

**15 October 2018****Agenda Item: 6**

## **REPORT OF THE SERVICE DIRECTOR, COMMISSIONING AND RESOURCES**

### **EXTERNAL PLACEMENTS BUDGET FOR LOOKED AFTER CHILDREN**

#### **Purpose of the Report**

1. The purpose of this report is to provide Committee with an overview of the Looked After Children (LAC) placements budget, including the continuing financial challenges and details of actions being taken and / or which are being proposed in order to mitigate them.
2. In particular, approval is sought to establish an additional 1 fte Placement Officer (Hay Band C) post within the Commissioning and Placements Group to proactively deal with those children placed, by virtue of the imminent need, in a placement which is not the most appropriate or that does not provide good value for money. This post will also ensure that the right children are identified for de-escalation activity through the Social Impact Bond provision, the contract for which is currently being finalised following approval from this Committee at its meeting on 16 July 2018. It is proposed that the post be established on a temporary basis for a period of 18 months in the first instance, with the potential to make the position permanent if it proves successful in reducing expenditure.

#### **Information**

3. The Children and Families Department Revenue Budget is currently forecast to overspend during this financial year as a result of significant pressures in relation to children's care, in particular a rise in the number of children coming into and remaining in foster and residential care.

*"Spending on these services now accounts for the majority of Children's Services non-schools' expenditure – in some cases almost three quarters of the net budget. These services are subject to the most demographic pressure and to the most volatility of demand and the main source of budgetary pressures and in year overspends" (CIPFA, July 2018).*

4. Nottinghamshire has long-since maintained its LAC population at a level that is markedly below the national average<sup>1</sup>, as depicted in Table 1. In 2017 Nottinghamshire's LAC level was 21% lower than statistical neighbours and 24% below the England average. However,

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<sup>1</sup> The comparator measure of the number of children being taken into the care of local authorities is expressed as a "rate per 10,000". This is the measure used by government to make meaningful comparisons between local authorities (addressing as it does any variation in actual number of LAC that would arise from the differing size / child population of individual local authorities), and also as a means of comparing data for an individual local authority with the overall England average

whilst this differential has latterly been maintained, the actual numbers of children taken into care has increased both nationally and locally over the past 10 years (see table 1 below)

**Table 1**

**LOOKED AFTER CHILDREN - RATE PER 10,000 CHILDREN AGED UNDER 18**

rates per 10,000 children aged under 18 years										Change since 2009	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	Number	%
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	%
England	54	57	58	59	60	60	60	60	62	8	14.8%
North East	61	69	73	78	80	81	82	84	92	31	50.8%
North West	70	74	76	76	78	81	82	82	86	16	22.9%
Yorkshire & The Humber	60	63	65	67	65	65	64	63	67	7	11.7%
East Midlands	41	44	47	50	51	52	53	54	55	14	34.1%
West Midlands	62	65	66	68	72	73	75	73	75	13	21.0%
East of England	46	50	51	51	50	50	48	49	49	3	6.5%
Inner London	76	77	71	70	66	64	60	56	58	-18	-23.7%
Outer London	54	54	51	49	48	48	47	47	45	-9	-16.7%
South East	42	45	46	47	47	47	49	52	51	9	21.4%
South West	45	48	49	51	53	51	52	53	53	8	17.8%

5. This general increase in the LAC population is placing pressure on the Independent Fostering Association (IFA) and residential markets. In Nottinghamshire, this is resulting in a particular stress on the budget for procuring external residential placements to the extent that the internal provision of foster carers and residential home places is largely fixed and does not have the additional capacity required to accommodate the increased number of LAC. In practical terms, it is becoming increasingly difficult and expensive to secure suitable placements with the result that many young people are being placed at a cost above the calculated average and that over time the average cost is rising. Moreover, the placement is increasingly in a setting that is not in line with the young person's care plan, e.g. a care plan might recommend a family based placement with a foster carer but a suitable foster carer cannot be procured and thus the young person is accommodated in a residential home.
6. At the time of writing the total number of children in care stands at 848, up from 782 in August 2017. Nottinghamshire's 2017/18 average cost of an annual children's care placement was £62,000 (across both internal and external provision) so this increase brings a potential financial pressure of £4.1m for placements alone. Equally, data show that the number of young people in external placements has increased by 52, most of which has occurred during the current financial year and reflects the practical reality that the vast majority of the overall increase in the LAC population is placed in external provision which carries a markedly higher average cost.
7. As a result there was an in-year forecast overspend of some £3.1m as at period 4. Looking ahead, there is no sign that the increase in the numbers of children coming to care has reached a peak and therefore this overspend is likely to increase further and will be subject to budget pressure requests as appropriate.

## Mitigating Actions

8. There are number of initiatives planned or being undertaken to manage the overspend. Many of these will take time to implement and, whilst some are being pursued as part of business-as-usual, others are being put forward for Elected Members' consideration as part of the Council's wider medium term financial planning and budget setting processes.

9. Discrete budget pressure requests have been developed in order to 'right size' future years' budget and take account of the continuing increase in rate at which children and young people are being taken into care as set out earlier in this report, and also to account for in-built contract inflation, and the effects of overall population increases in ages 0-18 years. At the same time, officers are pursuing a range of projects that seek to offset the overall effect of increased cost and respond to the distinctive challenges of managing finances within children's care services. These include:
- a) Proposals to increase the Council's internal fostering provision and capacity and also to increase the internal residential estate. This would alter the constitution of the Council's existing residential care provision to reduce the current reliance on procuring more expensive externally commissioned placements and help alleviate the issues raised earlier in this report about the disproportionate financial impact of increases in the numbers of LAC.
  - b) Exploring new approaches to commissioning Independent Foster Agency (IFA) and external residential placements including sub-regional commissioning options, e.g. on a D2N2 footprint, to try and manage the market and drive down costs. This would either replace or complement the existing East Midlands Regional Care Framework (EMRCF) which ends in February 2020. These sub-regional commissioning options will include the potential to establish block contracting arrangements with local authority partners, i.e. the block purchasing of bed space between local authorities and across geographical boundaries, in order to reduce commissioning spend whilst maintaining the high quality services delivered to children and young people.
  - c) Expanding the Council's existing block contract arrangements by adding further capacity to current contracts where appropriate and in line with the relevant contractual provisions. Discussions with external providers about the feasibility and practicalities of this are on-going. As part of these discussions, an assessment is being carried out of the feasibility and cost benefit of including more specialist provision where the Council could place older young people and / or the increasing number of children and young people who present with the most challenging and complex needs and for whom it is becoming increasingly difficult to secure a suitable placement without significant cost. Moreover, these are often the young people who experience the most frequent placement disruption and it is anticipated that having available this more specialist provision will result in better care at a lesser cost. This is very much complementary to the earlier proposal to grow the Council's own internal residential estate, to the extent that this proposes that increasing the capacity within the internal estate should also focus on more specialist provision to complement the existing mainstream residential homes. Indeed, in what would be a variation to the existing block contract operating model, there could be a better value financial option for the Council by investing capital to purchase the homes and leasing them back to the block contract provider to operate them.
  - d) Work with existing supported living providers to develop and commission an enhanced model of support for those young people who find the transition from care settings to semi-independent accommodation the most challenging. This will complement the Transitional Personal Advisor project previously approved by this Committee which has been able to improve outcomes for young people who are leaving care, including increasing reunification with birth family and, in particular,

supporting young people aged 16 and 17 years at an earlier age in their transition to adulthood and independent living.

- e) Finalising the contract for the joint commissioning (alongside Nottingham City and Derby City Councils) of a range of 'step-down' interventions for Looked after Children, following approval by this Committee at its meeting on 16 July 2018. This will be delivered by a consortium of providers backed by social investment, and for which the Councils have secured grant funding from central government to contribute towards payments to the providers for securing successful outcomes. The programme is predicated on the premise that children and young people achieve better outcomes if they live in a stable family based environment. Successful outcomes therefore include a young person stepping down from a residential home into foster care, and reunifying a young person with their birth family / primary carer, i.e. removing them from the care system altogether. As well as yielding better social outcomes, these will also have a potentially positive impact on the care placements budget.
- 10. Overall, the net result of the above initiatives would be to provide the Council direct access to a greater volume and mix of residential placements – either internally managed or externally commissioned – which collectively provide better financial and social value to the Council.
  - 11. In order to maximise the benefits from these initiatives, Committee is asked to approve the establishment of an additional 1 fte Placement officer (Hay Band C) post within the Commissioning & Placements Group at a cost of £50,026 p.a. (including on-costs). This post would complement the existing Commissioning Officers (who commission placements from external providers and manage the contractual arrangements that the Council has with them) by proactively reviewing cases / placements where children have been placed, by virtue of imminent need, in a placement which is not the most appropriate for the young person's care plan or that does not provide good value for money. It is imperative to find alternatives quickly before the child becomes settled and a move would not be in their interests. Additionally, this post will coordinate referrals into the services commissioned through the Social Impact Bond programme, working with social work colleagues to ensure that the right children are identified for de-escalation activity through the specialist interventions that will be delivered by that provider.

### **Other Options Considered**

- 12. The full range of options are set out in **paragraphs 9 - 11**.

### **Reason/s for Recommendation/s**

- 13. To enable the Children and Families Department to implement the range of initiatives set out in this report to mitigate the financial challenges with the provision of placements for LAC.

### **Statutory and Policy Implications**

- 14. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human

rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Financial Implications**

15. The funding for the temporary 1 fte Placement Officer (Hay Band C) post will be considered as part of the 2019/20 budget setting process alongside the wider implementation costs for the initiatives set out in **paragraph 9**.

### **Human Resources Implications**

16. The additional Placement Officer post will be established on a temporary basis for a period of 18 months on Hay Band C which is the existing evaluated grade for the post.

### **Safeguarding of Children and Adults at Risk Implications**

17. Safe recruitment policy and procedure will be followed in appointing to the additional post and new staff will benefit from the Council's usual safeguarding training and induction processes.

### **Implications for Service Users**

18. Children and young people who are in the care of the Local Authority will be placed in a more appropriate placement in line with their individual care plan.

## **RECOMMENDATION/S**

- 1) That the establishment of a temporary additional 1 fte Placement Officer (Hay Band C) post within the Commissioning and Placements Group, for a period of 18 months, be approved.

**Laurence Jones**  
**Service Director, Commissioning & Resources**

**For any enquiries about this report please contact:**

Jon Hawketts  
Group Manager, Commissioning & Placements  
T: 0115 9773696  
E: [jon.hawketts@nottscg.gov.uk](mailto:jon.hawketts@nottscg.gov.uk)

### **Constitutional Comments (LM 03/10/18)**

19. The Children and Young People's Committee is the appropriate body to consider the contents of the report.

### **Financial Comments (SS 03/10/18)**

20. The forecast overspend mentioned at **paragraph 7** has been reported as part of the monthly Finance Monitoring report to Finance and Major Contracts Management Committee. The financial implications arising directly from this report are contained within **paragraph 15** above.

### **HR Comments (BC 01/10/18)**

21. The staffing implications are contained within the body of the report. The post will be recruited to in line with the authority's recruitment and vacancy control procedures

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Update on the increase in the establishment of Personal Advisor posts: report to Children and Young People's Committee on 21 May 2018

DN2 Social Impact Bond Initiative – progress report: report to Children and Young People's Committee on 16 July 2018

### **Electoral Division(s) and Member(s) Affected**

All.

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