

Audit Committee – Review of Children’s Services 5 year plan

Executive Summary

1. Introduction

1.1 During the last few years Torbay Council Children’s Services have encountered sharply increasing costs resulting in a history of budget overspends and the requirement to make amendments to the base budget. In early 2014 Torbay Council commissioned work to create a plan to reduce the numbers of children in care and consequently reduce costs.

1.2 Based on this work, Torbay Council approved, in October 2014, a five year strategic plan for Children’s Services. The plan focused on initiatives to reduce the numbers of its Children Looked After (CLA) population and to reduce the costs of those remaining in the care of the Council. The plan provided for the use of financial reserves to “invest” in the early years of the plan, reducing pressure to make immediate savings. The Plan stated that Reserves would be repaid in the later years once CLA numbers had fallen. The use of Reserves was anticipated for the following reasons and values;

To fund the work undertaken by Social Finance and invest to save schemes.	£1.5 Million
To fund Family Functional Therapy	£0.2 Million
To fund the expected costs of care above budget in 2015/16	£2.3 Million
To fund the expected costs of care above budget in 2016/17	£1.1 Million

1.3 In 2014/15 however the actual spend by Children’s Services exceeded the levels anticipated in the 5 year plan by £1.0 Million resulting in an overspend of £2.4 million for the year compared with an anticipated level of £1.4 Million at the time the plan was approved. In 2015/16 the latest forecast by Children’s Services is that actual costs will exceed the level anticipated in the 5 year plan by £2.8 Million.

1.4 The work of the Audit Committee has been to explore why costs have not reduced as anticipated in the 5 year plan, to provide a view on the service meeting the requirements of the plan and to make recommendations on action required as a result of the findings.

2. Conclusions

2.1 In order to inform the conclusions of the Working Party, detailed evidence gathering took place, including;

- examination of the detailed calculations that formed the 5 year plan,
- analysis over the last 2 years of placement costs by category,

- detailed analysis of the costs of running the Safeguarding Service over the last 2 years,
- data produced by Department for Education in respect of looked after children,
- data on the performance of other Local Authorities for the last 5 years,
- consideration of data comparing levels of deprivation within local authorities to local after children numbers.

2.2 The conclusion that the Working Party has reached is that some of the basic cost figures used to formulate the 5 year plan are questionable and therefore consequently calculations contained within the plan are unsound. These questionable figures within the plan were carried forward to the setting of budgets and the funding formula for the 5 year plan. Specifically;

1/ The financial targets in the 5 year plan were not achievable, due to a lack of understanding of base costs,

2/ The initial starting numbers in the plan are not evidenced, and the ultimate target for CLA numbers of 180 would appear to have been unrealistic based upon comparative authorities with similar levels of deprivation.

3/ The financial benefit from mix change of placements is achievable and is on track to achieve its contribution to meeting the targets in the plan.

4/ The rate of fall in numbers of CLA was unrealistic when compared with other authorities, even those who have had significant investment in change programmes to reduce numbers of CLA.

5/ There was a lack of connection between the rate of fall in CLA numbers and the initiatives needed to achieve that fall. In particular the plan failed to contain sufficient initiatives needed to stem the flow of new entrants into care in the first 2 years of the plan and failed to recognise that it might take time to see resulting falls in CLA numbers. Neither were the initiatives sufficiently addressed or progressed.

6/ The safeguarding service needs, independently of the needs of the 5 year plan, to review core staffing and other non placement costs. There has been a substantial increase in staff costs since 2013/14 and these were not anticipated in the 5 year plan Additional costs incurred to introduce "invest to save" should be separately identified so as not to mask the need to control non-placement costs at budget level.

3. Recommendations to the Executive Director

Specifically the Working Party recommend to the Executive Director;

1. The continued creation and evaluation of plans to effect changes to working practises amongst social workers designed to both improve outcomes and reduce costs in the medium and long term.
2. The continuing evaluation of the benefits of employing teams to ;
 - a/ actively impact our provision of services to children on the edge of care with a view to preventing them needing to be taken into care and
 - b/ actively work with children and the families of children in care to enable them to leave the care system and return home.
3. The creation of a bottom up Safeguarding cost budget for 2016/17.
4. Evaluation of this bottom up budget by the D.C.S., Service Heads, Executive Lead and Audit Working Party with aim of achieving the maximum viable placement cost saving against current year and substantial reductions in non placement cost.
5. Agreement and commitment to the Budget being delivered by Service Heads within Children's Services.
6. Carry out a number of benchmarking evaluations to see how Torbay compares with other authorities.
7. Evaluation of work programs to determine a viable rate of progress in reducing CLA numbers and continuing the mix changes to lower cost placements over the next 2 to 5 years. This will inform the construction of a new plan identifying the impact of which various work programs will play in achieving the plan and should explain how partnership working will contribute to those goals. The new plan will conclude with a consideration of the funding mechanism needed to support the plan.
8. The creation of a new cost evaluation and reporting system for safeguarding budgets with monthly reporting of actual costs incurred in running the services. This should be designed to permit managers and members to hold the service to account in achieving financial goals and making progress towards achievement of all elements of the plan.

9. Consider, possibly in consultation with I.C.O., how a general improvement can be introduced into the management of Children's services with a recognition of the need for navigation of our service and cost improvement needs.
10. A detailed programme of performance monitoring generally, and specifically of the revised plan, by each of the following;
 - Children's Services
 - Senior Leadership Team
 - Executive Lead
 - Overview and Scrutiny.so as to ensure appropriate challenge to Children's Services going forward.
11. Consideration of how the recommendations of this report fit with the Ofsted Improvement Plan, with the same being acted upon with sufficient pace.

4. Further work for the Audit Committee

1. As detailed at 6 above, it is recommended that there is further work to carry out a number of benchmarking evaluations to see how Torbay compares with other authorities.
2. It is therefore proposed that Audit Committee assist in this work by undertaking a benchmarking exercise looking at;
 - - numbers and sources of referrals
 - - numbers of initial assessments undertaken,
 - - numbers of core assessments,
 - - numbers of children who are the subject of Child Protection Plans.