



Havering
LONDON BOROUGH

CHILDREN AND LEARNING OVERVIEW AND SCRUTINY SUB-COMMITTEE 8 DECEMBER 2020

Subject Heading:

Children's Social Services Budget

SLT Lead:

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Policy context:

The report sets out Children's Directorate Budget as relevant to the Children and Learning Overview and Scrutiny Sub-Committee

Financial summary:

There are no direct financial implications arising from this report.

The subject matter of this report deals with the following Council Objectives

Communities making Havering
Places making Havering
Opportunities making Havering
Connections making Havering

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[x]
[x]
[x]

SUMMARY

This Report sets out a monitoring position for the Children's Directorate for 2020/21 based on figures up to Period five (31st August). The report provides a full statement on the estimated costs and lost income relating to the COVID pandemic and provides details of the pressures faced by the service.

RECOMMENDATIONS

The Sub-Committee is recommended to receive and note the report.

REPORT DETAIL

1. EXECUTIVE SUMMARY

- 1.1. This Report sets out a full monitoring position for the Children's Directorate for 2020/21 based on figures up to Period five (31st August). The report provides a full statement on the estimated costs and lost income relating to the COVID pandemic and provides details of the pressures faced by the service.
- 1.2. The report then considers the period five position on the Business as Usual including emerging pressures and also savings that are unlikely to be achieved in 2020/21 due to delays caused by the pandemic.

2. FINANCIAL IMPACT OF THE COVID PANDEMIC

2.1 Expenditure on the COVID Pandemic.

The Council has been incurring expenditure since March relating to the COVID Pandemic. The costs to date for 2020/21 and projected costs for the remainder of the year for the Children's Directorate are set out below.

Table 1: COVID Expenditure

COVID Expenditure – 2020/2021	(April - August) £m	Projection to Year End £m
Children's	0.236	0.836

During 2020/21, the pressures already being faced in the Directorate have been compounded due to COVID with additional risks being identified as follows:

- Demand across the Directorate's provision has grown significantly as the consequences of the pandemic is experienced across communities in the Borough. Additional demand pressure will be related to domestic abuse, mental health issues, socio-economic challenges, and "hidden" familial abuse and criminal/sexual exploitation.
- There remains a considerable challenge to recruit and retain foster carers, due to the highly competitive nature of this sector and places pressure on the Council to use external placements, which cost significantly more.
- The recruitment and retention of qualified social workers is likely to prove a challenge as the Service moves in recovery phase as a result greater numbers of staff leaving the profession both nationally and locally.
- There is a possibility of staff shortages in the future, as the test and trace programme expands, which may lead to more staff being required to self-isolate.
- Greater pressures are expected for Leaving Care, due to an expanding over 18s population, especially former relevant UASC together with an expansion of statutory duties to the age of 25.
- There is a significant risk within the external placements market, including SEN Transport and placements, due to an increase of costs incurred during the pandemic being distributed back to LAs.

- School transport arrangements have had to be reworked to allow safe travel, adding a further resource pressure on service delivery.

The financial implications on budgets for 2020/21 continue to be appraised fully during the year to see the effects of Covid-19 and recovery plans, and any further peaks of the pandemic that may have an impact on demand for services in the autumn. The actual spend at period five is £0.236m, although the Directorate is projecting Covid-19 related expenditure of £0.836m for 20/21.

2.2 Loss of Income during the pandemic

The lockdown resulted in most of the Children's Services Directorate's income generating services being suspended. The table below sets out the losses of income by department for the first five months of the year and a forecast of the likely income shortfall to year end.

Table 2: COVID Income Loss

COVID Income Loss	(April - August) £m	Projection to Year End £m
Children's	0.629	1.510

Children's Services

Children's Social Care – With the closure of schools for majority of primary and secondary pupils there have been income losses to services in the Children's Directorate during periods of temporary closure, including Children's Centres and My Place. Financial risk related to loss of rental income and fees and charges is £0.200m.

Learning and Achievement Service - The Catering Service is forecasting a significant loss of income due to reduced charges for catered meals in schools associated with school closures and reduced numbers in schools. The full year estimate of lost income is circa £3.8m, but this has been mitigated by reduced spend on produce, and staffing (subject to successful Furloughing), resulting in a net effect of £0.290m. The financial impact is constantly being reviewed since schools reopened in September.

The Adult College is forecasting a significant loss of income due to reduced fees and grants associated with current course closures, and reductions in provision from September 2020. The full year estimate is circa £0.370m.

In addition, the loss of income from the cancellation of HES courses and services provided to schools as part of the Traded Services model as well as reduction in provision from September 2020 is approximately £0.650m.

The total loss of income due to Covid for the Children's Directorate is currently projected at £1.510m for 2020/21.

3 PERIOD FIVE (NON COVID) AND SAVINGS

- 3.1 Understandably the focus during lockdown has been on our response to the crisis and delivering a comprehensive safe service to our businesses and the most vulnerable members of our community. There are new pressures in services experiencing greater demand but also potential efficiencies through different ways of working adopted during lockdown.
- 3.2 Nationally, local authorities are facing increasing costs in delivering Children's Services. A survey of London authorities identified that in 2017/18 all but one Council had a deficit on their high-needs budget and only six did not have a deficit on their Children's Social Care budget. This is ongoing and represents a significant challenge for authorities. Whilst there have been increases in budget allocations, these have not kept pace with increased costs. The number of complex cases has increased nationally, resulting in more children with specialist EHCP needs requiring specialist provision outside of mainstream education. Nationally, Looked after Children numbers continue to rise. The extension of responsibility for SEND and of young people leaving care to the age of 25, and the costs of UASC over 18's have resulted in significant additional budget pressures for Children's Services.
- 3.3 The paragraphs below set out the service reported position at the end of August for the Children's Directorate and an estimate of the potential outturn position from all known information. The table below sets out non COVID departmental variances and projected variances from the savings originally agreed in February. The paragraphs below then detail these variances.

Table 3 Non-COVID Department projection

Service	Revised Budget (£m)	BAU Forecast Variance (£m)	MTFS Tracker Shortfall (£m)	BAU & MTFS Shortfall (£m)
Children's	42.346	1.678	0.467	2.145

Children's Directorate

The projected overspend at period five for the Children's Directorate is £4.491m, which is a £0.206m decrease on the period four forecast of £4.697m. The BAU overspend at period five amounts to £1.678m.

The **Learning and Achievement Service** is forecasting a BAU underspend of £0.024m at period five, including projected unachieved MTFS of £0.100m.

At period five, the Children With Disabilities Placement budget is currently forecast to underspend by £0.013m, this position is made up of £0.160m overspend on Direct Payments which will be offset with the underspend of £0.156m on Short Breaks spend due to reduction in spend on commissioned holiday clubs (FIG & DABD) not going ahead due to COVID19.

The forecast for SEN Transport is currently £0.950m lower than the actual spend in 2019/20, but this is still a forecast overspend of £0.162m against the revised budget. The forecast will be subject to change and will continue to be closely monitored as demand for transport will also increase due to social distancing which will be linked to increase in unit cost.

Reduction in Education Support Grant (ESG) leaves a shortfall against the cost of providing LA statutory services, in spite of the savings made centrally and a contribution from LA maintained schools to meet the cost of central services. The Education Services team has reduced its operational costs by £0.590m through various service transformations, and contributions from schools thereby reducing the shortfall to £0.888m. Further mitigations (increased traded income target £0.100m, 'Fines' income target £0.150m, savings £0.050m) were planned to reduce

the pressure to £0.600m, but this is proving challenging due to COVID-19.

Underspends in the Learning & Achievement Service includes: £0.019m in HIAS Development Leadership; £0.055m in Quality Assurance, Personnel Quality & Schools Provision & Commissioning and £0.014m in CWD Placements.

In **Children's Services**, the forecast BAU position at period five is an overspend of £2.169m, included projected unachieved MTFS of £0.367m.

Pressures continue to be experienced in relation to significant demand in the following areas: Leaving Care and UASC over 18 where changes to statutory duties for care leavers which is extended up to age 25 has resulted in an increase of 100% in numbers for this year within the Service. There are currently 22 young people with UASC status over the age of 18 with a further 14 transitioning from the Intervention and Support Service. This number is likely to increase as some of the young people are coming into care post 17 with a historically underfunded budget to meet these demand pressures.

There is continued pressure in S17 budget due to high cost of homeless families despite robust screening and assessment. The project to progress this area of work has been delayed due to Covid-19, the Service has been unable to recruit to specialist worker post despite extensive work on recruitment and retention.

The LAC Placements budget is currently underspent by £0.186m due to the numbers of young people presenting as LAC remaining stable in the last quarter.

The DSG High Needs Block has a carried forward deficit from 2019/20 of £1.1m. Current level of spending is £4.6m with a further overspend projected for 2020/21. Havering's allocation for the High Needs Block DSG funding increased by £3.5m compared to 2019/20, and the Schools Funding Forum has agreed to transfer £0.500m from the Schools Block. This will result in a projected overspend on the DSG High Needs Block for 2020/21 of £2.7m.

4. MONITORING SAVINGS 2020-21

- 4.1 Due to the current COVID-19 pandemic, much of the work to realise the 2020-21 savings was suspended and/or delayed. As stated above all the proposals will be reviewed as part of the recovery strategy. At present out of the £1.039m savings approved by Members in the 2020-21 budget cycle, it is presumed only £0.572m of the savings will be achieved and £0.467m potentially unachieved.
- 4.2 A list of the unachievable savings are listed below:

Table 4 Unachieved Savings

FIS Ref	Description	Total Forecast Variance 2020/21
COM03	Review of Transport	45
CH7	Scale and spread of Pathways Innovation Programme in Children's Social Care	50
PLACE07	Fostering recruitment and retention	125
PLACE08	Early Help and education inclusion	100
PLACE09	SEND passenger transport (existing MTFS saving).	100
PLACE06	Children's Centres - PLACE06	47
Children's Total		467

IMPLICATIONS AND RISKS

Financial implications and risks: Finance comments are contained within the main body of the report at period 5 2020/21, due to the subject matter of the report. There are no further financial implications arising from this report.

Legal implications and risks: The Authority has a number of statutory obligations to children and young people set out primarily in the Children Act 1989 and the Children and Families Act 2014. Whilst this Report focusses on the global spend in relation to these duties it is likely that the Authority would be acting unlawfully if it did not meet the needs of those qualifying for support and assistance.

Otherwise there are no apparent legal implications of noting the content of this Report.

Human Resources implications and risks: There are no immediate Human Resource implications arising from the report at this stage and any specific workforce impact is difficult to assess at the present time. However, any future savings proposals or changes to the funding regime that impact on staff numbers, will be managed in accordance with both statutory requirements and the Council's Managing Organisational Change & Redundancy policy.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.