CHILDREN & FAMILIES DEPARTMENT

Revenue Budget as at 31 December 2022

	Annual Budget	Budget to Date	Actual	Variance (Overspend)	Forecast Outturn
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Employees	12,207	9,275	10,797	(1,522)	(2,333)
Other Premises	329	178	189	(11)	(16)
Supplies & Services	891	622	1,381	(759)	(1,104)
Transport	113	45	120	(75)	(104)
Direct Payments	940	635	609	26	35
Commissioned services to Vol Orgs	233	150	120	30	40
Residential Care	10,277	6,836	10,450	(3,614)	(4,721)
Out of Borough Adoption	89	67	0	67	79
Out of Borough Fostering	2,673	1,818	2,124	(306)	(418)
In House Adoption	427	243	250	(7)	(9)
Special Guardianship Order	1,780	1,369	1,624	(255)	(345)
In House Foster Carer Placements	2,337	1,802	2,087	(285)	(372)
Lavender House	219	146	146	0	0
Home Support & Respite	3	3	167	(164)	(279)
Care Leavers	249	173	136	37	50
Family Support	53	28	49	(21)	(30)
Contracted services	3	2	2	0	0
Early Years	203	102	371	(269)	(358)
Emergency Duty	118	12	38	(26)	(38)
Youth Offending Services	261	61	103	(42)	(68)
Capital Finance	0	0	0	0	0
Total Expenditure	**33,405**	**23,567**	**30,763**	**(7,196)**	**(9,991)**
Income					
Fees & Charges	-24	-5	-1	(4)	(6)
Sales Income	-4	-1	0	(1)	(1)
Rents	-58	-36	-38	2	2
Reimbursement & other Grant Income	-707	-562	-506	(56)	(74)
Transfer from reserve	-1,936	-1,790	-1,790	0	0
Dedicated Schools Grant	-50	0	0	0	0
Government Grants	-5,833	-4,830	-4,830	0	0
Total Income	**-8,612**	**-7,224**	**-7,165**	**(59)**	**(79)**
Net Operational Expenditure	**24,793**	**16,343**	**23,598**	**(7,255)**	**(10,070)**
Recharges					
Premises Support	178	134	134	0	0
Transport	18	12	12	0	0
Central Support Recharges	3,036	2,277	2,277	0	0
Internal Recharge Income	-124	-93	-93	0	0
Net Total Recharges	**3,108**	**2,330**	**2,330**	**0**	**0**
Net Departmental Expenditure	**27,901**	**18,673**	**25,928**	**(7,255)**	**(10,070)**

Comments on the above figures

The net departmental expenditure is £7.255m over budget at the end of the third quarter of the financial year, with the majority directly relating to Social Care Services. Additional growth budget was provided in 2022/23 of £1m for residential care placements. The removal of a £0.486m unallocated savings target, along with additional savings/reductions leaves net growth of £1.470m.

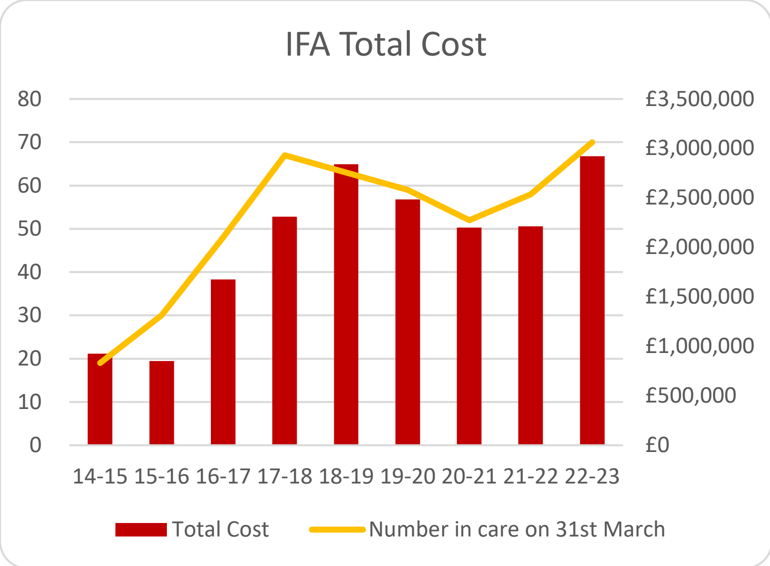
Employee costs are £1.522m above budget at the end of Quarter 3. The continued long term reliance on agency staff is primarily the cause of this overspend. Social worker recruitment is still proving difficult due to an extremely competitive market and highly inflated agency payment rates. Spend on agency staff at the end of Quarter 3 is £4,533m or 50% of employee budget to date. There is further pressure on the budget from the costs of the Innovate managed agency team that was brought in as a result of the Ofsted inspection. This team was originally allocated £1m funding from reserves, however, this amount was insufficient and as this contract was extended for a further 6 months, an additional £0.900m of funding from reserves was allocated. Since Quarter 2 the Innovate contract has been further extended for a maximum of three months at a cost of up to £0.212m.

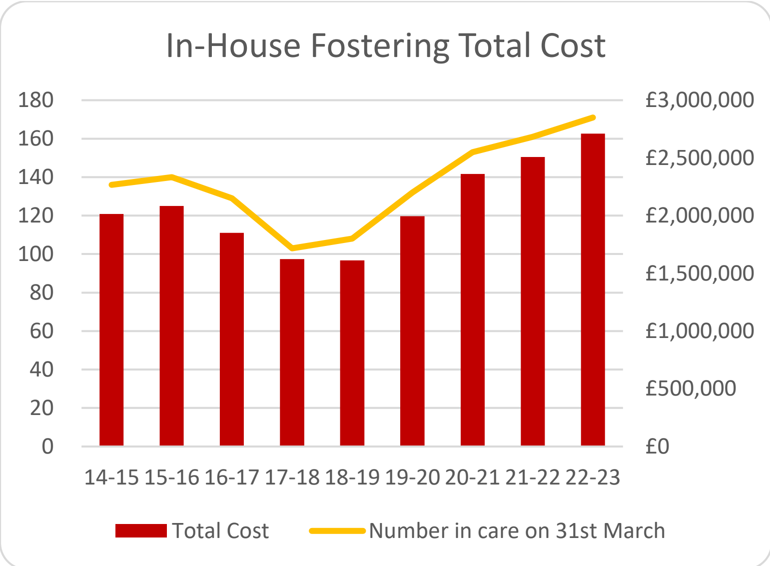
The final outturn for employee costs is expected to be £2.333m over budget.

Supplies and Services expenditure is £0.759m above budget at the end of Quarter 3 and is anticipated to be £1.104m over budget at the end of the financial year. A large proportion of this spend is due to increased court costs, currently forecast at £0.490m for the full year. Expenditure in relation to independent assessments is also high with spend at Quarter 3 of £0.272m.

Consultancy costs also contribute largely to this overspend and are expected to be £0.248m at the end of the financial year. The majority of these costs relate to the continuing work undertaken in relation to the in-house fostering project. This however, has been extremely successful, having increased the numbers of in-house foster carers and continuing to maintain high retention levels of existing carers.

Whilst this has enabled more young people to be accommodated in house, and thus reduced reliance on the Independent Fostering Agency (IFA) provision, the increasing numbers of children entering care has resulted in an increase on children placed within IFA provision. The graphs below illustrate the numbers in placement and the associated costs:





It is important to note, that whilst the number of in-house foster placements is still rising slowly, a number of foster carers and their placements have also converted to Special Guardianship Orders (SGO's). This has therefore lowered the numbers in foster care, but consequentially has increased the number of SGO placements. SGO's are long term placements for young people, where the carers are granted parental responsibility for the young people 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. Since April 2021 the number of young people residing within an SGO placement has increased by 39 from 148 to 187 with this continuing to steadily increase. This has resulted in increased SGO expenditure with spend currently £0.255m over budget at the end of Quarter 3, and an expected outturn of £0.345m over budget.

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 £1m for this financial year to alleviate the pressure, however residential care is £3.614m overspent at the end of Quarter 3 with an anticipated outturn of £4.721m over budget at the end of the financial year. In 2021/22 residential care received COVID funding of £0.794m for the full financial year, but the absence of this funding has further increased the pressure on this budget.

The number of Unaccompanied Asylum Seeking Children (UASC) currently placed in care has stabilised since the substantial growth in 2021/22. Home Office funding has been agreed for the vast majority of UASC placed in our care and is now sufficient to cover placement costs, thus reducing pressure in this area. Additional funding may also be granted for those UASC yet to have funding approved. As this funding is likely to be received this has been included within the forecasts.

The table below breaks down the current residential placements based on costs and placement type:

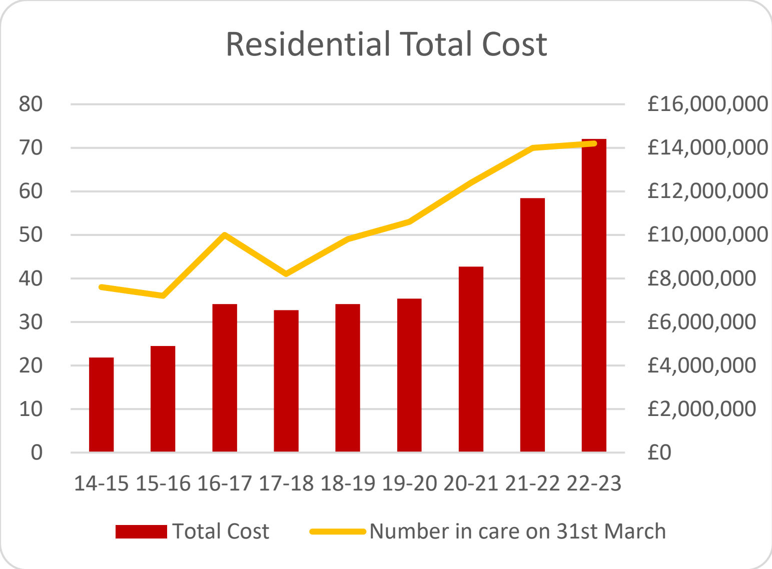
Residential Care

		31st December 2022		30th September 2022	
Provision	**Weekly Costs**	**No. Placed**	**Estimated cost for the year**	**No. Placed**	**Estimated cost for the year**
Residential	£2000 - £3000	3	383,836	5	662,535
Residential	£3001 - £4000	10	2,142,370	13	2,635,774
Residential	£4001 - £5000	9	2,186,163	8	1,685,973
Residential	£5001 - £10276	20	5,747,363	19	5,813,443
Secure	£6397 - £9675	1	379,458	1	343,422
Leaving Care	£443 - £8225	22	2,612,248	25	2,410,167
Parent & Child	£2000 - £4500	6	954,698	6	995,092
Total:		**71**	**14,406,136**	**77**	**14,546,406**

UASC Residential Care

		31st December 2022		30th September 2022	
Provision	**Weekly Costs**	**No. Placed**	**Estimated cost for the year**	**No. Placed**	**Estimated cost for the year**
UASC	£300-£400	46	848,747	46	849,385
UASC	£400-£5000	3	651,924	3	700,603
Total:		**49**	**1,500,671**	**49**	**1,549,988**

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.



The numbers of young people in residential care has reduced from Quarter 2, mainly due to a number of young people leaving placements after taking on their own tenancies as they are now over 18. However, overall residential placement numbers are still high, with the costs of new placements significantly higher than previous years. 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 considerably over the last year, meaning that the level of spend is unsustainable at the current rate.

A placement sufficiency strategy is underway to address the local supply, the costs of residential placements, plans for future spend and to identify alternative ways of managing placements in a more efficient and sustainable manner.

Work is continuing to identify those children able to step down from residential care, however this is proving difficult and is highly dependent on the needs of the young people in care and the ability to transition them into a suitable foster placement.

High Costs Placement Panel continues to review all high cost packages and endeavours to reduce costs wherever possible. The main focus is on high cost residential packages, however consideration of Leaving Care placements and their incorporation into the Care Leavers Accommodation Group (CLAG) is also included. This ensures young people transfer into their own properties as soon as possible and reduces the necessity for the continuation of placements beyond the age of 18. This is proving to be a successful strategy, with the relevant young people now moving on and placements numbers reducing as previously mentioned in the report.

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. 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.

- The two training flats for care leavers are now occupied and placed with support packages in place.

- The new in-house care leaver provision – Lavender House, has recently opened and there are three young people currently accommodated. This is a four bedroom property and a further young person will be placed in the near future.

In House Fostering is £0.285m over budget with an expected outturn of £0.372m over budget. This is due to the increase of in-house foster carers and the ability to accommodate more young people in-house. 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.

The Early Years net divisional expenditure is £0.269m over budget at the end of the Quarter 3, with a forecast outturn of £0.358m 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. This underachievement of income will continue throughout 2022/23 and currently there is no possibility that they will become self-sustaining, therefore they will continue to be a significant budget pressure going forwards into future years. Further pressure will be placed on the Early Years budget moving forwards due to the cost of living rises which will increase the premises costs of the nursery settings. Staffing costs have also added additional pressure as they have increased significantly as a result of the recent Local Government Pay Award, putting additional pressure on this already overstretched budget.

Income is £0.059m under budget, primarily due to an income generation target that has been included for the new Leaving Care provision, Lavender House. 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 unlikely to be met.

Overall the financial picture for the Children and Families Department continues to be extremely worrisome. The main concerns 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 level of spend cannot be sustained without resulting in significant financial harm to the Local Authority.