

Meeting: Council

Date: 9 February 2017

Wards Affected: All

Report Title: Transformation Project - Children's Services Medium Term Finance Strategy

Is the decision a key decision? Yes

When does the decision need to be implemented? As soon as possible

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1. Proposal and Introduction

- 1.1 Shortly after his appointment in July 2016, the interim Director of Children's Services (DCS) was asked by the Chief Executive and Executive Lead Member to undertake a review of the Children's Services' 5 Year Financial Strategy to determine whether the targets it contained were realistic and achievable. This reflected a concern that, despite the Children's Services' budget benefiting from contributions from reserves of £2.3m (2015/16) and £1.1m (2016/17), the Department was projecting an overspend of £1.3m at Quarter 1 with the potential for this to reach around £2.2m by year end.
- 1.2 The DCS undertook a review of the Children's Services' 5 Year Plan reporting his findings to corporate SLT on 30 August 2016 and Mayor's Executive Group on 6 October 2016. Alongside this, action was taken by the DCS to freeze vacancies and reduce agency costs in order to address the in year pressure.
- 1.3 The review conducted by the DCS concluded that the savings envisaged in the previous plan were not achievable due to a range of factors. The savings envisaged in the 5 Year Financial Strategy were to be achieved, in the majority, through a reduction in placement costs and within that two key elements. Firstly, it envisaged bringing Children Looked After (CLA) numbers in line with statistical comparators by 2018/19 and, secondly, a shift in the balance of placement spend from high cost residential and independent foster care placements towards in care foster care provision. The review further identified that the strategy was unsuccessful because the pace and scale of CLA reduction was unrealistic and the necessary underpinning processes were not established.

1.4 A revised Children's Services 'Medium Term Financial Strategy (2017-2021)' has now been prepared by the DCS, a copy of which is attached at Appendix 1.

2. Reason for Proposal

2.1 The revised Medium Term Financial Strategy (MTFS) covers the period 2017/21 and aims to align activity to reduce costs with that underway to improve services and outcomes for children. This acknowledges that Children's Services are currently subject to intervention and likely to transfer to an alternative delivery model over the next 12 – 18 months. The plan has also benefited from the work undertaken by Peopletoo (a consultancy commissioned by the Local Government Association) and the Chartered Institute of Public Finance and Accountancy (CIPFA) – looking at Social Care costs.

2.2 The key objectives of the MTFS over the period 2017 - 2021 are:

- to bring social care staffing and support costs more in line with statistical comparators;
- to bring placement costs and the children looked after population costs more in line with statistical comparators;
- to put in place the management culture, business processes and arrangements to ensure future performance and expenditure compares favourably with statistical comparators on a sustained basis;
- to align activity to reduce expenditure with improvement activity; and
- to ensure the Children's Services budget is stabilised in support of transition to an alternative delivery model (ADM).

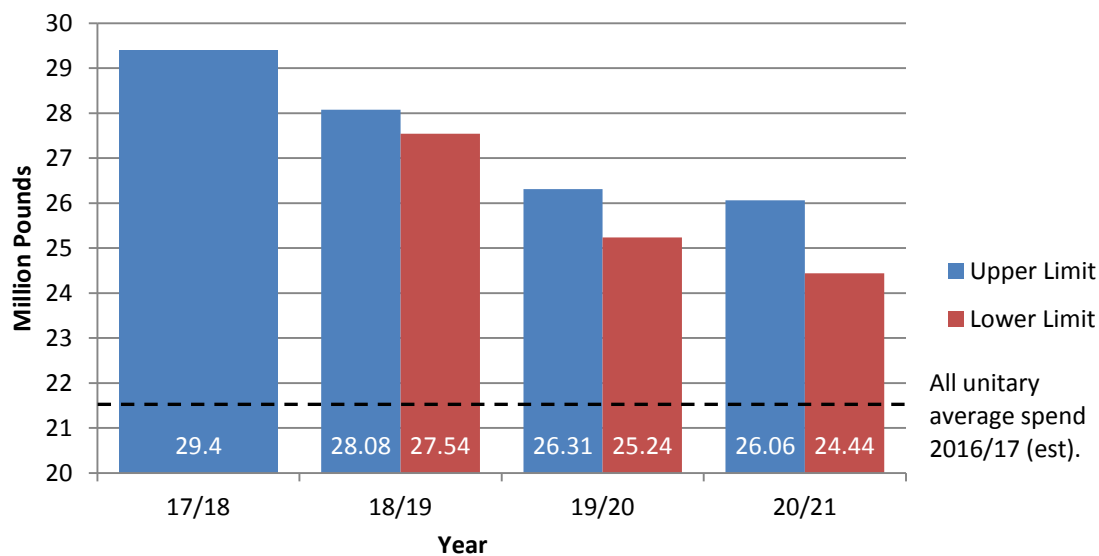
2.3 The key savings elements within the MTFS will arise across 4 key themes:

- the re-profiling of costs within the CLA population to reduce proportionate and absolute expenditure on residential and independent foster care placements;
- the gradual reduction of the CLA population to bring it in line with statistical comparators at an achievable rate;
- the reduction of social care staffing and support costs to bring these in line with statistical comparators; and
- savings from other areas of activity, primarily from commissioned activities.

2.4 Attached to the MTFS is an action plan setting out a range of proposals whose pace and scale have been aligned with a measured journey towards the performance of statistical comparators. The graph below sets out the projected savings overtime and the extent to which costs will be brought into alignment with national comparators. It is important to recognise that savings from a net reduction in CLA numbers will vary considerably depending upon the child's placement type and subsequent destination. As a consequence, the MTFS projects a range of savings a cautious approach has also been taken to the incorporation of it's

proposals into the 2017/18 revenue budget. Overall, the MTFS increases the projected savings from Children's Services for 2017/18 from £900k to around £1.3m.

Figure - Reduction in Children's Services Expenditure



3. Recommendation(s) / Proposed Decision

- 3.1 That the Children's Services Medium Term Finance Strategy (MTFS) (2017 – 2021) and the revised contribution to the 2017/2018 Revenue Budget as set out in Appendix 1 to the submitted report be approved.

Appendices

Appendix 1: Children's Services' Medium Term Financial Strategy 2017 – 2021 (Rev 2)