

**CHILDREN & FAMILIES DEPARTMENT****Revenue Budget as at 31 March 2023**

	<b>Annual Budget</b>	<b>Actual</b>	<b>Variance (Overspend)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>			
Employees	12,628	14,590	(1,962)
Other Premises	329	343	(14)
Supplies & Services	977	2,199	(1,222)
Transport	113	222	(109)
Direct Payments	944	772	172
Commissioned services to Vol Orgs	233	212	21
Residential Care	11,349	15,956	(4,607)
Out of Borough Adoption	89	0	89
Out of Borough Fostering	2,503	2,892	(389)
In House Adoption	427	459	(32)
Special Guardianship Order	1,780	2,209	(429)
In House Foster Carer Placements	2,589	3,046	(457)
Lavender House	219	219	0
Home Support & Respite	70	443	(373)
Care Leavers	249	213	36
Family Support	53	58	(5)
Contracted services	3	3	0
Early Years	203	447	(244)
Emergency Duty	118	183	(65)
Youth Offending Services	261	337	(76)
Capital Finance	210	210	0
<b>Total Expenditure</b>	<b>35,347</b>	<b>45,013</b>	<b>(9,666)</b>
<b>Income</b>			
Fees & Charges	-24	-21	(3)
Sales Income	-4	-1	(3)
Rents	-58	-73	15
Reimbursement & other Grant Income	-1,209	-1,150	(59)
Transfer from reserve	-2,388	-2,388	0
Dedicated Schools Grant	-50	-50	0
Government Grants	-6,806	-6,806	0
<b>Total Income</b>	<b>-10,539</b>	<b>-10,489</b>	<b>(50)</b>
<b>Net Operational Expenditure</b>	<b>24,808</b>	<b>34,524</b>	<b>(9,716)</b>
<b>Recharges</b>			
Premises Support	235	235	0
Transport	18	16	2
Central Support Recharges	3,036	3,036	0
Internal Recharge Income	-140	-140	0
<b>Net Total Recharges</b>	<b>3,149</b>	<b>3,147</b>	<b>2</b>
<b>Net Departmental Expenditure</b>	<b>27,957</b>	<b>37,671</b>	<b>(9,714)</b>

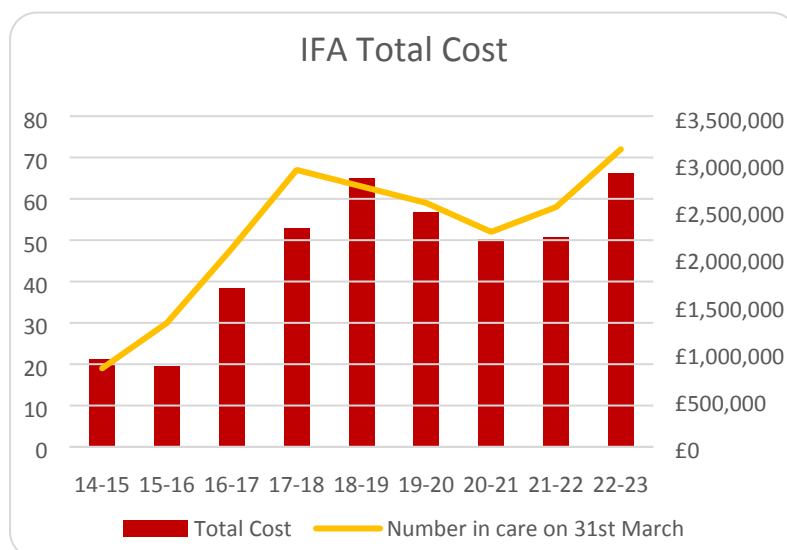
The net departmental expenditure is £9.714m over budget at the end of the financial year, with the majority directly relating to Social Care Services. Additional budget growth was provided in 2022/23 of £1m for residential care placements. The removal of a £0.486m unallocated savings target, along with additional savings/reductions resulted in net growth of £1.470m.

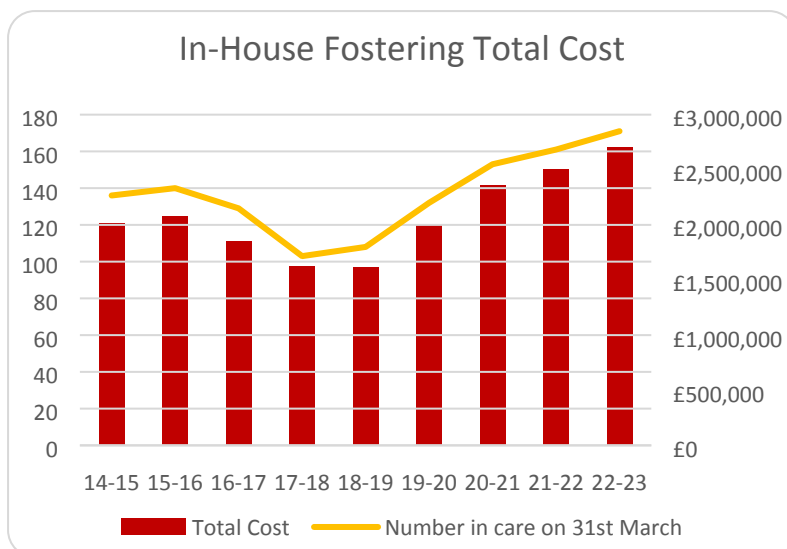
Employee costs are £1.962m above budget with the continued long term reliance on agency staff primarily the cause of this overspend. Social worker recruitment is still proving difficult due to an extremely competitive market and highly inflated agency payment rates. Spend on agency staff at the end of the year is £6.315m or 50% of the employee budget. There was 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 costs of the team in 2022/23 was £1,468m with funding from reserves allocated to cover the costs of the contract. Innovate involvement is currently expected to end in June 2023, however there are no additional reserves agreed to fund this in the new financial year and the service will need to be funded from the departmental budget. This will therefore be an additional pressure on the budget in 2023/24.

Supplies and Services expenditure is £1.222m above budget at the end of the financial year. A large proportion of this spend is due to increased court costs, which accounted for £0.511m of the spend for the year. Expenditure in relation to independent assessments is also high at £0.388m. It is hoped that assessment spend should reduce moving into the new financial year as some assessments will now be completed in-house, however it is likely to still be a pressure

Consultancy costs also contribute largely to this overspend and were £0.252m 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 21 the number of young people residing within an SGO placement has increased by 46 from 148 to 194 with this continuing to steadily increase. This has resulted in increased SGO expenditure with spend £0.429m over budget at the end of the financial year.

In House Fostering is £0.457m 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. The ability to accommodate young people within in-house provision provides a substantial saving in comparison to IFA or residential care.

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 2022/23 to alleviate the pressure, however residential care is £4.607m overspent 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, however numbers have increased from Quarter 3. The costs have reduced slightly due to a number of UASC being eligible to receive housing benefit, which contributes towards the costs of their placement thus reducing the costs for the Council. Home Office funding has been agreed for the vast majority of UASC placed in Council care and was sufficient this year to cover placement costs, reducing pressure in this area.

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

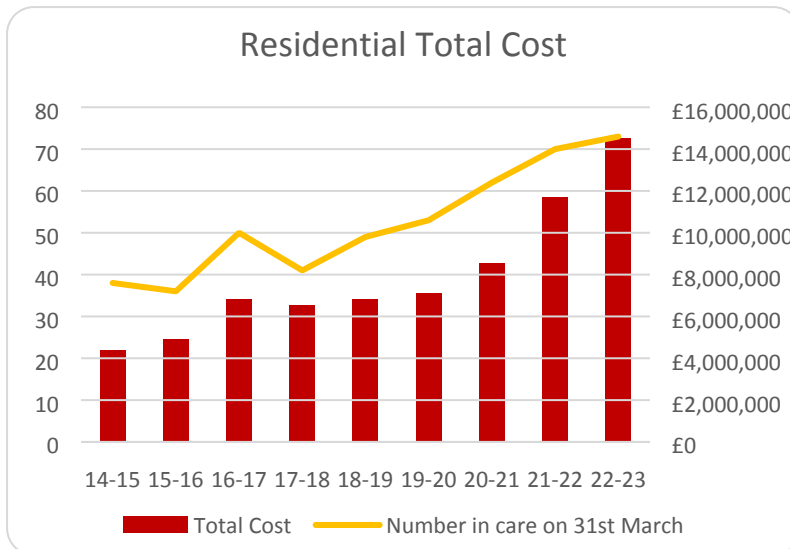
## Residential Care

Provision	Weekly Costs	31st March 2023		31st December 2022	
		No. Placed	Estimated cost for the year	No. Placed	Estimated cost for the year
Residential	£2000 - £3000	6	429,036	3	383,836
Residential	£3001 - £4000	9	2,169,293	10	2,142,370
Residential	£4001 - £5000	12	2,809,768	9	2,186,163
Residential	£5001 - £9600	21	5,655,316	20	5,747,363
Secure	£6397 - £8137	1	379,458	1	379,458
Leaving Care	£443 - £8225	17	2,265,326	22	2,612,248
Parent & Child	£2000 - £4500	7	779,282	6	954,698
<b>Total:</b>		<b>73</b>	<b>14,487,478</b>	<b>71</b>	<b>14,406,136</b>

## UASC Residential Care

Provision	Weekly Costs	31st March 2023		31st December 2022	
		No. Placed	Estimated cost for the year	No. Placed	Estimated cost for the year
UASC	£300-£500	52	814,771	46	848,747
UASC	£500-£5000	3	654,411	3	651,924
<b>Total:</b>		<b>55</b>	<b>1,469,182</b>	<b>49</b>	<b>1,500,671</b>

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 increased slightly from Quarter 3, but leaving care numbers have continued to reduce 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.

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 against 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.

The Early Years net divisional expenditure is £0.244m over budget at the end of the financial year. 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 would continue throughout 2023/24 and further pressure would also be placed on the Early Years budget moving forwards, attributable to the cost of living rises and significant increases in staffing costs resulting from the recent Local Government Pay Award and the 2023/24 proposed pay award. Due to the significant pressures associated with these settings and their inability to become self-sufficient a decision has been made to close them in August 2023. This will remove the current budget pressures caused by them, and the likelihood that these pressures would only increase further in future years.

Income is £0.050m 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.

Moving forwards improving the financial position for the Children and Families Department will continue to be challenging. 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 Council and therefore a significant amount of work is now underway in order to address these pressures, both from within the service and from the newly established Transformation Team.