

To the Chair and Members of the Overview and Scrutiny Management Committee

Doncaster Children's Services Trust Limited Update Report

| Relevant Cabinet Member(s) | Wards Affected | Key Decision |
|---|-----------------------|---------------------|
| Councillor Nuala Fennelly Cabinet Member for Education and Skills and Lead Member for Children's Services | All | No |

EXECUTIVE SUMMARY

1. This report provides an update on the financial and operational strategy of the Trust.

The Trust has made significant progress in establishing a sufficiency strategy, which reflects a clear vision and strategy for placing children in care with a focus on achieving outcomes, permanency and a controlled exit, whilst using money wisely to ensure financial sustainability

The Trust has faced a number of challenges since its setup on October 2014 and has produced a number of strategies to overcome these going forward.

The forecast outturn for the year shows the trust is forecasting to exceed the current budget by £1.6m as at the end of quarter 3. A further contract variation totalling £0.8m has been submitted and agreed in principal, this would reduce the current forecast outturn to £0.8m, under the risk share agreement this would split £0.6m DMBC and £0.2m Trust.

The Trust has a clear commitment to review and adapt its operating model to ensure that the focus reflects service improvement, positive Ofsted judgements and financial sustainability The Trust's financial strategy considers, reducing demand, expenditure and costs.

A number of measures have already been implemented by the Trust which shows a clear commitment to reduce costs and improve efficiency.

The Trust has developed Looked After Child (LAC) forecast planning and trend analysis which has been used to inform budgets and forecast expenditure. Finance business partners have been introduced to engage operational staff in budget setting and on-going monitoring of activity and budgets through the year. A monthly management account is produced and reported to the Trust Board.

Longer term the Trust is committed to safely reduce the numbers of children in the looked after system. This can be achieved by preventing the need for children to become looked after or ensuring that the care plans for those who can be moved to alternative arrangements are progressed in a timely manner. The Trust is developing strategies to support this work and ensure that only those children who need to be looked after remain within the system.

The current Trust operating model was designed to ensure a positive outcome in the forthcoming Ofsted full inspection of Doncaster's Children's Services. Work is currently underway to consider a future operating model that may release efficiencies whilst ensuring children are appropriately safeguarded and service standards can be maintained.

Finally, the Trust will consider opportunities to diversify the service offering and grow the trading opportunities available to the Trust.

EXEMPT REPORT

2. There are no exemptions.

RECOMMENDATIONS

3. That Committee gives consideration to the financial and operational strategy update report.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. Doncaster Children's Services Trust Limited was established on 1 October 2014 at the direction of the Secretary of State with the mandate to deliver improvements to children's social care. This report provides an update of progress achieved to date by the Trust.

BACKGROUND

5. Doncaster Children's Services Trust Limited was the first children's services trust in the UK and was created by the Department of Education as an independent company, limited by guarantee with a Board of up to 11 directors. The Trust works under the direction of the Secretary of State for Education, providing children's social care services for Doncaster Metropolitan Borough Council. The council retains its statutory duty and responsibility for the children of Doncaster. The Secretary of State for Education give their commitment to local MPs that DMBC would not be required to bear the additional cost of delivering its social care services through the Trust. These additional costs related to setup and the on-going running costs – Trust senior management, VAT etc, and these costs are subsequently funded by DfE.
6. The Trust's aim is to transform children services within Doncaster so that they significantly improve the outcome of the most vulnerable children and are recognised in Ofsted judgements as "Good" by October 2017 and "Outstanding" by October 2019.

7. It is acknowledged that in order to achieve this, the Trust's strategic priorities are to improve the quality of practice and outcomes for children, young people and families, whilst using money wisely to ensure financial sustainability. This is referred to as the cost of improvement.



8. The Trust was established with no financial reserves to support its operation and the contract acknowledges that there is a significant degree of uncertainty around the exact requirement for services and therefore demand. As a result of these uncertainties the risk/reward mechanism was agreed as part of the initial contract.

| | DMBC | The Trust |
|----------------|------|-----------|
| 2014/15 | 90% | 10% |
| 2015/16 | 80% | 20% |
| 2016/17 | 75% | 25% |
| 2017/18 | 70% | 30% |

9. The contract reflects the Council's and the Trust's mutual aspiration to discharge the risk/reward mechanism, through building reserves.
10. The annual review requires indicative budgets to be agreed for the following year and the following two contract years. The Trust Annual Report and Accounts for 2013-15 and 2015/16 have been submitted to DMBC for noting as per the contract requirement. Both sets of accounts showed a small surplus and post risk share, reserves currently stand at £49,817.

| | Budget '000 | Reduction from previous year |
|-----------------|----------------|---------------------------------|
| 2014/15 | 42,933 | N/A |
| 2015/16 | 42,274 | -659k |
| 2016/17* | 42,163 | -111k |
| 2017/18 | See below | |

* Excludes contract variation's

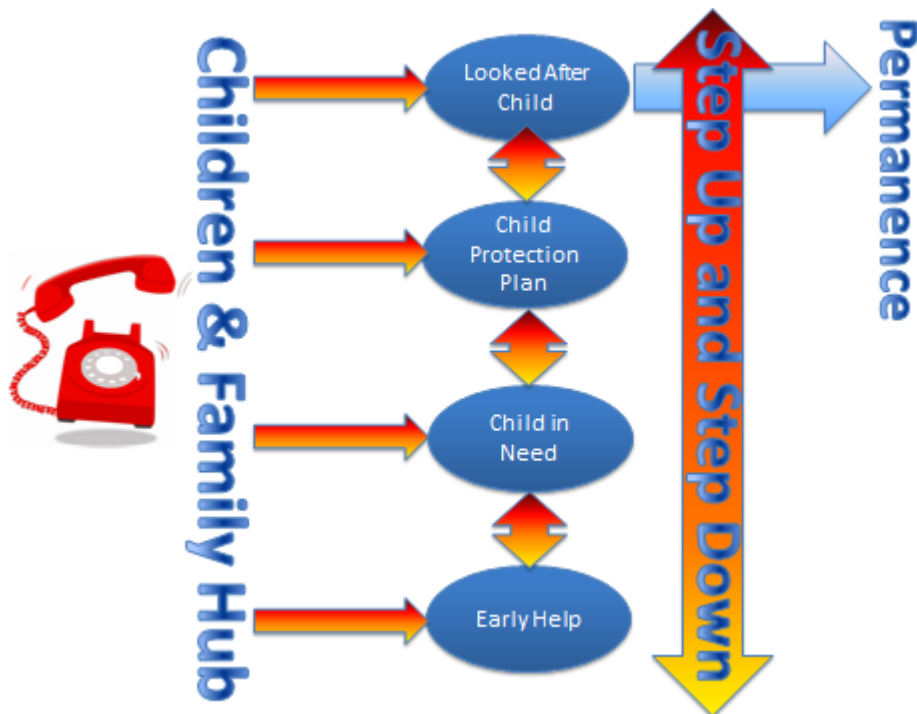
11. Discussions are taking place with DMBC with regard to 2017/18 budgets and beyond. Initial budgets reflecting revised demand and price are as follows:

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|-------------------|---------|---------|---------|---------|
| Care Ladder | 21,532 | 22,647 | 22,527 | 22,675 |
| Increase/Decrease | N/A | 1,115 | -120 | 148 |

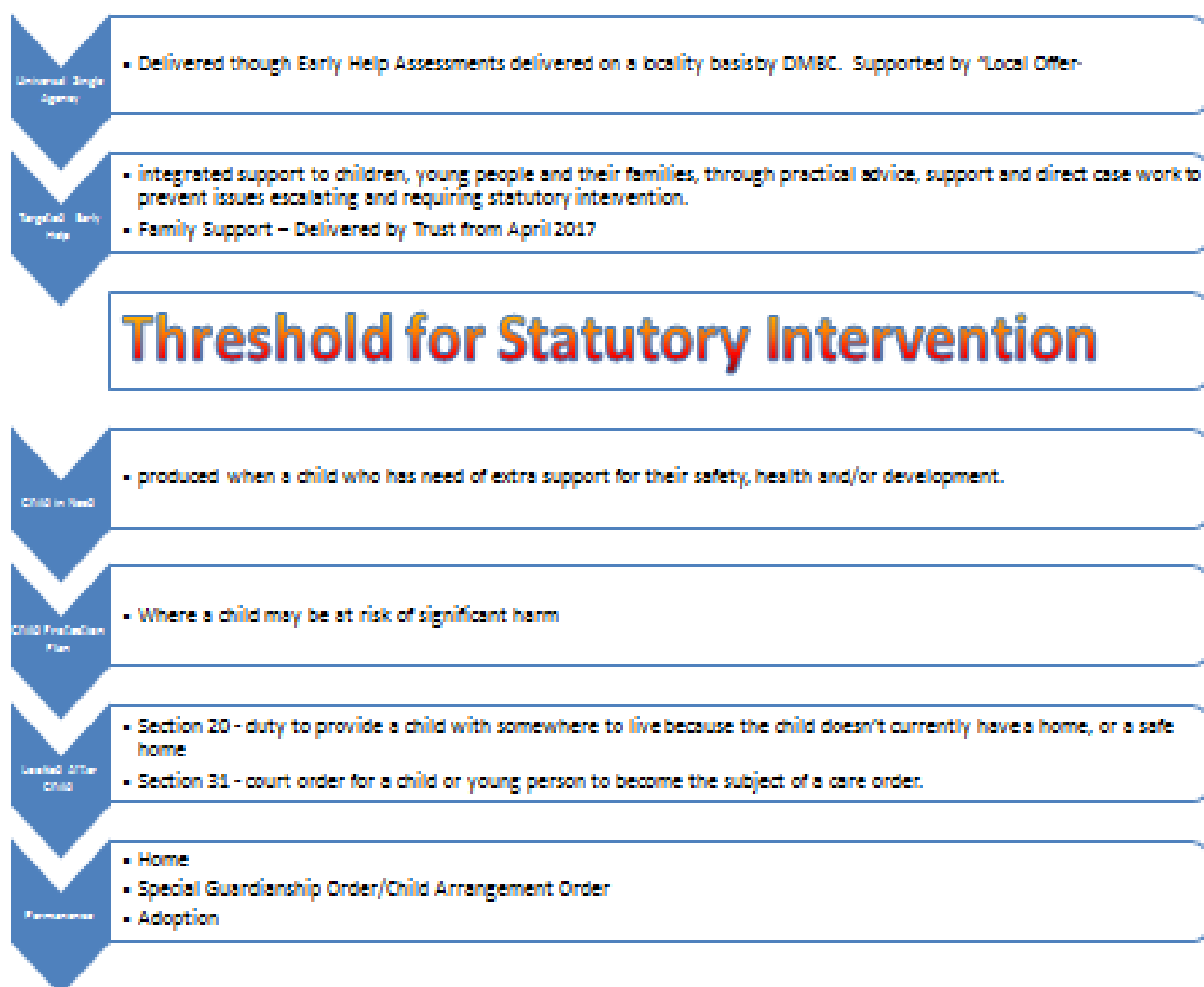
12. Budgets are increased to reflect inflation and growth (price inflation, NI contributions and additional Looked After Children (LAC) and reduced to reflect savings identified as part of DMBC Medium Term Financial Planning targets and corporate cuts.
13. Additional funding, which sits outside of the contract sum has been agreed and relates to: Initial Improvement fund (Liquid Logic etc), Ofsted Improvement fund and Practice Improvement Programme. All funds will be fully utilised during the current financial year. DMBC have also agreed to fund the refurbishment of children's homes, which is separate to the contract.

CARE PATHWAY

14. The Trust's mission is to make a positive impact on the lives of children, young people and families. The business plan sets out the direction of the Trust over the next three years and explains how it operates as a business. It also provides a clear definition of the services and improvements that will be delivered and how they will be monitored and evaluated.



15. DEFINITIONS ARE AS FOLLOWS:

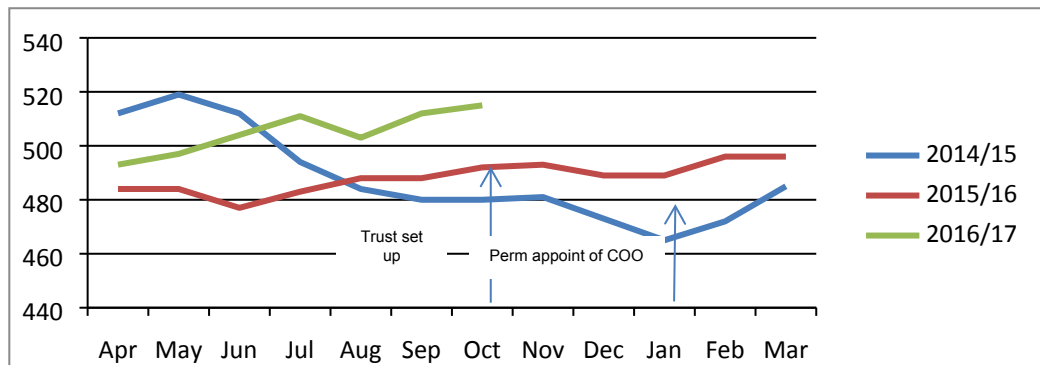


CHALLENGES

16. The Trust has faced a number of challenges since its setup on October 2014:
- Rising demand across the pathways and lack of a fully developed early help offer. The current early help strategy and local offer is a DMBC responsibility, going forward the proposed offer to families at universal or single agency levels is to be jointly developed, with the aim of preventing children with emerging additional needs from escalating into targeted or statutory services delivered by the Trust. This has and continues to place significant pressures on Trust services and is impacting on the ability to manage and predict demand.
 - Historical poor practice and longer term legacy cases adding additional complexity to work. At the point of transfer to the Trust the quality of social work practice was assessed as being inadequate and this was confirmed by Ofsted in the full Single Inspection Framework (SIF). Recent Ofsted reviews have identified progress across all areas and acknowledged the very clear drive to improve standards with every case

in the Trust being reassessed to ensure appropriate thresholds have been applied.

- A review of Looked After Children (LAC) by the Trust resulted in increased numbers of children in care or subject to child protection processes. At the point of transfer from DMBC to the Trust, there were 480 LAC who were subject to a range of different legal status types. However, this figure under represented the actual numbers of children who should have been deemed to be looked after or who should have been protected by being looked after. Firstly, there have been 31 individual children who were known to statutory services prior to October 2014 who through reassessment of their cases have been made subject to regulation 24 status and were therefore deemed to be looked after. In addition a further 38 children have been made subject of special guardianship orders. This means that the Trust is now confident that regulation 24 requirements are being appropriately applied and there are no unregulated placements within the system. Secondly, as previously stated Ofsted identified a theme regarding children who had been left in neglectful situations for longer than was safe and a number of historical cases were further reviewed and action taken to address long standing neglect. These issues have led to an increase in the numbers of children entering the looked after system whilst at the same time the Trust has been able to stabilise the overall numbers of looked after children.
- The current numbers of looked after children (75 per 10,000) means that only four of the nine other local authorities in our comparator group have lower numbers than Doncaster.



- The number of placements the Trust is currently supporting reflects a proportion of inherited placements which when added with to complexity of local need had made the overall number difficult to reduce. However strategies are being developed to target specific cohort of children to safely and appropriately reduce the numbers of looked after children over the next fifteen months.
- At the point of transfer to the Trust there was a lack of a quality residential offer within the borough. With support from DMBC the residential estate is undergoing a significant refurbishment programme and changes have been made to the staff group.

- The Trust has continued to experience difficulties in recruiting sufficient numbers of foster carers to meet demand and a number of carers have been deregistered due to age, safeguarding concerns or because the basic care would not meet the required minimum standards. This is consistent with the national picture regarding foster carers.
- The Trust continues to experience a challenging recruitment market, due to the financial pull of neighbouring authorities as well as a national shortage of social workers.
- Finally, the Trust has faced significant challenge regarding the quality of financial data and unit costings that were passed across at set up and has worked with DMBC finance to achieve greater understanding of the original contract value and supporting data. This was reflected in the initial contract as “core” and “enhanced” contract value.

CURRENT FINANCIAL YEAR

17. The budget for the year was based upon current levels of activity and the budget build assumptions. Finance Business Partners meet with Budget Holders monthly and work with them regarding current spend levels, forecast outturn and underlying assumptions. Budget Holders are subjected to rigorous financial challenge and where possible forecasts are reduced.
18. The forecast outturn for the year shows the Trust is forecasting to exceed the current budget by £1.6m as at the end of quarter 3. The forecast exceeds budget due to placement volume and costs being higher than the contract for the year. Based upon the risk share agreement for 2017/18, this deficit would be shared £1.2m DMBC and £0.4m Trust.
19. Adjustments totalling £2.9m have been made to the contract value this financial year.

| | Adjustments | Contract Value |
|--|--------------|----------------|
| Opening Value for 2016-17 | | 42,163 |
| 2016-17 in year adjustments:- | | |
| Transfer of CWD team | 322 | |
| Transfer of Oaklands & management recharge | 543 | |
| Reduction in Digital Council efficiency target | 60 | |
| Transfer of Staying Put Grant | 139 | |
| Reductions in Youth Offending funding | -203 | |
| Transfer of funding for Early Help Hub team manager | 45 | |
| Additional funding to reflect activity levels (placements – excluding IFA) | 1,964 | |
| | 2,869 | |
| Revised Value for 2016-17 | | 45,032 |

20. A further contract variation totalling £0.8m has been submitted and agreed in principal and reflects: price variation for Out of Area placements; additional social worker resource for increase caseload demand; and redundancy costs. This would reduce the current forecast outturn to £0.8m, which would produce a risk share settlement of £0.6m DMBC and £0.2m Trust.

FINANCIAL STRATEGY

21. The Trust has a clear commitment to review and adapt its operating model to ensure that the focus reflects service improvement, positive Ofsted judgements and financial sustainability. The Trust's financial strategy considers:
- Reducing Demand;
 - Reducing Expenditure; and
 - Reducing Costs.

Reducing Demand:

22. **Early Help and Family Support:** DMBC and the Trust both deliver some elements of family support as part of the early help offer which is intended to prevent children's needs escalating and reduce referrals to statutory social care services. An agreement has been provisionally reached to transfer the remaining family support services into the Trust by April 2017. A detailed project plan has been developed between both organisations and covers all relevant aspects of the transfer. The project plan includes details of the TUPE transfer arrangements of existing staff, the agreed funding and any known risks that might impact negatively on the 1 April date. Known risks include a delay to the direction being received from the Secretary of State and a significant rate of vacancies within the transferring service. The Trust is working with DMBC Early Help Family Support, regarding the current levels of unallocated work to ensure that at the point of transfer the impact on social care is managed effectively.
23. The development of a more coordinated family support service will ensure the Trust is able to contribute to the development of an early help offer and reduce the numbers of children progressing to statutory services. However, further work is required to ensure that a more robust local offer is available to support children and families. This includes the development of the universal and single agency early help offer and the strengthening of DMBC's support to families through its remaining services such as children's centres. A failure to deliver a comprehensive local offer will impact negatively on the Trust's ability to step down work or prevent the escalation into statutory more costly services. However, an effective early help offer could contribute to a reduction in open statutory cases and fewer children escalating into the looked after system. Sensitivity analysis shows that a reduction in the number in looked after children of between 5 and 10 percent would contribute to potential average savings between £0.5m and £2.1m over three years.

| CARE LADDER PLACEMENT TYPE | Volume | | | | Demand Variance | | | Price Variance | | |
|--------------------------------|---------|---------|---------|---------|-----------------|---------|---------|----------------|---------|---------|
| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2017/18 | 2018/19 | 2019/20 | 2017/18 | 2018/19 | 2019/20 |
| OOA LAC | 27 | 21 | 20 | 20 | | | | | | |
| Independent Fostering Agencies | 170 | 197 | 184 | 178 | | | | | | |
| In-House Fostering | 188 | 154 | 157 | 152 | | | | | | |
| Sub-total | | | | | | | | | | |
| 2% reduced activity | | | | | | | | | | |
| OOA LAC | 27 | 21 | 19 | 19 | 0 | -1 | -1 | 0 | -179 | -179 |
| Independent Fostering Agencies | 170 | 194 | 178 | 159 | -3 | -6 | -19 | -124 | -249 | -788 |
| In-House Fostering | 188 | 152 | 152 | 155 | -2 | -5 | 3 | -28 | -71 | 43 |
| Sub-total | | | | | | | | -153 | -499 | -925 |
| 5% reduced activity | | | | | | | | | | |
| OOA LAC | 27 | 21 | 19 | 18 | 0 | -1 | -2 | 0 | -179 | -358 |
| Independent Fostering Agencies | 170 | 191 | 169 | 146 | -6 | -15 | -32 | -249 | -622 | -1,328 |
| In-House Fostering | 188 | 150 | 145 | 143 | -4 | -12 | -9 | -57 | -171 | -128 |
| Sub-total | | | | | | | | -306 | -972 | -1,814 |
| 10% reduced activity | | | | | | | | | | |
| OOA LAC | 27 | 20 | 17 | 15 | -1 | -3 | -5 | -179 | -537 | -895 |
| Independent Fostering Agencies | 170 | 186 | 155 | 125 | -11 | -29 | -53 | -456 | -1,203 | -2,199 |
| In-House Fostering | 188 | 145 | 133 | 125 | -9 | -24 | -27 | -128 | -342 | -385 |
| Sub-total | | | | | | | | -764 | -2,082 | -3,478 |

Reducing Expenditure:

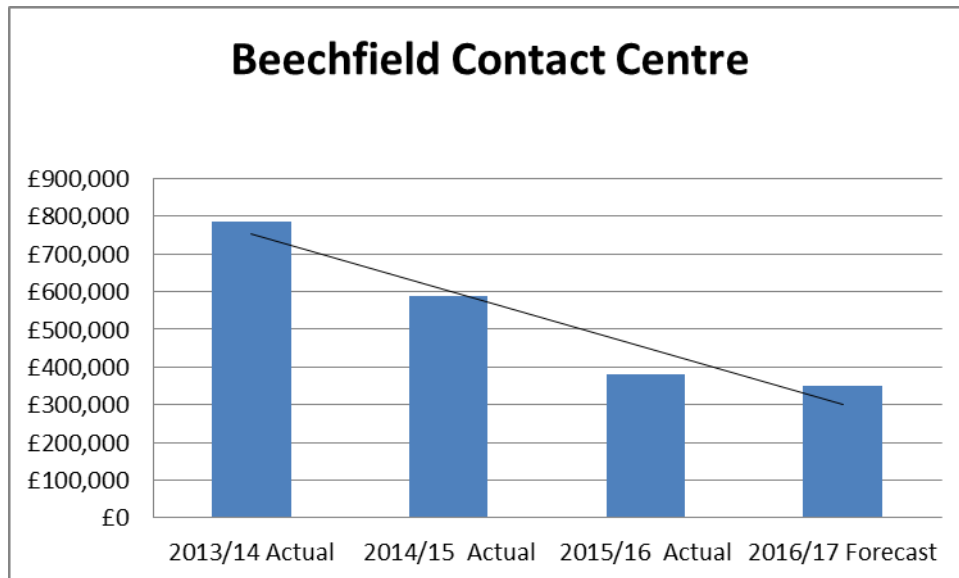
24. **Procurement and Commissioning:** Approximately 50% of the Trust's expenditure is spent externally and it is acknowledged that sound management of this expenditure is critical.
25. The recent benchmarking exercise commissioned by the Trust indicated that whilst costs of external provision are not significantly more than the comparators, opportunity still exists to reduce costs as well as ensuring the placement decisions are informed by available resources as well as quality. It should be noted that Local Authority service benchmarking is an optional, paid for activity and take up rates have fallen in recent years, the comparison is also subjective as results can be influenced by including and excluding costs to increase or decrease outcomes.
26. Both the benchmarking and the White Rose Framework demonstrate that a wide range of costs exist within the market and this reflects the national picture. The White Rose Framework is a compliant way to procure, but there are opportunities for effective competition at the point of call off. Management of these requirements is at a local level and there is no market information or element of competition to support agreeing the placements. Duration of placements vary from less than three months up to five years, with a significant proportion falling between two and five years,
27. The Trust has commissioned a review of Procurement and Commissioning which should reduce placement costs going forward. This will be achieved through detailed financial modelling of total placement costs over time and developing commission approaches that ensure that money is spend to support the long term outcome of the child.

28. Stronger Commissioning will also create wider economic benefits, as improved commissioning will encourage suppliers to invest and grow the market, which should lead to reduced costs going forward. It is thought that it should be possible to generate 10% savings off current placement spend by 2019/20.
29. The project is being led by a Trust Non-Executive board member, with a business case being prepared which will set out the aims and objectives of the project, potential savings. Indicative costs of this spend to save project are in the region of £50k.

Reducing Costs: Short Term

30. A number of measures have already been implemented by the Trust which shows a clear commitment to reduce costs such as:
 - A number of temporary agency staff have been released and any unfunded post, or those where there is a variance between budget and cost will be ended. Releasing agency staff and permanent recruitment during the period September to December saved the Trust £230k in pay costs;
 - A number of essential agency posts will be converted to fixed term contracts; the potential saving from fixed term contracts is being assessed.
 - The number of placements the Trust is currently supporting still reflects a proportion of inherited placements which, added with complexity of needs, makes this group difficult to move. However, a full review of OOA residential cohort has established that targeted work will result in the reduction of looked after children or movement to less expensive provision. The review has shown:
 - 19 children have plans that require them to remain in their current placement for the time being;
 - 3 children have plans to move to independent living by the end of March 2017;
 - 10 children will return to in-house residential provision as the new homes come on stream, with 3 anticipated to have moved by April 2017 and a further 7 moving in early 2017-18.
 - 2 children are assessed as suitable for in house or IFA placements, with another child having transition to a fostering placement as a long term aim; and
 - 1 child is suitable for transition home to family.
 - These moves will result in significant savings during the first half of 2017.
 - A review and implementation of all budget controls has considered and reduced expenditure, with savings identified in Section 17, transportation and taxi costs.

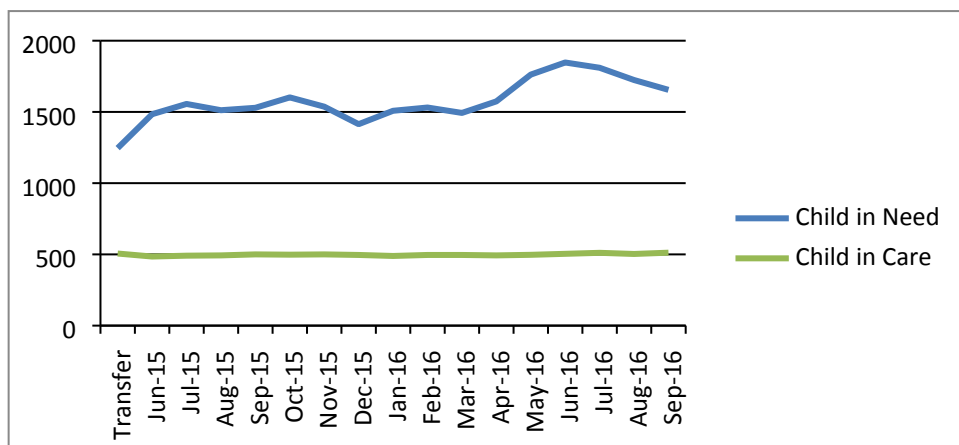
31. Beechfield Contact Centre: The Trust has undertaken a service review of the contact centre and has reduced the costs significantly and provides a good example of where the Trust has taken a service, reviewed it and made it more efficient.



Reducing Costs: Medium Term

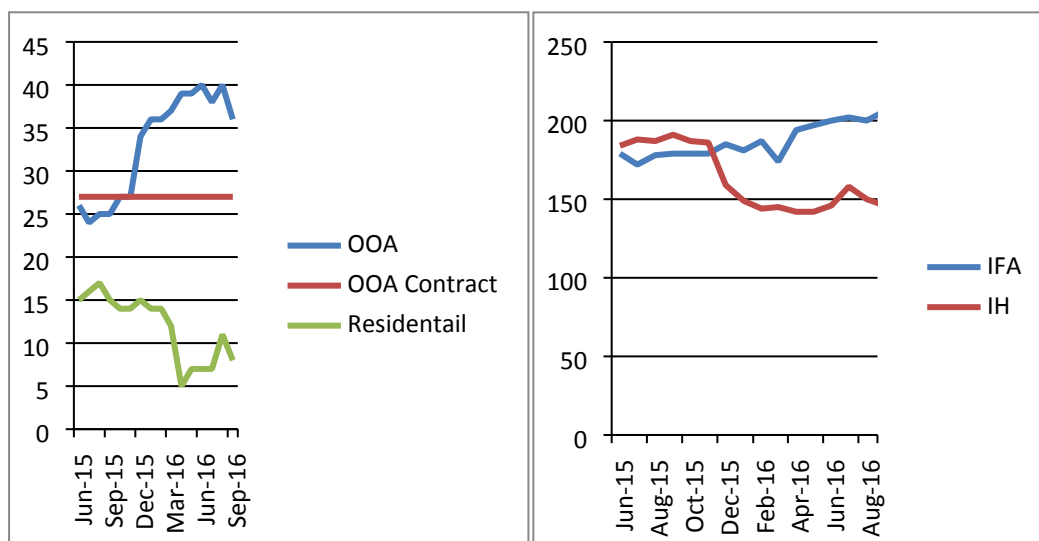
PLACEMENTS

32. The overall numbers of children in care have remained relatively stable over the last 16 months whilst the numbers of children assessed as being in need have been volatile over the same period. The graph below shows that following the transfer to the Trust and the application of appropriate thresholds the numbers of children identified as requiring social care support has risen. These children in need cases all require a suitably qualified and experienced social worker and have also contributed to increased expenditure against the staffing budget.
33. The numbers of children assessed as being in need has shown a steady increase since the establishment of the Trust. This is as a result of a combination of factors including improved social work assessments, better identification of children with additional needs and importantly the lack of a robust early help offer. Families who require additional support are being referred through to statutory services because of a lack of early help support or their needs are escalating to the point where they are deemed to be children in need.



CARE LADDER

34. The contract is based upon the assumption of the care ladder, with in-house fostering offering the most cost effective option. It is the increased number of external residential placements against contract levels and the switch between in-house fostering and IFA placements that places significant pressure on the placement budget.



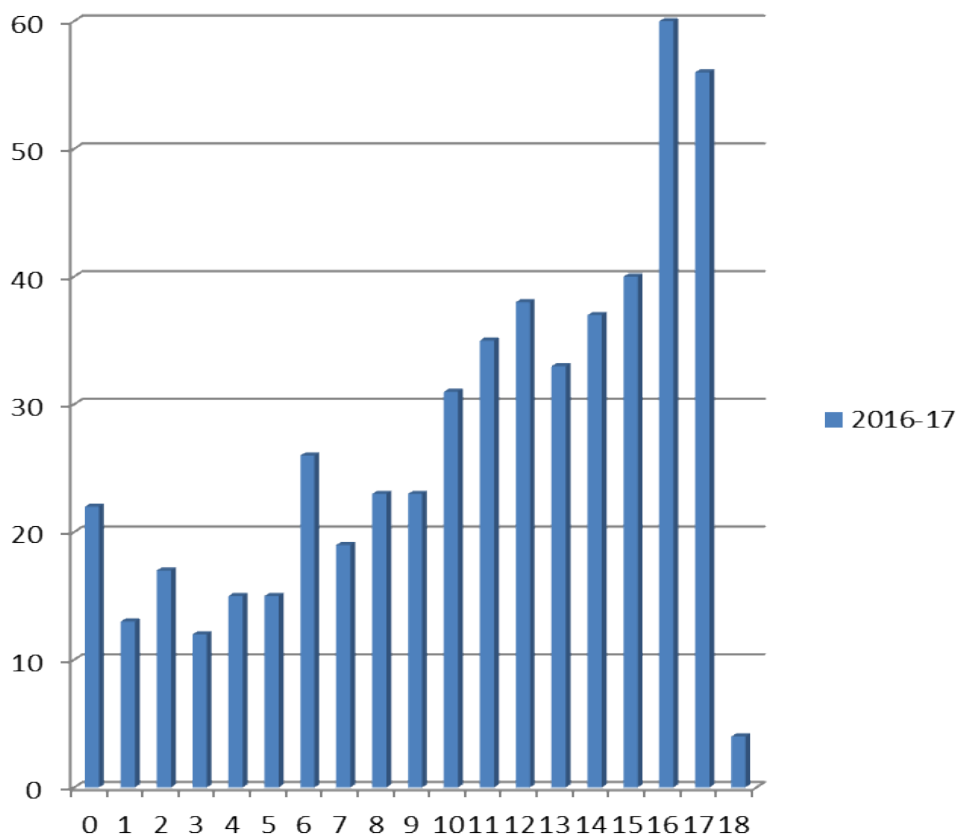
35. Traditional children's services within local authorities have a number of budget lines to spread expenditure against (Troubled Families, Education, and Children's Centre etc), the Trust does not have this facility, so increased demand and price variations are more apparent.
36. The remodelling of the in-house residential resource and the increase in available beds will ensure the Trust is able to meet the targets set in the 2016/17 contract negotiations.
37. In addition, the Trust has been able to build upon its management information over the last 18 months to create a demand forecasting model, which has been used as part of the annual contract review budget setting cycle. The model

takes account of children's assessed care plans and possible changes over the next financial year to better predict future costs incurred through placements, Special Guardianship and Child Arrangement Orders.

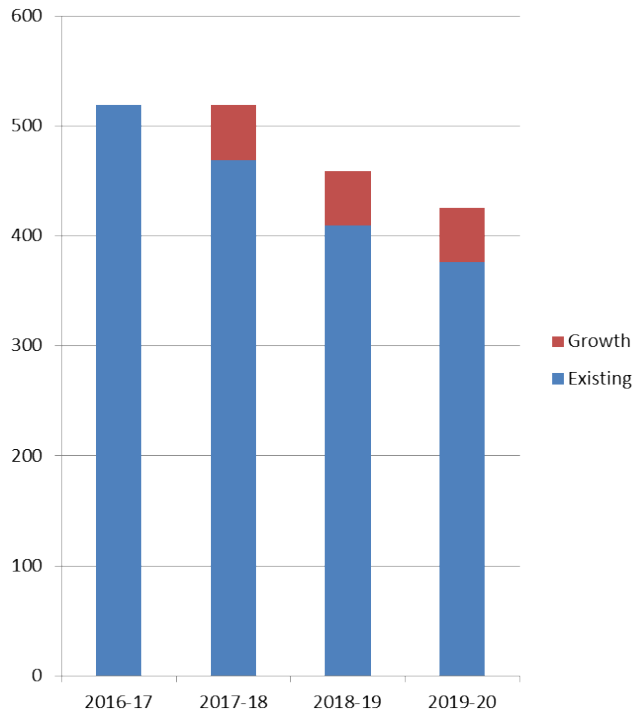
38. Further work is being undertaken to “re-set” the care ladder. This includes:

- Reviewing the number of young people who are subject to Section 20 accommodation. It is anticipated that over 100 young people will leave the looked after system during the next 24 months. Of these over 50 will turn 18 within the next twelve months, consideration is also being given to those young people who might be supported to leave the looked after system prior to their 18 birthday.

2016-17



- The age profile of young people means that there will be increased demand for 16+ / transitional services, with support being provided to help these young people into independence. It is likely that the provision of supported living, setting up home allowances or weekly living allowances will put pressure on costs. The package of services for the leaving care cohort has been reviewed to ensure that appropriate support is given.
- The natural progression of children leaving care due to their age and factoring in growth at current levels there is an overall decline in children in care by 2019/20 – see next graph



- Prevention services are being developed to reduce the number of children being admitted to care and support the transition home for those where this is safe and appropriate. It is unlikely that there will be a significant impact in 2017-18 as the improvements and strategy need to be embedded and no assumptions have been made about the impact in future years. Should these services prove successful more quickly, this would result in savings which could be addressed through a contract variation.

FOSTERING

39. Research undertaken by Barnardo's identified that there is a national shortage of foster carers, particularly for older children, those with emotional or behavioural problems and those from minority ethnic backgrounds. As well as an overall shortage Doncaster also suffers high competition from local Independent Fostering Agency providers and neighbouring local authorities who have a well-defined progression scheme. This allows neighbouring authorities to compete directly for those carers who are capable of caring for the most challenging children.
40. As previously stated the Trust has experienced a loss of some carers due to quality issues or safeguarding concerns resulting in a greater need for independent foster care placements.
41. During the period April to November 2016, there have been 12 new foster carers appointed and the Trust has received over 100 enquiries from the general public about becoming a foster parent. There are currently 16 live enquiries, with 8 at Stage 1 and 6 at Stage 2. This latter group will all become active foster parents by March 2017. All Stage 1 applications have been assessed as progressing to Stage 2 which is encouraging news.

42. During the same period there have been 16 de-registrations for the following reasons:

| Reason | Number |
|------------------|--------|
| Health | 5 |
| Safeguarding | 2 |
| SGO transfer | 4 |
| Personal reasons | 1 |
| Paid employment | 2 |

43. However, those carers that remain are highly utilised and providing good levels of care, with current levels of unitisation of foster carers being 93%.
44. There is a perception that the turnaround for foster carer recruitment is poor, but this is not correct. The Trust's pathway from enquiry through to assessment and appointment benchmarks better than local IFA's.
45. In order to increase the number of available in-house carers and therefore reduce the number of independent fostering placements a number of key actions are being progressed:
- The foster care progression scheme will be applied from January 2017 and which will provide competitive rates to compete with IFA providers and attract carers from those organisations to the Trust. This will also provide a payment structure for SGO payments (as these are linked to fostering levels) that will enable IFA carers to seek permanent arrangements for children in long term placements. This has been factored into the demand profile for next year and subsequent years and will save the Trust in the region of £270k per annum;
 - The Trust website will be developed and visibility via Google and Facebook will be increased and explore the Trust brand;
 - A fostering campaign, led by the Trust's Chief Executive, began in January 2017 which will aggressively target IFA carers and will include print, radio and social media;
 - The possibility of a foster carers conference which will include information on the Mockingbird research project and celebrate the Trusts success in achieving national awards; and
 - Further consideration will be given to the recruitment of a fostering recruitment consultant and approaching Doncaster large employers to promote "fostering friendly employer" partnerships.
 - Assistance with reductions in council tax for eligible foster carers could also be a considered and discussions with the relevant team in DMBC will be approached to take this forward.

46. It is too early to estimate what the impact of the efforts to increase the number of in-house foster carers will be and this would be addressed through a contract variation.

ADOPTION

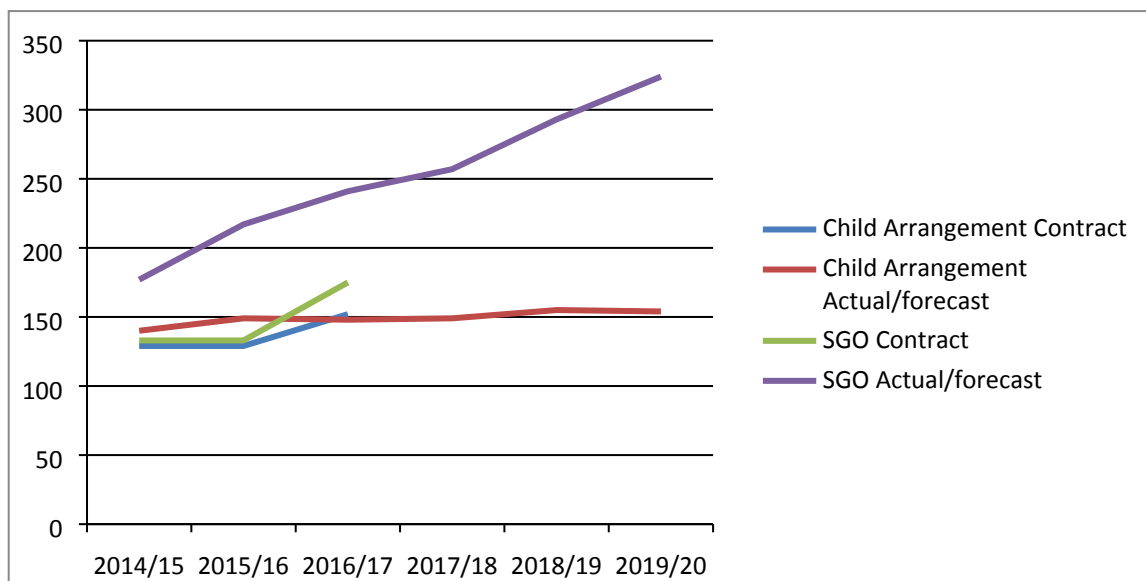
47. There are over 45 children who are subject of a placement order, but who have not yet been adopted. Of these children 18 currently have adoption applications before the court and a further 9 have been matched with prospective adopters. Funding for inter-agency adoption is in place until 31 March 2017 but applies only to children who have been waiting to be placed with a family for 18 months or longer, or for sibling groups where one or more of the children meet the 18 months criteria. It is unlikely that many of our current cohort of children will meet this requirement going forward.
48. The Government wants to see all local authorities being part of a regional adoption agency, as it is believed that agencies will help speed up the matching, improve the life chances of children, improve adopter recruitment and support and reduce costs. The Trust is currently working with Sheffield, Barnsley and Rotherham to develop a regional adoption agency that will improve the outcomes for children across the sub region.

CARE ORDERS

49. There are also 13 children currently subject to placement with parent regulations and work has commenced to discharge the care orders. There are currently no costs attached to these placements, however until the care orders have been discharged the Trust is required to allocate qualified social workers and other support staff.

SGOs and CAOs

50. Although placing children in this way is financially more cost effective, the Trust has experienced significant increase in numbers which has placed pressure on the overall budget. A one off contract variation was made during 2015/16 to reflect the increased number of children and reflected a targeted campaign that was launched to inform grandparents of their rights to financial support. Pressure has continued during 2016/17 and the current agreed contract variation reflects the increased volume.
51. Reviews of all children subject to SGOs and CAOs are due to take place during 2017. The re-assessment of carers' financial standing is to be undertaken by DMBC and is likely to take up to six months once the consultation on allowances has concluded. Initial modelling has identified a number of payments that have not been updated since 2010 and these will be passed back to DMBC for payment. The implications of this review have been factored into the demand model going forward and are reflected in the graph below. The transfer IFA to SGO will save the Trust £340k in the first full year of operation, with a further £270k and £200k for the following two years.



| | 2014/15 | | 2015/16 | | 2016/17 | | 2017/18 | 2018/19 | 2019/20 |
|-------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Contract | Actual | Contract | Actual | Contract | Actual | Forecast | Forecast | Forecast |
| Child Arrangement | 129 | 140 | 129 | 149 | 152 | 148 | 149 | 155 | 154 |
| SGO | 133 | 177 | 133 | 217 | 175 | 235 | 257 | 293 | 324 |
| Total | 262 | 317 | 262 | 366 | 327 | 383 | 406 | 448 | 478 |

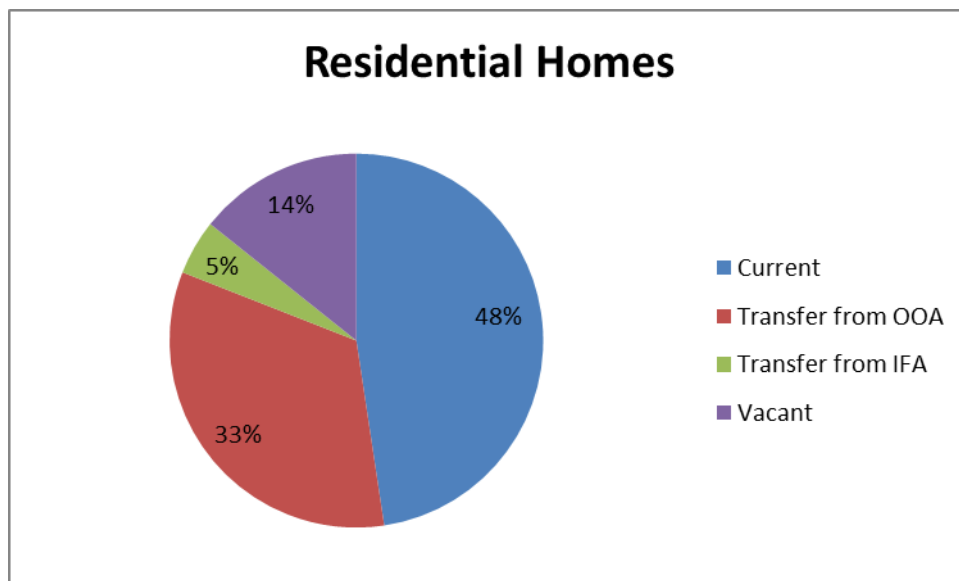
RESIDENTIAL HOMES

52. A business case was made by the Trust's Chief Executive to DMBC to invest in the refurbishment of the children's residential homes. A strategy is being developed that draws on examples of best practice and where remodelled provision has been able to evidence significant reductions in the number of out of authority placements. Consequently, there will be an increased number of in-house beds, to increase both the number and types of placements available and to reduce the number of children who are placed out of borough. The remodelled provision will consist of the following homes;

- **Pinewood Avenue** which will provide a therapeutic resource for younger age children who are not currently able to live within family settings. These children are likely to have experienced traumatic early childhood experiences and a number of foster care placement breakdowns. These children will experience a nurturing residential placement with specialist support from CAMHS and education to prepare them for the move to a family placement.
- **Tickhill Square** will be re-designated as a five bedded emergency and assessment unit. Children will be placed in the unit for a period of twelve weeks during which time staff will undertake detailed assessments of the child's circumstances in order to decide whether they are able to return home or need an alternative placement in foster or residential care. This resource will prevent the need for children to be placed out of borough for costly assessments that generally result in more costly external placements. The unit will provide four assessment and one emergency bed.

- **Morrison Drive** will provide a four bedded unit for adolescent girls whose long term plans mean they are unlikely to return home.
- **Cromwell Drive** will provide a four bedded unit for adolescent boys whose long term plans means they are unlikely to return home.
- **Amersall Drive** will be a new resource that will provide a further four, long term beds for adolescent boys and girls.

53. This remodelled residential provision will provide 21 placements rather than the 12 that are currently operational within the service. The model will provide a range and choice of placements that is linked to individual children's needs and which can retain them in borough. Subject to successful completion of agreed building works the new residential model should be in place for April 2017.



54. It is envisaged that 7 children will transfer from OOA, saving £1.281m and 1 child will transfer from an IFA, saving £41k. The Trust is aiming for a residential home utilisation in the region of 85/86%, which will require 18 of the 21 beds to be occupied at any one time. Any increase in utilisation will result in further cost savings to the Trust.

PAY/RESOURCE

55. Recruitment of permanent staff is continuing, with the appointment of 29 permanent social workers this financial year. A further 11 posts have been offered, with 7 due to start. The Trust continues to experience a challenging recruitment market, due to the financial pull of neighbouring authorities, but the numbers appointed show the improved reputation of the service in Doncaster is beginning to have a positive impact.

| Headcount | Apr | May | June | July | Aug | Sept* | Oct | Nov | Dec |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Permanent | 489 | 484 | 505 | 503 | 506 | 535 | 537 | 542 | 550 |
| Agency | 67 | 66 | 67 | 68 | 64 | 65 | 63 | 56 | 48 |
| Total | 556 | 550 | 572 | 571 | 570 | 600 | 600 | 598 | 598 |
| Budget | 600 | 600 | 611 | 611 | 611 | 644 | 644 | 644 | 644 |
| Vacancy level | 44 | 50 | 39 | 40 | 41 | 44 | 44 | 46 | 46 |

*Increased budget reflects the transfer of posts for Oaklands.

56. Consideration is currently being given to social worker pay progression which would bring the Trust pay scales in line with our neighbouring authorities and potential impact is currently excluded from the forecast outturn. However it is envisaged that it would be self-funding through the reduction in the use of agency staff.
57. Agency cover is currently at 9%, which is a reduction from when the Trust was first set up, when levels were in the region of 14%, however in some individual locations this figure was as high as 25%. Across the Trust there were 59 agency workers, 51 are within locality teams (including MASH) and cover vacancies, sickness or providing extra capacity to deal with increased caseloads. A contract variation reflecting additional caseloads will be submitted to DMBC as a contract variation in line with the contract.
58. Redundancy costs resulting from the temporary closure and planned development as a therapeutic unit of Pinewood have been separately funded by DMBC. Further requests for redundancy will be submitted in line with DMBC policy.

Financial model

59. A forecast model has been produced which has been based upon the current cohort of children. This has been shared and reviewed with DMBC finance. A number of assumptions have been applied:

| Area | Demand Assumption | Cost Assumption |
|------------|---|--|
| OOA | transfer of young people to in-house provision (Cromwell from December 2016 and Pinewood and Amersall from April 2017), placements cease as young people reach 18th birthday growth based on average growth over last 12 months | Average cost - based on quarter 3 expenditure forecast and average activity reduced by CCG contributions |
| IFA | numbers - assumes: placements cease as young people reach 18th birthday | average cost - based on quarter 3 expenditure forecast and average activity |

| | | |
|-------------------------------------|--|--|
| | transfer of 10 IFA carers and placements to in-house fostering | |
| | transfer of 10 IFA placements to SGO arrangements | |
| | growth based on average growth over last 12 months | |
| In- House Foster | placements cease as young people reach 18th birthday | |
| | transfer of 10 IFA carers and placements to in-house each year to reflect recruitment strategy | |
| | growth based on average growth over last 12 months in the average age group of in-house foster placements" | |
| 16+ weekly living allowance | all 16+ young people are entitled to weekly living allowance | |
| | all 'new' young people are eligible for £2,000 setting up home allowance | |
| 18+ accommodation | 80% of previously looked after young people who reach 18 years old will incur 6 weeks of accommodation costs | 18+ - average cost - based on quarter 3 expenditure |
| | young people currently supported through university fall out as their education ends | |
| CIC transition accommodation | placements cease as young people reach 18th birthday | |
| | growth based on average growth over last 36 months in the number of LAC in this age group | |
| Child Arrangement Orders | placements cease as young people reach 18th birthday | average cost - based on an average of the September 2016 average costs and the assumed average cost once new allowances are in operation |
| | growth based on average growth over last 12 months " | |
| SGO | placements cease as young people reach 18th birthday | based on an average of the September 2016 average costs and the assumed average cost once new allowances are in operation. |
| | transfer of 10 IFA long term placements to SGO arrangements | |
| | growth based on average growth over last 12 months | |

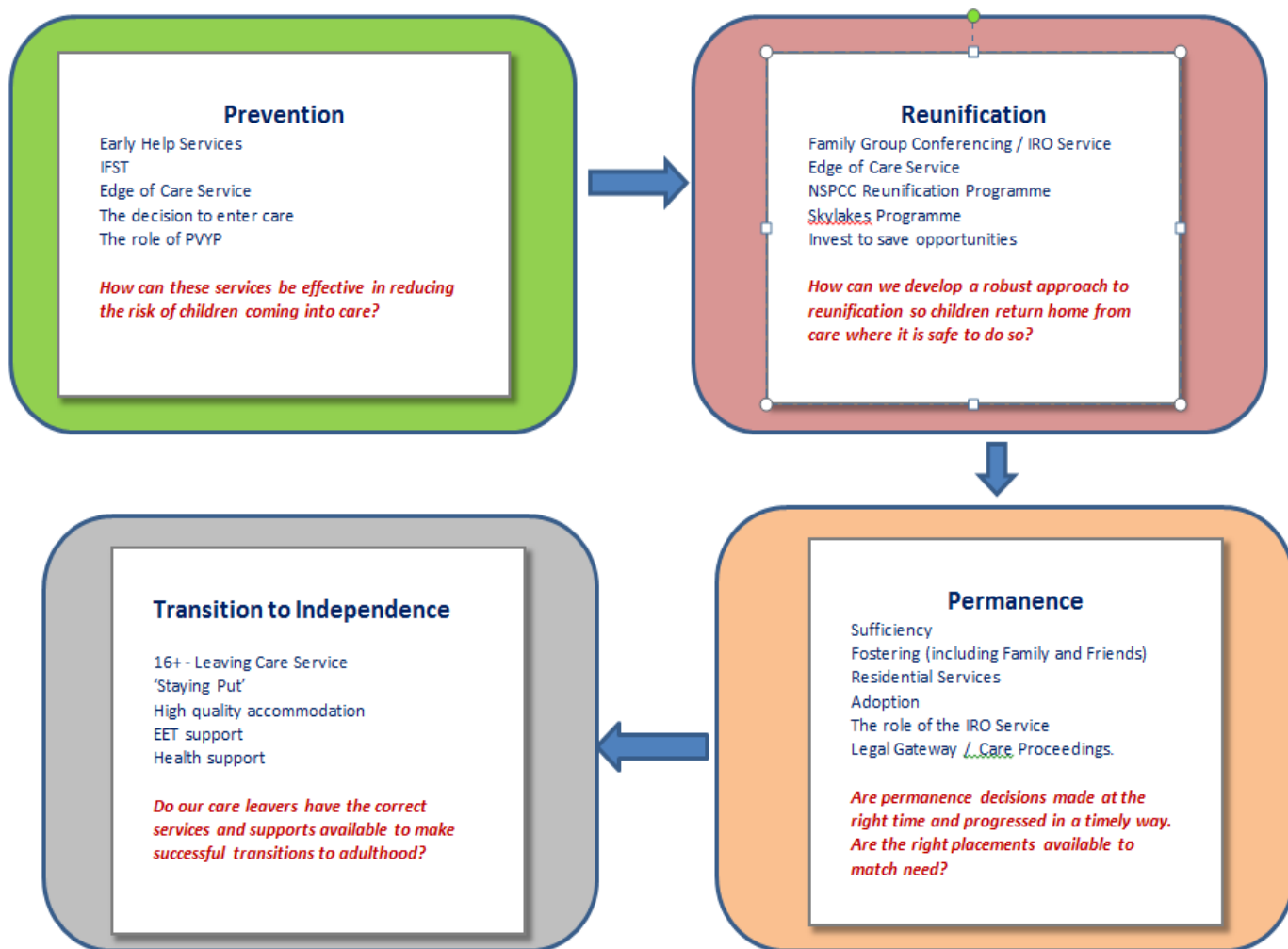
60. The model shows the following:

| TRUST CARE LADDER UPDATE 2017/18 to 2019/20 | | | | | | | | | | | | |
|---|--------------------------|---------------|------------------------|---------------------------------|---------------|------------------------|---------------------------------|---------------------|-----------------------------|---------------------------------|---------------|-----------------------------|
| CARE LADDER PLACEMENT TYPE | 2016/17 CONTRACT FIGURES | | | 2017/18 CONTRACT REVIEW (TRUST) | | | 2018/19 CONTRACT REVIEW (TRUST) | | | 2019/20 CONTRACT REVIEW (TRUST) | | |
| | A | B | C | R | S | T | | | | | | |
| | Activity | Budget | Average Placement Cost | Average Activity | Budget | Average Placement Cost | Average Activity | Budget | Average Placement Cost (Q3) | Average Activity | Budget | Average Placement Cost (Q3) |
| OOA LAC | 27 | 4,487 | 167 | 21 | 3,759 | 179 | 20 | 3,580 | 179 | 20 | 3,580 | 179 |
| Independent Fostering Agencies | 170 | 6,986 | 41 | 197 | 8,173 | 41 | 184 | 7,634 | 41 | 178 | 7,385 | 41 |
| In-House Fostering | 188 | 2,488 | 13 | 154 | 2,194 | 14 | 157 | 2,236 | 14 | 152 | 2,165 | 14 |
| Sub-total | 385 | 13,961 | 221 | 372 | 14,126 | 235 | 361 | 13,450 | 235 | 350 | 13,130 | 235 |
| 16+ (Accommodation) | 77 | 1,698 | 22 | | 0 | 0 | | 0 | 0 | | 0 | 0 |
| 16+ (Weekly Living Allowance) | | 264 | | | 231 | 0 | | 238 | 0 | | 245 | 0 |
| 18+ Accommodation | | | | 34 | 205 | 6 | 30 | 181 | 6 | 32 | 193 | 6 |
| CIC Transition Accommodation | | | | 22 | 974 | 44 | 27 | 1,196 | 44 | 32 | 1,417 | 44 |
| Sub-total | 77 | 1,961 | 22 | 56 | 1,410 | 21 | 57 | 1,614 | 21 | 64 | 1,855 | 21 |
| In-House Residential | 17 | 2,167 | | 18 | 2,780 | 0 | 18 | 2,780 | 0 | 18 | 2,780 | 0 |
| UASC | 2 | 85 | 42 | 3 | 65 | 32 | 3 | 97 | 32 | 3 | 97 | 32 |
| Secure/Remand Beds (YOS) | | 138 | | 0 | 50 | 0 | 0 | 50 | 0 | 0 | 50 | 0 |
| Child Arrangement Order | 152 | 1,072 | 7 | 149 | 1,142 | 8 | 155 | 1,188 | 8 | 154 | 1,180 | 8 |
| Special Guardianships | 175 | 1,217 | 7 | 257 | 1,947 | 8 | 293 | 2,219 | 8 | 324 | 2,454 | 8 |
| Adoption Allowances | 108 | 780 | 7 | 106 | 876 | 8 | 106 | 876 | 8 | 106 | 876 | 8 |
| Independent Adoption (Agencies) | 6 | 152 | 27 | 11 | 252 | 42 | 11 | 252 | 42 | 11 | 252 | 42 |
| TOTAL | 921 | 21,532 | 333 | 972 | 22,647 | 354 | 1,004 | 22,527 | 354 | 1,030 | 22,675 | 354 |
| | | | | increase over 16/17 | 1,115 | decrease over 17/18 | -120 | increase over 18/19 | 148 | | | |

61. Overall demand shows an increase in the required budget of £1.1m for 2017/18 compared to 2016/17, a slight reduction in 2018/19 of £120k & a small increase in 2019/20 of £148k. However LAC children fall by £676k and £320k for the same period. The major increases relates to 18 + and SGO and CAO numbers.

Reducing Costs: Longer Term

62. **Re-profiling the looked After Population:** In order to reduce the cost base of the Trust it will be necessary to safely reduce the numbers of children in the looked after system. This can be achieved by preventing the need for children to become looked after or ensuring that the care plans for those who can be moved to alternative arrangements are progressed in a timely manner. The Trust is developing strategies to support this work and ensure that only those children who need to be looked after remain within the system. Below is an overview of the different strands of the strategy:



63. **Structure:** The current Trust operating model was designed to ensure a positive outcome in the forthcoming Ofsted full inspection of Doncaster's Children's Services. It provides a locality based structure with sufficient levels of management scrutiny to ensure that compliance and quality of services are good or better. Work is currently underway to consider a future operating model that may release efficiencies whilst ensuring children are appropriately safeguarded and service standards can be maintained. Any efficiency would not be released until 2017/18 and would be premised on maintaining or reducing the current level of demand through improved partnership working, including a robust early help offer and improved social work practice.

64. **Growth and Diversification**

- Consideration is also being given to the setting up of an internal recruitment agency, to employ temporary staff directly, saving agency commission costs.
- Take opportunities to diversify the service offering and grow the trading opportunities available to the Trust, the Trust will be appointing a Commercial Manager, funded by DfE, to take this initiative forward.

GOVERNANCE

65. Financial and Operational performance is reviewed at a number of meetings internally and between the Trust and DMBC:

Internally:

- A **management account** is produced monthly, which shows income & expenditure and risks & opportunities. Pay and placement costs are tracked month by month, with variances to budget and changes to forecast clearly explained and justified. Average annual placement costs are calculated and tracked. Analysis down to cost centre level is also produced. The management account is reviewed by the Chief Executive's Senior Leadership Team, prior to it being presented to the Trust's Finance and Infrastructure Committee, Trust Board and Executive Task Committee;
- The **Annual Report and Account** is produced in line with IFRS 102, externally audited and filed on Company's House. The Trust's Audit, Assurance and Risk Committee also review the accounts;
- The **Resource Panel** ensures all decisions about placements and resources to support children in placements are made with full consideration of all aspects of the care plan including education and health needs, resource implications, appropriate partner contributions and value for money decisions;
- The Trust's **Corporate Governance Framework and Scheme of Delegation** has been reviewed and agreed by the Trust Board. Both documents allow responsibility to be clearly delegated to Senior leadership and staff of the Trust. The framework sets out the matters reserved to the Board and Members of the Trust either explicitly or implied through the Articles of Association. The Scheme of delegation defines delegated powers to specific staff and all parts of the Trust relating to such areas as: Board; Finance; Procurement & Commissioning; Property, HR; and Operational delegations; and
- **Internal Audit's** role is to provide assurance to the Accounting Officer that all key risks are being managed effectively. A forward plan is agreed and reviewed at the Trust's Audit, Risk and Assurance Committee.

With DMBC

- The Annual Review process considers funding and strategic priorities and reports to the Secretary of State for Education on progress made during the year and priorities and notifiable changes to the contract.
- Quarterly Monitoring Performance Meeting which is attended by Chief Executives from both organisations, along with representation from Trust Board, The Trust's Chief Operating Officer and Director of Performance Quality and Innovation, and Officers with Finance and Performance

Management responsibility from both organisations.

- Monthly Financial Monitoring Group principally reviews the financial position of the Trust as it relates to the contract with the Council, the delivery of savings, and considers options to address budget pressures.
- Monthly Operational Progress Group details key performance indicators and is accompanied by explanatory narrative. Meetings are attended by Assistant Director: Commissioning and Opportunities (DMBC), Director of Operations (Trust) and Heads of Performance from both organisations.

OPTIONS CONSIDERED

66. Not applicable

REASONS FOR RECOMMENDED OPTION

67. Not applicable

IMPACT ON THE COUNCIL’S KEY PRIORITIES

68.

| | Priority | Implications |
|--|--|---|
| | <p>We will support a strong economy where businesses can locate, grow and employ local people.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster’s vital services</i> | <p>The Trust has been established with a mandate to continue delivering improvements in children’s social care. The formal contract with DMBC details a requirement for future Ofsted inspection judgements to be:</p> <ul style="list-style-type: none"> - ‘Requires improvement’ or better by April 2016 - Good or better by October 2017 - And that overall the service should be Outstanding by October 2019 |
| | <p>We will help people to live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> | <p>The Contract with the Trust relates to the delivery of services to children in need of help and protection, and therefore has an implication for the priorities relating to safeguarding our communities.</p> |
| | <p>We will make Doncaster a better place to live, with cleaner, more sustainable communities.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing</i> | <p>The Trust is also a key strategic partner in delivering children’s services, and therefore an effective partnership is critical to improving outcomes for the Children and</p> |

| | | |
|--|---|--|
| | <i>down the cost of living</i> | Young People of Doncaster. The Contract includes a budget for delivering services and therefore an expectation that the Trust will deliver value for money. |
| | We will support all families to thrive. • <i>Mayoral Priority: Protecting Doncaster's vital services</i> | |
| | We will deliver modern value for money services. | |
| | We will provide strong leadership and governance, working in partnership. | |

RISKS AND ASSUMPTIONS

69. There are no specific risks associated with this report

LEGAL IMPLICATIONS

70. In September 2014, the Secretary of State for Education issued a Direction transferring various children's services to Doncaster Children's Trust Limited ("the Trust"). Although the Trust performs Services on behalf of the Council, the legal powers and duties in relation to safeguarding children remain with the Council and court proceedings continue to be brought in the name of the Council.

71. On 30th September 2014, the Council entered into a contract with the Trust governing the provision of services by the Trust. The contract with the Trust contains various monitoring powers so that that the Council can assure itself that Services are being delivered correctly.

FINANCIAL IMPLICATIONS

72. See above

HUMAN RESOURCES IMPLICATIONS

73. Not applicable

TECHNOLOGY IMPLICATIONS (*Insert where applicable – see guidance*)

74. Not applicable

EQUALITY IMPLICATIONS

75. Not applicable

CONSULTATION

76. Not applicable

BACKGROUND PAPERS

77. None.

REPORT AUTHORS & CONTRIBUTORS

Sue Greenhill, Head of Finance

Telephone: 01302 734343

E-mail: sue.greenhill@dcstrust.co.uk

Mark Douglas, Chief Operating Officer

Telephone: 01302 734323

E-mail: Mark.Douglas@dcstrust.co.uk

Paul Moffatt

Chief Executive, Doncaster Children's Services Trust Limited