Havering
LONDON BOROUGH

# CHILDREN AND LEARNING OVERVIEW & SCRUTINY SUB-COMMITTEE
## 29 March 2022

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| **Subject Heading:** | To outline the increase in demand and impact on costs for placements for children and young people with multiple, complex needs. |
| **SLT Lead:** | Robert South, Director Childrens Service |
| **Report Author and contact details:** | Priti Gaberria, 01704 431257, priti.gaberria@havering.gov.uk |
| **Policy context:** | Childrens Social Care |
| **Financial summary:** | This report relates to the increasing placements costs for children with multiple complex needs. |

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

| | |
|---|---|
| Communities making Havering | [x] |
| Places making Havering | [] |
| Opportunities making Havering | [] |
| Connections making Havering | [] |

**SUMMARY**

This report provides details of the increase in the number of children and young people with multiple complex needs requiring support from the authority and the impact this is having on the placements budget.

## RECOMMENDATIONS

Members are asked to note the contents of this report.

## REPORT DETAIL

Havering is a growing borough, with ONS population projections for the 0-17 population rising from 59,020 currently to 61,369 by April 2024. The changing demography locally will impact on demand over the next five years.

In the years 2008-2019, running up to the pandemic the sector nationally saw a 19%increase in referrals. The number of children subject to a child protection plan increased by 76% in the same period. In 2019 it was estimated that children's social care was facing a £3.1 billion funding gap by March 2025 (LGA). It is estimated that the number of vulnerable children being placed in council care in England could reach almost 100,000 by 2025, up from 69,000 in 2015.

The impact of the pandemic on children has been profound, with increased mental health difficulties and exploitation (both virtual and physical) affecting many. The impact on vulnerable families has also been significant and we are only beginning to understand the long-term impact on these families.

More children have been referred who were not previously known to social care services. Families who were just about managing pre-pandemic and would not normally come to the attention of social care are now in need of significant help. Children are presenting at a later stage, once issues are complex and entrenched and becoming subjects of child protection plans or proceedings.

There has been an increase in the number of children and young people with complex, multiple needs required support and local authority accommodation. In particular placements which can support young people with mental health needs, those involved with criminal activity or at risk of exploitation and/or those out of parental control are more frequently required (see appendix 1). Due to the multiple complexities being presented we have seen an increase in the average cost of a placement.

It is difficult to identify children and young people that are deemed high cost as a static cohort. There are multiple factors to take into account such as being able to quantify and measure interventions which are having a positive impact, thus reducing costs and support needs.

In terms of foster care, despite the numbers of fostering households and foster carers in England being at their highest ever levels, the increases are not keeping up with demand in the sector. Although record levels of enquiries were received from prospective fostering households, the conversion rate from applications continues to fall. (Fostering in England 2020 to 2021: main findings, published 11 November 2021). This picture is mirrored locally.

The Competition and Markets Authority interim report (October 2021) concluded the placements market overall are not providing sufficient appropriate places to ensure that children consistently receive placements that fully meet their needs, when and where they require them. This is resulting in some children being placed in accommodation that, for example, is too far from their home base, does not provide the therapy or facilities they need, or separates them from their siblings. Given the impact that poor placement matches have on the well-being of children, this is a significant concern.

Evidence indicates that some providers are able to earn significant profits, paid for by local authorities, through the provision of children's social care placements. If this market were functioning well, we would not expect to see under-supply and elevated prices and profits persisting over time. Instead, we would expect existing and new providers to create more places to meet the demand from local authorities, which would then drive down prices and profits. The fact that this does not appear to be happening suggests that there must be factors that are acting to deter new provision. We have recently undertaken an analysis of costs paid across the sub-region for sub-regional project and have found that this is a market condition that is being experienced by LA's within the sub-region, and probably beyond. The analysis showed that neighbouring LA's are paying higher rates for placements for young people with multiple complex needs.

The impact of the pandemic has had a significant impact on local expenditure on LAC, which is twofold. Firstly, since the end of the financial year, LAC numbers in high cost placements have increased from 153 in March 2021 to 192 in October 2021. This represents an increase of 25% in just seven months, and includes a 32% increase in Residential placements, 56% in semi-independent placements and 41% in IFAs. Additionally, the costs of placements have also increased significantly, reflecting the higher cost of placements which is a combination of complexity of need, but also availability of places, which is pushing up prices. The average weekly cost of residential places has increased by 14% since March 2021 and weekly costs of semi-independent placements have increased by 26% during the same period.

The forecast expenditure on LAC for 2021/22 is £8.710m, compared to the 2020/21 outturn of £6.834m. This represents an increase of £1.9m this financial year and an overspend against the current budget of almost £1.4m. Once children become looked after, they usually remain in the care system. Consequently, the additional costs that have arisen in 2021/22 will be ongoing in future years.

**Table 1 – Average costs of placements by type**

| Placement type | Weekly Cost |
|---|---|
| Fostering - friend or relative | £375.61 |
| Fostering - in-house | £483.76 |
| Fostering - IFA | £868.65 |
| Residential – sub-regional block | £3,584.49 |
| Residential - external | £3,635.46 |
| Supported accommodation | £1,084.47 |
| Secure home | £2,147.56 |
| Placed with family | £0 |
| Other | £0 |

It is difficult to assess how long and how severe this spike in cases will continue. Even if cases plateau out now, current spend will remain £1.4m over budget. Excluding the spike in numbers, over a longer period of time the data shows that 5% of referrals end up as LAC after a period of approximately two years.

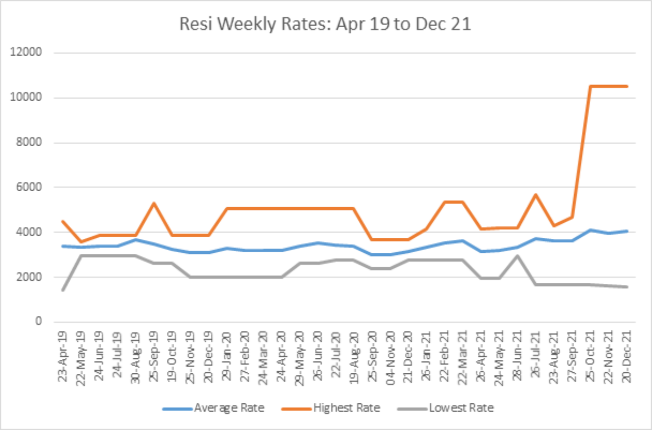
Given the projected significant increase in referrals, it is probable that there will be a longer term increase in LAC numbers. Based on the information above, average referrals will rise to around 290 per month in 2022/23 and 310 per month in 2023/24. This is an extremely prudent estimate and assumes that the current spike in cases will level off. The consequence of this is likely to be an additional 18 LAC in 2022/23 and a further 12 in 2023/24 above the current level. A further 18 LAC in 202/23 will cost approximately £0.9m and 12 approximately £0.6m (based on the current 40 increase in LAC costing an additional £2m).

In order to meet demand and to manage costs and the market Childrens Services and the Joint Commissioning Unit have been working together to develop placement sufficiency by:

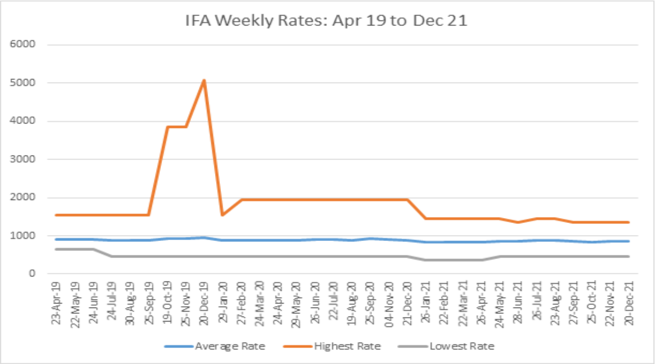
- increasing the number of in-house foster cares;
- developing local accommodation options such as semi-independent provision using council properties;
- introducing sub-regional block contracts;
- developing Dynamic Purchasing Systems (DPS)
- Working with other Local Authorities to share/develop services and provision as appropriate.

We have already started to see some benefits such as better quality provision, stability with costs and improved outcomes for young people from the work outlined above.

## Table 2: Average weekly rates residential




## Table 3: Average weekly rates Independent Fostering Agency




## IMPLICATIONS AND RISKS

**Financial implications and risks:**

Children Services is experiencing a significant financial pressure mostly due to social care placements. The current pressure has surpassed the pre pandemic one and is forecasted to increase further in 22-23. The pressure is due to a combination of new placements , increased complexity but as well market price inflation which is explained by the under supply point mentioned above. If the market provision continues to be more expensive there will be a significant financial pressure transferred to Children Service's budget.

**Legal implications and risks:**

There are no apparent legal implications from noting the content of the Report

**Human Resources implications and risks:**

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

**Equalities implications and risks:**

This report is for information only and therefore there are no equalities implications arising from this report and an EqHIA therefore is not necessary.

| **ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS** |
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| None |

## BACKGROUND PAPERS

None