

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE

23 November 2021

**REPORT AUTHOR: County Councillor Rachel Powell
Portfolio Holder for Children Services**

REPORT TITLE: Children Services Budget Pressures

REPORT FOR: Decision

1. Purpose

- 1.1 This report is presented to Cabinet to ensure that the Cabinet is sighted on the pressures across Children Social Services. The report sets out the financial impact of these pressures on the service and the funding streams that have already been drawn upon to support these costs.
- 1.2 The report goes on to propose the virement of funds into the service budget to ensure that the organisation works within the financial regulations and discharges its statutory duties under the Social Services Wellbeing Act.

2. Background

- 2.1 The Revenue Budget Monitoring Report for Quarter 2 was considered by Cabinet on the 2nd November 2021. Due to the forecasted level of expenditure for some services the report recommended that where additional in year financial pressure cannot be accommodated within existing budgets, a detailed report is requested to give a clear explanation of the projected overspend in order for Cabinet to consider any action required to address the projected deficit.
- 2.2 This report is submitted for Children Services.

3. Advice

- 3.1 The Statutory Director of Social Services has a responsibility to ensure councillors have clear advice on the level of resources required for a local authority to effectively deliver its social services functions. At the end of Quarter two Children Services is reporting a forecast end of year

position of an overspend of £1.854 million. This takes into consideration of known pressures as below:

3.2 **Current Service Pressures** - Included in the forecast outturn at quarter 2

- £2.065 million relates to the increased expenditure which is a combination of the costs associated with the new children who are becoming looked after and the increasing costs in relation to meeting the complexity of need of the current cohort of Children Looked After (CLA). The increased demand that is directly related to Covid 19 can be recovered through the Welsh Government Hardship fund and £160k has already been drawn down to date. But the majority of the demand is not eligible under this fund and this remaining pressure falls on the Council.
- £196k relates to increased demand for short breaks due to the pressures on families as an indirect result of the pandemic. As explained above directly attributable costs are recoverable from the hardship fund and £80k has already been drawn down to date leaving this pressure.
- £72k budget pressure is in relation to Section 21 of the Social Services and Wellbeing Act, for families in need of care and support following the lockdown and trying to keep children with their families wherever it is safe and in their best interests to do so.

3.3 Budget under-spends across the service are currently being utilised to mitigate these pressures which reduces the overall figure to the £1.854 million now being reported.

3.4 The forecast does not include potential future pressures

3.5 **Potential Further Pressures that could fall in the current financial year** - Not currently included in the forecast outturn.

- The situation for families due to the pandemic makes predicting future pressures even more uncertain. We are working hard to keep children with their families wherever it is safe and in their best interests to do so. So far we have brought into care fewer children than in the same period last year. The numbers of children in care has reduced this quarter. Therefore, we are confident that we have mitigated this risk.

- The national shortage of placements is making it more difficult to find suitable placements that meet children's needs, this is particularly for children with the most complex needs. There is likely to be a further pressure on placement costs, but it is impossible to forecast at this point.
- The sustained increased demand at Front Door and Early Help means additional staff have been required. This has been covered by the Welsh Government COVID-19 recovery fund to date. If demand continues to grow this will create an ongoing budgetary pressure. It is critical to respond as early as possible to prevent escalating need and avoid the accompanying costs.

3.6 **Cost Reductions** - Children Services continue to make progress of delivering the efficiencies within the year as below:

a. **Assured**

The original target of £3.2 million is currently on target to achieve delivery, of which £2 million (62%) of the original target to date achieved and included in the forecast outturn. There is assurance of delivery of the £1.2m balance outstanding.

b. **Undeliverable**

Work to ensure shared costs for continuing care for children and young people continues with very limited success.

c. **Mitigations being delivered**

We expect to over-deliver on our 'closer to home' work to mitigate the above.

3.7 When setting the Councils budget for the year a corporate risk budget was identified to cover areas of risk that could materialise during the financial pressure. Demographic changes in children Services was identified as a risk that could be supported from this budget. £187k in relation to increased number in CLA, have now materialised and it is proposed that this budget is transferred to the service to cover his pressure. This temporary allocation will only support these costs during 2021/22 and the full year impact is being considered in the Service's Integrated Business Plan (IBP) for future years.

3.8 The Council set aside a £1m specific reserve to aide services with recovery. Children services were allocated £350k from this fund. As follows:-

- £150k to enable continued funding of the 4 additional agency workers in the Front Door and Assessment Teams to help manage the continued demand from the pandemic. Due to the increase in demand on the Front Door Service and then through to the Assessment Teams following the end of the first lockdown last year, a further 4 additional agency workers were recruited into the teams. This additional support has been vital to assisting the teams to deal with demand safely. Prior to the pandemic, the Front Door Services received between 400 and 450 contacts a month. Since the end of the first lockdown in June 2020, this has increased to consistently over 500 contacts and has been over 600 during a number of months. The teams are reporting an increase in complexity of cases that are referred since the pandemic which impacts on the workload of Social Workers.
- £200k to fund cover for staff who are shielding and unable to undertake their front facing roles. Children's Services have a number of the workforce who are in front facing roles who have been advised to shield since the start of the pandemic. This has meant that colleagues in their teams have had to pick up all of their face to face work. Now 20 months on since the start of the pandemic the service has been advised by HR that guidance dictates that although shielding has officially ended these staff still cannot undertake face to face work with children, young people and families as they are still extremely clinically vulnerable.
- We have been able to support these costs through additional Welsh Government grant received in the service and the Covid Hardship Fund with £199k claimed to date and will continue to claim if allowable under the terms and conditions of the funding. No funding has therefore been drawn down from the specific reserve.

3.9 Staff are fatigued and it is now taking its toll on their wellbeing, which is of considerable concern to the service. The impact is also being seen in the service's performance indicators as the additional workload is no longer sustainable for teams. Additional staff resource has been recruited as detailed in 3.10 and 3.11 below but this is not included in the Quarter 2 forecast outturn.

- 3.10 A further pressure of £350k will be incurred for the remainder of this financial year to cover the fixed term business support appointments made in response to this to support front line staff. A further pressure of £210k will be seen in 2022/23. £100k has been drawn down from the Welsh Government Social Care recovery grant to support these costs but the remaining £250k forecasted pressure remains.
- 3.11 Recently a team of seven agency social workers have also been commissioned to assist with the rising case load pressures the part year additional cost of this team is £260k for the current year and £50k in 2022/23
- 3.12 It is the advice of the Director of Social Services that the appropriate funds are vired to the appropriate cost centres in Children Services to ensure that the Council complies with the financial regulations and discharges its statutory duties under the Social Services Wellbeing Act.

4. Proposal

- 4.1 In the first instance all costs that are claimable under the Welsh Government Hardship fund will continue to be claimed.
- 4.2 That any additional funding provided by Welsh Government or other body is utilised wherever possible to meet these existing pressures where allowable under the Terms and conditions of grant
- 4.3 That £187k in relation to increased number in CLA as set out in paragraph 3.7 is vired from the corporately held revenue Risk budget into the service for the current financial year only. The service will need to consider any ongoing pressure in their service IBP for future financial years.
- 4.4 That the £350k allocated to the service from the £1m Powys Recovery Reserve be drawn upon to support the pressure outlined in the report and the virement is recommended for approval.
- 4.5 At the end of this financial year, any of the remaining pressures as set out in paragraphs 3.2, 3.10 and 3.11 up to a maximum of £1,854k, in relation to the specific items set out in this report, will be authorised and vired from the Councils Budget Management Reserve, providing that evidence is produced to establish that the pressures have been mitigated wherever possible.

5. Resource Implications

- 5.1 The Head of Finance (Section 151 Officer) has considered the potential funding streams to support the projected overspend for Children's services and is supportive of the proposals set out above. All avenues must be explored before supporting any drawn on the Council's reserves including the overall financial position of the Council. I therefore propose that subject to the virements proposed in paragraphs 4.3 and 4.4 of the report no further transfer is made until the financial year end when an exact figure is reported, but that the commitment to Children's services is recorded in the subsequent revenue monitoring reports and that the service is operating within in an approved position and in line with the Council's Financial regulations. Any such virement required at the end of the financial year up to a maximum amount of £1.854 million will be made from the Council's Budget Management Reserve, the current balance for this reserve is £4.330 million.
- 5.2 Any further financial pressure not included in this report is not approved and the Service must seek advice before committing to any additional unbudgeted costs. In the event of an urgent decision being required to make statutory provision the Director of Social Services can commit to that expenditure but must notify the Section 151 Officer as soon as possible thereafter and prepare a further report to formally notify the Council and requesting a further draw down of funding.

6. Legal implications

- 6.1 Legal: the recommendations can be accepted from a legal point of view
- 6.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: "I note the legal and financial comments and have nothing to add to the report".

7. Data Protection

- 7.1 There are no data protection issues within this report.

8. Comment from local member(s)

- 8.1 This report relates to a service delivered across the whole County.

9. Comments from Health and Care Scrutiny Committee

- 9.1 This report was considered by the Health and Care Scrutiny Committee and a copy of their comments can be viewed in Appendix I. The comments were all noted and clarification and responses are provided below.
- 9.2 It is important, in financial planning in-year, to prepare for potential over-spends and to manage the budget accordingly in a timely manner. This virement will enable the service to do so. If grants or other funds (such as the Welsh Government's COVID-19 Hardship Fund) are made available, these will be utilised as appropriate and the virement will not be required. This virement enables the service to respond to operational challenges within financial regulations, without delay.
- 9.3 All additional COVID-19 service provision is drawn down from the Hardship Fund. However, there are indirect costs where families are now accessing services, where previously they would not have done so. These developments would have been undertaken over time, regardless of the pandemic, but the situation led to having to drive the developments at a quicker pace. These costs cannot, therefore, be funded through the Welsh Government's Hardship Fund. It is challenging to identify which aspects of new service provision are the result of the pandemic, or not.
- 9.4 Work continues with the Powys Teaching Health Board to ensure that individuals who require Continuing Care are enabled to access this provision.
- 9.5 To confirm that the numbers of requests for children's services has increased significantly over the period of public health crisis.

	September 2019	September 2020	September 2021
Contacts to Front Door	387	534	884

The costs for placements has been increasing significantly over the past few years. It is intended to offer to meet with the Scrutiny Committee before the end of the financial year in order offer the opportunity to scrutinise these costs and to provide assurance that this virement is a part of responsible budgetary planning. This session could also consider the agency staff utilisation, especially around the Front Door Services.

9.6 Director has been meeting with Welsh Government officials to make the case for increasing funding for children's services. Similarly, the Portfolio Holder has been attending Welsh Local Government Association (WLGA) meetings to influence decision making and to agree lobbying of Welsh Government ministers through the WLGA.

10. Impact Assessment

10.1 No impact assessment required.

11. Recommendations

11.1 That Cabinet notes and approves the proposals set out in section 4 of the report.

11.2 That Cabinet recommends to Full Council the virements of £187k and £350k set out in 4.3 and 4.4 of the report.

11.3 That Cabinet further recommends to Full Council that at the end of this financial year, any of the remaining pressures as set out in paragraphs 3.2, 3.10 and 3.11 up to a maximum of £1.854 million will be authorised and vired from the Councils Budget Management Reserve, providing that evidence is produced to establish that the pressures have been mitigated wherever possible.

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Appendix I

Scrutiny Committee Observations



Health and Care Scrutiny Committee

Scrutiny Observations to Cabinet – Children’s Services Virement

The Health and Care Scrutiny Committee undertook virtual scrutiny of the request for a virement for Children’s Services.

Whilst the necessity of the request for the virement is understood, there are number of additional comments and further issues to note:

- Due to the nature of Children’s services, it is understood that urgent decisions must be made, however, it seems sensible that the report notes that the S151 Officer must be made aware of such decisions at the earliest opportunity
- There is concern regarding the request at this stage to address an end of year overspend.
- Is every opportunity being taken to analyse the additional costs for a COVID component which might lead to further cost recovery from Welsh Government. Staff wellbeing, again, is a case in point, insofar as extra expenditure is being made to make up the inevitable performance deficit.
- For example, with regard to the pressures due to short breaks, why is the full cost £196k not drawn down from the Covid Hardship Fund if this is attributable to the pandemic? Also, the £72k budget pressure in relation to Section 21 of the Social Services and Wellbeing Act which is referred to being due to the lockdowns – again why can this not be claimed from the Covid Welsh Government Hardship Fund?
- What is being done to resolve the continuing care costs with the Health Board? The Committee had hoped to speak with a representative of the health Board at a meeting in September, but this was not possible. Given the enduring nature of this, can more be done to raise the matter with Welsh Government ministers to see if they are able to exert any influence over the Health Board?
- Given that the report states that we have brought fewer children into the service than in the same period last year, the scrutiny Committee

would like to see a line by line breakdown of the £2 million increased overspend which is noted as being down to “new children who are becoming looked after”. This time last year, the performance report shows there were 30 more children being looked after. Why are our costs for looked after children increasing when numbers of children being looked after are coming down? The Committee would like to understand the detail behind this.

- The Committee note the comments regarding staff weariness and believe this should be considered in more depth by the Committee. This will affect Adult Services as well as Children’s Services.
- The Committee have been advised for some time that the workload across the service is increasing, both in numbers and the complexity of cases contributing to staff becoming fatigued. It seems there are fundamental problems that need resolving in order to effectively deliver an excellent service. More support is needed from Welsh government to address some of these issues. The level of funding that will be needed in the future to sustain this service is of concern. How is this being raised with Welsh Government Ministers?
- Whilst the Committee recognises the pressures that Children’s Services is under, this request for more money does not sit easily. If Cabinet and Council are minded to agree to this virement, then one of the conditions must be that the Head of Service produces a report explaining the detail behind these costs discrepancies and what measures she proposes to introduce to bringing provision unit costs more in line with comparable Welsh local authorities. If this virement is approved there is a risk that the extra funding will become part of the service's base budget in 2022/23. When one service is being funded at such high unit cost it is depriving other services of funding and the Council must get to grips with this issue without further delay. The Health and Care Committee has not met formally for some time due to the service operating on a business-critical basis and being unable to support scrutiny due to other pressures. Some Members have expressed a view that formal meetings should resume otherwise there is the potential for a budget to be driven by service delivery pressures rather than by a considered assessment of needs of children in Powys.
- It is noted that agency staff are being used to build up the Front Door service and since it is important that direction at the front door is effective and has a significant role to play in cost avoidance further down the line, further information, in due course, about the extent to which these benefits are in fact being delivered by the changes in the Front Door would be welcomed. Is the service undertaking specific recruitment for Front Door services?

Members of the Health Care and Housing Scrutiny Committee: County Councillors A Jenner (Chair), J Gibson-Watt, S Hayes, E Jones, S

McNicholas, G Morgan, L Roberts, K Roberts-Jones, D Rowlands, L
Rijnenberg, A Williams, R Williams and J M Williams