



Doncaster Council

Report

Date: 16th October 2018

To the Chair and Members of the
Cabinet

CHILDREN'S SERVICES FUNDING

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Nuala Fennelly	All	Yes

EXECUTIVE SUMMARY

1. Children's services cost local government in excess of £8 billion every year. In 2017/18 official figures showed that Councils overspent by £816m on Children's services. This is due to rising numbers, in 2016/17 72,600 children in England were in care, compared to 64,000 in 2010, and the complexity of care is also increasing.
2. Children's Services is the greatest financial pressure currently facing the Council. In September, a £5.2m overspend on the Doncaster Children's Trust contract was reported in the quarter 1 (June) Finance and Performance Improvement Report. This has increased to £6.0m based on the month 5 (August) financial forecast; further details are included in this report.
3. The Council has statutory responsibility for the children's social services and related functions delivered by the Doncaster Children's Services Trust, from 30th September 2014 following the direction from the Secretary of State. The Council is proposing to provide the £6.0m to fund the current pressures forecast for 2018/19.
4. Collaborative joint work will continue to be undertaken to understand, forecast and manage the demand. The future impact on both costs and funding will be considered as part of the 2019/20 budget setting process.

EXEMPT REPORT

5. This report is not exempt.

RECOMMENDATIONS

6. It is recommended that Cabinet approve:
 - a) £6.0m one-off funding is paid to Doncaster Children's Service's Trust in 2018/19 via a contract variation to cover the forecast overspend.
 - b) £6.0m budget virement for 2018/19 from Council Wide budgets to LOCYP to pay Doncaster Children's Service's Trust.
 - c) Any further changes to the Doncaster Children's Services Trust forecast overspend are agreed via the quarterly Finance and Performance Improvement report.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. The funding will ensure that Doncaster Children's Services Trust can continue to provide maximum protection for children and young people and that they have improved life outcomes.

BACKGROUND

8. The £6.0m forecast overspend includes the continuation of the budget pressures from 2017/18 £3.5m, and further increased demand/complexity of cases pressures in 2018/19 £1.7m. There is also an in-year saving of £2.0m of which £1.2m has been delivered on staffing restructures in the Leadership Team and Support Services, leaving a shortfall of £0.8m.
9. The pressure areas are Looked After Children £4.2m, Legal & Early Help £0.6m, Family Support Services £0.4m, Safeguarding Children £0.2m, and Support Services and Management costs £0.6m. Activity analysis shows that, on average, the Trust is anticipating that it will support 60 more young people than was assumed in the contract care ladder for all placement types (forecast activity 1,119 young people, budgeted activity 1,059 young people).
10. The Trust's management are taking actions to secure further efficiencies including the creation of a vacancy panel to review all agency extensions and requests to recruit or temporarily cover vacant posts. A Children in Care Strategic Overview Group meets on a fortnightly basis to review all young people in care and permanence arrangements (SGO/CAO/Adoption); including considering the potential for transferring each young person to in-house provision, independent living or a permanence arrangement. A new Joint Resource panel with representatives from the Council, the Trust and Doncaster CCG started in June 2018 to ensure a more joined up approach to multi agency case management, decision making and allocation of resources in relation to Children's placements.
11. There is no risk share agreement from 2018/19 onwards (subject to ongoing discussions on governance arrangements) nor does the Trust have any reserves. Therefore the Council will need to fund the full forecast variance to the contract of £6.0m.
12. Due to the forecast overspend position there was an impending pressure on the Trust's cash flow. To resolve this, the Council has taken urgent actions

including providing a £1m loan, which is detailed in section 12 of schedule 5 in the contract between the Council and the Trust, delaying payments due to the Council and deferring the payment of the £2m target savings. 8/13ths of £6m will be paid on approval of the recommendations in section 6 above with the remaining instalments to be paid on the first of every month via the monthly contract payment.

13. The Council is currently working with a DfE appointed person to review the options for the governance of the Trust going forward. So far this has identified the need to work closer together to understand demand and forecasts across the whole care ladder. And, to seek assurance that some immediate controls are put in place:

- a. Demonstrable gate-keeping and approval of all new placements at Director level whereby managers are required to set out alternatives considered, overall costs and how these may in time be mitigated.
- b. Strengthening the monitoring and forecasting of expenditure by moving away from a reliance on average costs to a single data source that captures the total costs of each child within the care ladder and the third-party contributions.
- c. Ensuring that in- year end dates are fed into the forecast and any drift in plans is regularly reviewed at a senior level.

14. In order to provide the £6.0m one-off funding to address the resourcing shortfall in 2018/19 we are proposing to utilise one off budget underspends from the pension prepayment underspend and Minimum Revision Provision (MRP). This budget will be transferred from Council Wide to LOCYP. Any future cost increases will be part of be considered as part of the 2019/20 budget setting process.

OPTIONS CONSIDERED

15. The Council has statutory responsibility for children's social services, and the Trust do not have any reserves, therefore do not have the funds to cover any of the forecast variance to the contract. It is prudent to provide adequate funding for this overspend.

REASONS FOR RECOMMENDED OPTION

16. We have a statutory requirement to provide children's social services, the Council is recommended to provide one off funding of £6.0m to the Trust based on the current forecast position detailed in the report.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish 	

	<ul style="list-style-type: none"> • Inward Investment 	
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>The Council and the Trust as major partners in the Children and Families Partnership Board share the Children's plan outcome that all children should achieve their potential – in removing barriers and developing good quality service delivery children will be able to access the benefits of a thriving economy and will themselves be participants in creating and sustaining the strength of the economy.</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	<p>Ensuring children and young people are free and feel from harm are key ambitions of both the Council and the Trust. Delivering against the service delivery contract between the Council and the Trust has clear implications for safeguarding communities, in reducing risk and exposure of risk to children; improved early help and thus better outcomes for families.</p>
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money 	

	<ul style="list-style-type: none"> • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	
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RISKS AND ASSUMPTIONS

17. The forecast over spend of £6m is based on the latest modelling of all the placements types for the Looked After Children budget. There is a risk demand may increase more than predicted leading to further financial pressures on the Council's contract with Doncaster Children's Services Trust. This will be monitored on a monthly basis reviewing the whole care ladder and associated costs.

LEGAL IMPLICATIONS [Officer Initials: SRF Date: 26/09/18]

18. In 2014 the Council was directed by the Secretary of State for Education to contract with Doncaster Children's Services Trust Limited (DCST) for the provision of Children's Safeguarding and related services. The Council maintains the statutory duty to safeguard and promote the welfare of children within their area who are in need and maintains the statutory post of Director of Children's Services (DCS), who is responsible for ensuring the delivery of services to children and young people. It is essential that the Council continues to meet its Statutory duty regardless of who the organisation providing services is.

19. The Council has a contract with DCST which governs how the relationship between the parties work and within that there is no contractual requirement to provide the additional funding, however as set out above the Council has a statutory duty to ensure that services in relation to children are provided

20. The payment of the additional monies should be covered by a formal contract variation, which should also detail any additional obligations agreed by DCST in relation to the funding.

FINANCIAL IMPLICATIONS [Officer Initials: RI Date: 26.09.18]

21. As outlined in the body of the report, it is proposed to transfer funding of £6m to Doncaster Children's Service's Trust (DCST) in 2018/19 to cover the forecast overspend on the Council's contract with DCST. Budget of £6m for 2018/19 will be transferred from Council Wide budgets to LOCYP for the one-off funding required to pay DCST. The £6m virement will be funded from two sources: using an underspend of £2.1m relating to the prepayment of the pension deficit and future service rates; and using an underspend of £3.9m on the Minimum Revision Provision (MRP) arising from releasing funding previously ear-marked to fund the capital programme.

22. The 2019/20 budget is currently being reviewed to take account of current changes.

HUMAN RESOURCES IMPLICATIONS [Officer Initials: SM Date: 26/09/18]

23. There are no HR implications arising directly from this report.

TECHNOLOGY IMPLICATIONS [Officer Initials: SM Date: 26/09/18]

24. There are no technology implications arising directly from this report.

HEALTH IMPLICATIONS [Officer Initials: RS Date: 26.09.18]

25. Effective children's social care services should contribute to keeping children safe and supporting Doncaster's most vulnerable children to thrive. The reasons for the increased demand should be explored and understood in order to identify where additional investment in the health and care partnership's Starting Well strategy could prevent any further increase in demand or reduce existing demand.

EQUALITY IMPLICATIONS [Officer Initials: AB Date: 25/09/18]

26. There are no equality implications arising directly from this report.

CONSULTATION

27. The Director of Corporate Services & Company Secretary, Doncaster Children's Services Trust and the Director of People, Learning and Opportunities: Children and Young People/Adult Health & Wellbeing Directorates have been consulted on the contents of this report.

BACKGROUND PAPERS

Doncaster Children's Services Trust Finance Quarterly Performance Report – Quarter 1 2018/19

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