

Report of:	Ian Wright - Director of Finance
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Submitted to:	Corporate Affairs and Audit Committee, 25 November 2021
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Subject:	Historic Children’s Services Spend
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Summary

Proposed decision(s)

- That the Corporate Affairs and Audit Committee note the contents of the report.

Report for:	Key decision:	Confidential:	Is the report urgent?
Information	No	No	No

Contribution to delivery of the 2021-24 Strategic Plan

People	Place	Business
The monitoring and review of expenditure plays a central role in ensuring that the Strategic Plan is delivered effectively.		

Ward(s) affected

No direct impact on any wards.

What is the purpose of this report?

1. To inform the Corporate Affairs and Audit Committee of the spend in Children's Services, in particular Children's Care, over the last 5 years and the number of Children Looked After for each year.

Why does this report require a Member decision?

2. The report is for information only and does not require a Member decision.

Report Background

3. Following a request from the Chair of the Corporate Affairs and Audit Committee, the following table provides information as to the expenditure in Children's Care for each of the past 5 years and the projected amount for 2021/22, and also provides information about the numbers of Children Looked After (CLA) for each year.

	Children's Care Outturn Expenditure £000	CLA Number (31st March)
2016/17	29,448	444
2017/18	31,377	466
2018/19	34,905	518
2019/20	40,461	619
2020/21	47,419	570
2021/22 (projected)	46,358	533

4. The outturn expenditure figures included in the above relate to Children's Care only and not the whole of Children's Services (i.e. they do not include Education and Partnerships). The figures included in the table above are end of year positions (i.e. as at 31 March each year).
5. It should be noted that the services included within Children's Care may have varied over the years due to various service reviews within Children's Services, and therefore a direct comparison of expenditure between years may not be fully accurate. In order to provide a more accurate comparison between years the 2021/22 projected outturn figure excludes approximately £1.8m of expenditure relating to a number of budgets that transferred from Education and Partnerships to Children's Care during the first quarter of 2021/22.
6. In addition, the number of Children Looked After each year do not include some children (currently 291) who are under placed with friends and family under Special Guardianship Orders and receive allowances but who are not classified as Children Looked After.

7. The table below provides some further information regarding external residential placement costs for the past 5 years along with the number of children these relate to. It should be noted that these figures are part of the figures in the table in paragraph 3, and are not additional to those figures.

	External Residential Placements (gross) Outturn Expenditure £000	External Residential Placements (after Health & Education contributions) Outturn Expenditure £000	External Residential Placements Number (31st March)
2016/17	7,461	6,991	52
2017/18	8,907	8,501	56
2018/19	9,993	9,515	64
2019/20	12,660	11,942	74
2020/21	13,168	11,959	65
2021/22 (projected)	12,750	11,290	47

8. It should be noted that the 2021/22 projected outturn figures in the tables in paragraphs 3 and 7 only include part year effects of the reductions in expenditure, and in future years there will be the full year effect of these.
9. Whilst the expenditure is on a trajectory downwards this has been achieved alongside improvements in practice and outcomes for children, including a significant number of children securing permanence. This has been externally validated in the latest Department for Education (DFE) Commissioner’s report in July 2021, where the Commissioner reported on progress made and identified that:
- “Within the permanency strategy considerable progress has been made in the tracking and oversight of children within the care system. This has led to impressive performance in timely moves for more children into adoptive placements and a significant increase in the use of special guardianship etc. We also see evidence of more appropriate use of Public Law Outline, a reduction in emergency hearings and a stronger relationship of trust is described with CAFCASS (Child and Family Court Advisory and Support Services)”*
10. The above improvements have led to overall CLA numbers decreasing by over 24% from a peak of 702 in September 2020 to 533 currently. Middlesbrough’s CLA rate per 10,000 children aged under 18 has decreased steadily month on month from a high of over 200 in September 2020, where it was the second highest for all unitary authorities in England, to a latest position of 162, which brings Middlesbrough closer to its statistical and geographical neighbours.

What decision(s) are being asked for?

11. That the Corporate Affairs and Audit Committee note the contents of the report.

Why is this being recommended?

12. To provide Corporate Affairs and Audit Committee with information requested.

Other potential decisions and why these have not been recommended

13. Not applicable.

Impact(s) of recommended decision(s)

14. Not applicable.

Legal

15. There are no legal implications arising from this report.

Financial

16. In line with national trends Children's Social Care continues to be an area of financial pressure to the Council. The costs of these pressures in respect of increased level of need in relation to children in care and the increase in the cost of providing care is constantly being monitored via regular reports to the Council's Leadership Management Team and as part of the Council's quarterly budget monitoring reports to Executive.
17. A number of plans have been put in place for 2021/22 to mitigate overspending within Children's Services and these are detailed in the Revenue and Capital Budget – Projected Outturn position as at Quarter Two 2021/22 report to Executive on 9 November 2021.
18. The Council has an Ofsted Improvement Plan in place, and the financial situation is being closely monitored jointly by the Service and Finance, and a three year plan has been drawn up to ascertain the estimated outturn position for the current and future financial years and therefore the potential MTFP impact.
19. Given the improvements required by Ofsted and the timescales for implementing these, a prudent financial planning approach has been taken, and a number of contingencies and reserves have been identified which should enable the pressure to be covered in the current and future financial years, assuming it stays at around the same level. As part of the MTFP Update report to Executive on 9 November 2021 and Council on 24 November 2021, additional funding of approximately £3.3m has been provided to Children's Services from 2024/25 in order to achieve a steady state for the Service, and ensure that the improvements currently being made in Children's Social Care are not compromised, and also in order so that the Service is on a firm financial footing with an appropriate budget which can be managed within.

20. This will mean that the Ofsted Improvement Plan will be properly funded in the medium term. This will be closely monitored in real time and any amendments required to the level of funding provided will be made as appropriate.
21. It should be noted that this will mean that Children's Social Care will have reduced expenditure from over £9m projected spend in excess of their current budget at the start of 2021/22 to just over £3m in 2024/25, approximately a £6m reduction in expenditure per annum by 2024/25.
22. The Council is able to accurately forecast and manage costs in relation to Children's Care. This is as a result of a number of factors including the transformation of that service's leadership, its buy in to the use of innovative business intelligence solutions to provide real time data, and close financial monitoring.

Policy Framework

23. There are no implications at this stage for the policy framework of the Council.

Equality and Diversity

24. There are no equality and diversity issues as part of this report.

Risk

25. There are no direct risks arising from the report, but as mentioned above, Children's Care is an area of financial pressure to the Council and there are a number of entries on the Council's risk registers that set out the potential risks the Council could face arising from this.

Actions to be taken to implement the decision(s)

26. None.

Appendices

None

Background papers

No background papers were used in the preparation of this report.

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