CHILDREN & FAMILIES DEPARTMENT

Revenue Budget as at 30 September 2023

	Annual Budget £'000	Budget to Date £'000	Actual Spend £'000	Variance (Overspend) £'000	Forecast Outturn £'000
Expenditure					
Employees	11,460	5,689	7,214	(1,525)	(3,439)
Other Premises	476	217	151	66	131
Supplies & Services	1,084	563	1,095	(532)	(1,022)
Transport	113	26	106	(80)	(221)
Direct Payments	1,016	453	435	18	30
Commissioned services to Vol Orgs	224	81	73	8	15
Residential Care	13,505	5,505	6,818	(1,313)	(2,776)
Out of Borough Adoption	30	15	0	15	30
Out of Borough Fostering	3,050	1,377	1,728	(351)	(611)
In House Adoption	461	129	121	8	15
Special Guardianship Order	2,221	1,010	1,108	(98)	(225)
In House Foster Carer Placements	2,670	1,262	1,299	(37)	(75)
Lavender House	230	91	91	0	0
Home Support & Respite	340	220	191	29	71
Care Leavers	271	139	138	1	3
Family Support	53	26	52	(26)	(53)
Contracted services	3	2	2	0	0
Early Years	275	231	375	(144)	(195)
Emergency Duty	124	5	20	(15)	(89)
Youth Offending Services	255	42	76	(34)	(77)
Total Expenditure	**37,861**	**17,083**	**21,093**	**(4,010)**	**(8,488)**
Income					
Fees & Charges	-31	-3	0	(3)	(4)
Sales Income	-4	-2	-1	(1)	(3)
Rents	-76	-42	-40	(2)	(4)
Reimbursement & other Grant Income	-539	-212	-173	(39)	(61)
Transfer from reserve	-47	-47	-47	0	0
Dedicated Schools Grant	-50	0	0	0	0
Government Grants	-7,571	-4,788	-4,788	0	0
Total Income	**-8,318**	**-5,094**	**-5,049**	**(45)**	**(72)**
Net Operational Expenditure	**29,543**	**11,989**	**16,044**	**(4,055)**	**(8,560)**
Recharges					
Premises Support	339	169	169	0	0
Transport Support	15	7	7	0	0
Central Support	3,290	1,645	1,645	0	0
Asset Rental Support	0	0	0	0	0
Recharge Income	-1,124	-562	-562	0	0
Net Total Recharges	**2,520**	**1,259**	**1,259**	**0**	**0**
Net Departmental Expenditure	**32,063**	**13,248**	**17,303**	**(4,055)**	**(8,560)**

Financial Position

The net departmental expenditure is £4.055m over budget at the end of the second quarter of the financial year, with the majority directly relating to Social Care Services. Additional growth budget was provided in 2023/24 of £6.054m, with the majority £4,052m allocated to residential care placements. A savings target of £0.058m leaves a net growth of £5.997m.

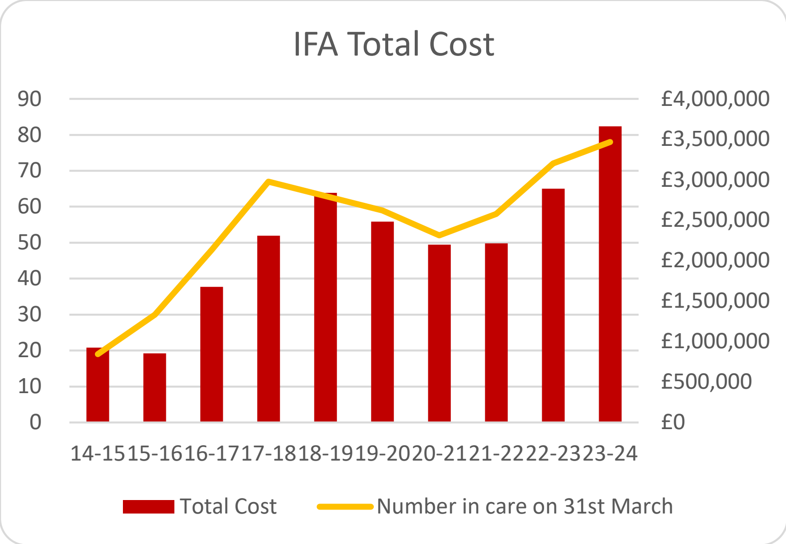
Employee costs are £1.525m above budget at the end of Quarter 2. There continues to be a heavy reliance on agency staff to fill vacancies across the structure including Social Workers, Practice Leads and Divisional Managers. This combined with a number of agency staff recruited in addition to the current staffing structure is the cause of this overspend. Social worker recruitment is proving difficult due to an extremely competitive market and highly inflated agency payment rates. Spend on agency staff at the end of Quarter 2 is £2.900m or 51% of employee budget to date. The final outturn for employee costs is expected to be £3.439m overspent. This is £0.537m more than was forecast at quarter 1 and is due to the increased numbers of agency staff, including Senior Manager roles, along with the extension of agency staff to the end of the financial year that were previously due to end in November 23. There are various workstreams currently in place to target the difficulties in recruitment and reduce the volume of agency staff, including a new Local Offer for employees offering recruitment and retention bonuses for those working in children's social care. It is hoped that these will be able to reduce the spend on employees throughout the year, however a significant overspend is still to be expected.

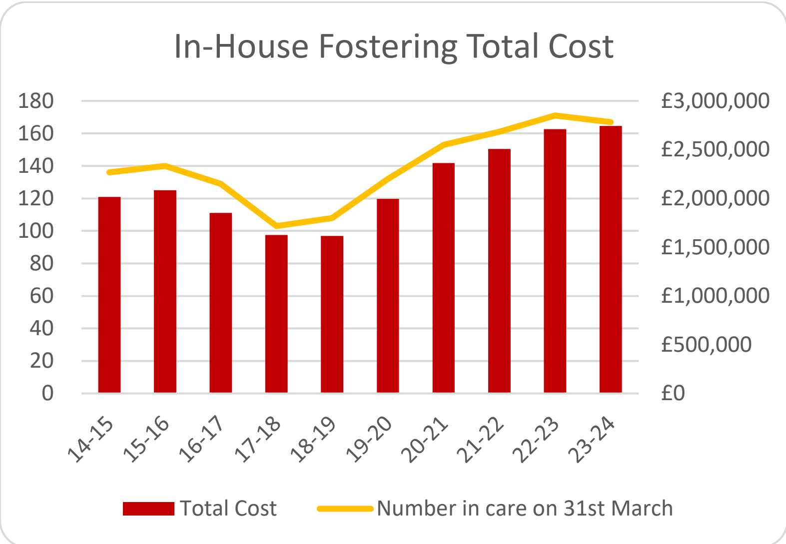
Within the employee forecast spend through to the end of year an element has been included for the 2023/24 pay deal (yet to be agreed) based on latest available information. The forecast also assumes there will be reduced reliance on agency staff as the year progresses and take-up of the recruitment and retention scheme takes effect.

Transport costs are currently £0.080m over budget with an anticipated outturn of £0.221m over budget. The majority of these costs relate to the contracted transport of young people to their education provision. These costs can fluctuate in year dependent on the placements made, but transport costs and proximity to education are considered when arranging placements for young people.

Supplies and Services expenditure is £0.532m above budget at the end of Quarter 2 with a forecast outturn of £1.022m. Additional growth was provided of £0.314k to cover the increase in court costs and related legal spend. However, supplies and services is diverse and high levels of spend relating to a number of areas including nursery fees, consultancy, translation costs, equipment and travel are adding pressure to this budget. The outturn position has increased by £0.153m since quarter 1, with the vast majority of this relating to IT computer licensing, in particular the renewal of the Eclipse contract at a cost of £0.152m.

Although in-house fostering provision has increased enabling more young people to be accommodated in house, recruitment has slowed lately which is consistent with the market in general. Increasing numbers of children in care and insufficient in-house fostering provision has meant increased reliance on Independent Fostering Agencies (IFA's). Higher numbers of children placed within IFA provision and increased IFA rates has resulted in an outturn forecast overspend of £0.611m, spend in this area is expected to be around £0.769m more than was the case in 2022/23.





Out of Borough Residential Care continues to be the main budget pressure for the Children and Families Department as the costs of residential care have continued to rise year on year. This budget was given an additional growth of £4.052m for this financial year to alleviate the pressure, however residential care is £1.313m overspent at the end of Quarter 2 with an anticipated outturn of £2.776m over budget at the end of the year. Forecast spend for the year is expected to be £1.963m greater than in 2022/23.

The main reason for such a high increase in spend can be attributed more to the rise in costs of individual packages rather than an increase in numbers in care, for example there are currently six children in packages costing over £9k per week. The table below illustrates the trend towards numbers of children accommodated in higher cost packages with the numbers in lower priced packages reducing.

<u>Residential Care</u>

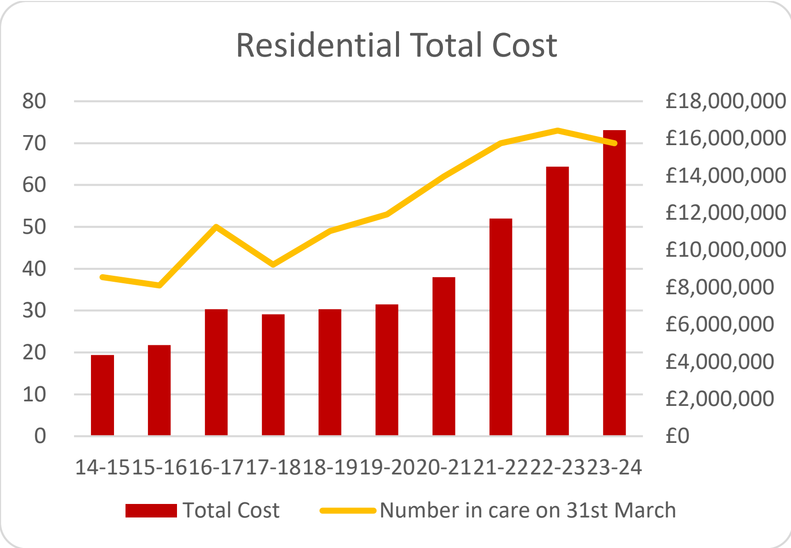
		30th September 2023		30th June 2023	
Provision	**Weekly Costs**	**No. Placed**	**Estimated cost for the year**	**No. Placed**	**Estimated cost for the year**
Residential	£2000 - £3000	4	768,400	6	876,000
Residential	£3001 - £4000	9	1,606,255	7	1,306,075
Residential	£4001 - £5000	7	1,549,874	9	1,942,736
Residential	£5001 - £13720	29	10,381,554	24	8,946,076
Secure	£6397 - £8137	0	0	0	0
Leaving Care	£443 - £7175	16	1,750,828	17	2,175,930
Parent & Child	£2000 - £5500	5	393,882	4	530,234
Total:		**70**	**16,450,793**	**67**	**15,777,052**

UASC Residential Care

The number of Unaccompanied Asylum-Seeking Children (UASC) currently placed in care remains high but fairly stable. Home Office funding has been agreed for the vast majority of UASC placed in our care and is currently sufficient to cover the costs of those UASC accommodated. This position has improved since quarter 1 when there was a shortfall of funding. However, as was anticipated in the previous report a number of UASC have now received right to remain status. This has enabled them to access housing benefit which contributes towards the cost of their placement thus reducing the costs to the authority. We also have additional UASC's now placed with us who are under 18 and are therefore eligible for the higher rate of funding at £1,001 per week, in comparison to the £270 per week that we receive for those UASC who are aged over 18.

		30th September 2023		30th June 2023	
Provision	**Weekly Costs**	**No. Placed**	**Estimated cost for the year**	**No. Placed**	**Estimated cost for the year**
UASC	£300-£500	58	729,235	53	815,543
UASC	£500-£5000	2	456,468	3	500,964
Total:		**60**	**1,185,703**	**56**	**1,316,508**

The graph below illustrates the rising costs of Residential Care, for consistency this does not include the costs of UASC as these costs were not included previous years.



Residential Care continues to be a persistent pressure on the budget. The numbers of young people in residential placements remains high and the cost of placements is rising significantly. This is a national issue and market factors such as low supply and high demand have resulted in the costs of residential care packages rising significantly over the last year, meaning that the level of spend is unsustainable at the current rate.

Work to reduce the numbers in residential care has so far avoided additional costs of £1.824m by the timely transfer of placements to lower priced Leaving Care packages, the reduction of additional support packages where possible, and reunification of young people with their families where appropriate. It is hoped that continued scrutiny will bring down the current projected costs of residential placements, but the costs will remain high and continue to be a considerable pressure on the budget.

Work is continuing to identify those children able to step down from residential care. IFA events take place on a regular basis, where young people suitable for fostering are considered for placements with available IFA families. However, this is proving difficult and is highly dependent on the needs of the young people in care and the ability to match them with a suitable foster family.

Work is ongoing to provide alternative placement types where possible for care leavers in order to mitigate some of the rising costs:

The new in-house Supported Lodgings service is working well and still recruiting for carers, with four young people now placed. The costs of this service are far less than the costs of current leaving care provision, and as well as the financial benefits, the service will provide a much more home like and supportive environment for young people.

There are currently two training flats for care leavers which are occupied with support packages in place. There are plans to increase the number of training flats available to be able to accommodate care leavers in-house at a lower cost than current leaver care provision.

The Care Leaver provision at Lavender House, has four young people currently accommodated and is operating at full capacity.

In House Fostering is £0.037m over budget with an expected outturn of £0.075m over budget. Growth of £0.268m was added which has reduced pressure in this area, but a consistently high number of young people placed means there is still pressure on this budget. Work continues to recruit and retain Halton's In-house foster carers, along with training to develop carers enabling them to accommodate more specialist placements and support and mentor each other. This therefore means that costs could increase further still. However, the ability to accommodate young people within in-house provision provides a substantial saving in comparison to IFA or residential care. Further growth is needed in order to fully cover the additional costs.

Special Guardianship Order (SGO) costs are currently £0.098m over budget at the end of Quarter 2, with an expected outturn of £0.225m over budget. Growth of £0.340m was added to this budget, but the increasing number of young people placed under an SGO and an uplift in the payment rates means that it still remains a significant pressure. These are long term placements for young people, where the carers are granted parental responsibility for the young person in their care. This is a positive outcome for the young person as these are stable placements and the children are no longer classed as a 'child in care'. They are also less expensive than other placements so they are financially beneficial too.

The Early Years net divisional expenditure is £0.144m over budget at the end of the Quarter 2, with a forecast outturn of £0.195m over budget. This is due to the underachievement of parental income due to income targets being based upon the Early Years provision having high occupancy levels. Due to the inability to become self-sustaining and the consistent budget pressure the Early Years Centres have now closed and therefore will no longer be a pressure in future years.

Income is underachieving by £0.045m at the end of Quarter 2 with an estimated outturn of £0.072m under budget. The majority of this relates to an income generation target for the Leaving Care provision, Lavender House of £0.053m for renting a room to a neighbouring authority. Due to high demand from our own care leaver numbers, there are no plans as yet to rent one of these bedrooms out to a neighbouring authority and therefore this income target is will not be met.

Overall the financial picture for the Children and Families Department continues to be one of serious concern. The main issues relate to the difficulty in the recruitment of Social Workers and the subsequent extortionate agency costs, along with the spiralling costs of residential placements. This has been an ongoing problem for a number of years. Urgent action to reduce these costs should now be taken as a priority as this level of spend cannot be sustained without resulting in significant financial harm to the Local Authority.

Approved 2023/24 Savings

Please see Appendix A for full details

CHILDREN AND FAMILIES DEPARTMENT **APPENDIX A**

Ref.	Service Area	Net Budget £'000	Description of Saving Proposal	Savings Value 23/24 £'000	Savings Value 24/25 £'000	Savings Value 25/26 £'000	Current Progress	Comments
C1	Ditton and Warrington Road Daycare Centres	52	Closure of Ditton and Warrington Road daycare centres, given the significant on-going net losses at both centres. Sufficient alternative provision exists nearby, as well as in the adjoining nursery schools.	26	26	0	✓	The daycare centres closed in August 23. The daycare centres will continue to be overspent in 23-24, however the savings should be realised in 24/25.
C2	Children's Centres	1,293	Reduce the opening hours of Children's Centres.	12	0	0	U	Initial indicators suggest saving unlikely to be made, but awaiting further clarification from Divisional Manager
			Review the operation of Windmill Hill Children's Centre, where there is the potential to save on premises and staffing costs.	0	0	22	U	Initial indicators suggest saving unlikely to be made, but awaiting further clarification from Divisional Manager
			Target to generate at least 5% additional income by increasing a range of charges at Children's Centres.	20	0	0	✓	

C3	Children with Disabilities and Inglefield	858	Explore the potential for selling Inglefield and then purchase two bungalows within the community to provide a more appropriate setting.	0	112	0	U	Initial indicators suggest saving unlikely to be made, but awaiting further clarification from Divisional Manager
Total Children & Families Department				**58**	**138**	**22**		