial year as part of a programme of action to address Social Services budget issues at that time.

3. CURRENT FACTORS RELEVANT TO LEVEL OF DEMAND

3.1 Thresholds

The high level of CLA has led to a number of 'validation' exercises, reviewing assessments and thresholds for admission into the 'looked after' system. Internally a 'matching needs and services' exercise is undertaken annually, to examine case histories and the profile of CLA. The SSI Inspection of Children Services in 2003 examined thresholds and found them to be appropriate. Cross-authority work, with Redcar-Cleveland has taken place to compare assessments and outcome and we have established a joint eligibility criteria for referrals and levels of intervention. There has been no evidence to suggest that young people are being 'looked after' unnecessarily or without a full multi-agency assessment agreeing the course of action. Approximately 60% of CLA have a Care Order which indicates the plan is agreed in Court and reaches the required level of the legal order .

3.2 Legislation/Court

A Care Order lasts until a young person is 18 years (unless discharged by the Court). There has been evidence of increased Court activity and also the Court preferring a legal order to a proposed lesser Supervision Order. The increased activity has led to financial pressures on the legal costs budget as increased number of cases now require a barrister to be appointed (due to complexity).

Prior to 2004, there had been no significant use of Secure Orders. Since 2004 there have been 4 Secure Orders (ranging 6-9 months) with an average weekly cost of £4,500.

This is explained, in part, by a changing view in the Courts and wider society about the approach to young people, it has led to an increased propensity to use legal measures and sanctions.

An additional factor, which has consequences for budget, is the Court direction on 'contact visits' between family and their children 'looked after'. Historically while a case was progressing through Court (often over 6 months) contact was once or twice a week. This has now increased to 4/5 times a week and more recently 7 times a week causing pressure on the system.

The contact process involves -

- Transport of child to contact venue (foster carer/social worker/family support worker)
- Member of staff supervising the contact (as above)

A proposal currently being progressed is for establishment of a team to undertake this work and release Social Workers to focus on core tasks.

The impact of this is significant, as 0-5 years age group are the second highest group entering the CLA system (this being the age when courts are particularly pro-active with regards to continued contact with natural families). However, this group also leave the system more frequently to either an adoptive placement (average cost £17,000 per placement) or return to family. Middlesbrough is currently a 'high performer' in number of adoption placements, which does result in a budget pressure

The Leaving Care Act 2000 has also impacted on overall figures with its focus on ensuring local authorities maintain young people in placement post 16 years. Therefore when children and young people become looked after, if there is no alternative found, they remain in the 'system' longer. This impacts on figures and budget, but does impact on the improvement of the outcomes for young people.

3.3 Placements

In-house fostering provision has reduced, therefore IFA placements take place for capacity reasons, rather than for a need for a specialist provision. This is particularly so, for young people aged 10 years plus. The budget impact of this is great.

Middlesbrough Carer for child 11-15 : (excluding on-costs)	Allowance £141.78 (minimum) per week £291.78 per week (maximum Band C)
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IFA Child 11-15:	Cost to Middlesbrough £790 - £1,400 per week
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The cost of 'in-house' residential is £1,970 per week, which compares favourably with external providers. Overall the number of children in residential (in-house and external placements) has reduced due to poorer outcomes, however, external placements are still sought for high levels of complex need (eg disability, mental health) and secure provision.

CSCI registration and inspections have introduced more stringent regulations in relation to fostering and residential care. This covers need for additional support services; restrictions on type of child that can be placed – all of which have also resulted in increased costs.

3.4 Current Actions

Detailed work is currently taking place looking at numbers and budget projections to ensure improved forward planning and trend analysis. The numbers are not a static group and there is weekly activity of admissions and discharges.

The work currently completed shows the cost of 'external placements and fostering' have risen 19% since 2004, the service has received an 11% increase in funding, during this period.

To address the commissioning and contracting issues, Middlesbrough is part of a two year regional commissioning project. This has completed a regional audit looking at similarities and differences of need across the Authorities. the project is currently focusing on IFA's and cross-authority arrangements to ensure cost efficiencies can be gained where possible.

Internally other work has taken place:

- Preferred provider agreement with SWISS (IFA) giving reduced rates for placement
- 'Block contract' with NCH for 4 places at reduced rate
- 5 Rivers Partnership for residential care, review of the contract
- Commissioning strategy, including review of fostering services and options

Overall the pressures on the placements budgets will only significantly reduce if the numbers 'looked after' children reduce. Whilst absolute numbers are currently relatively stable the profile of need of this group has significantly increased over the past 5yrs, with a corresponding increase in provision required and cost. A reduction in overall numbers, relies on broad multi-agency initiatives to develop early intervention and targeted services, in addition to broader more structural changes within services and the approach to children and young peoples issues. The prime reasons for a child becoming 'looked after' are emotional abuse and neglect arising from parental life-style choices (eg substance mis-use), which can result in behavioural problems; mental health and self harming.

4. BUDGET

In 2001/2 an increase in numbers of CLA was recorded and as a result £1.2million was added to the Childrens budget (02/03). This was allocated across different budget headings:

£200,000	for external residential placements
£800,000	to fostering
£400,00	to 'in house fostering to support a new payments scheme

£400,000 to IFA placements
£200,000 towards adoption fees

Placements costs have risen by 16% since 2004 and external fostering costs by 22% in the same period . Additional funding during this time (including inflation) has been 11%

The current level of finance does not cover placement costs at the current rate and has not allowed for a significant increase in foster carer allowances. This has led to reduced recruitment and therefore more use of external IFA placements – a vicious circle is developing of increasing cost.

Preventative services previously in place, were reduced in 2003 which have increased pressure on the overall system.

Savings are made in other parts of vulnerable children services, but largely within staffing, by holding vacancies. This again reduces the services, which may impact on numbers entering the CLA system, and can result in emergency placements (higher cost if via IFA).

5. CONCLUSION

The reported budgeted pressures within Vulnerable Children are the result of a number of factors, historical and current. The level of need will not quickly reduce, and the most recent data suggests a declining child population, but levels of need still increasing (including disability).

The work currently in place examining options for provision, does not suggest the care of this extremely vulnerable group, can be provided at any significant reduction in cost. However, this work is not yet complete, and the projections will clarify cost details, options such as 'out-sourcing' do not at this stage appear to produce any long term savings.

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