

# FEDERATED DIRECTORATES (CHILDRENS, ADULTS AND PUBLIC HEALTH)

## Finance Monitoring Report

Month 8 Report 2018/19



### 1. REPORT TO

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### 2. INTRODUCTION

2.1 This report is produced exclusively for the DMT each month for consideration on the monitoring position to be reported to CMT on the 12<sup>th</sup> December 2018.

### 3. FINANCE AND PERFORMANCE SUMMARY

3.1 This report sets out the finance and performance position for the People Directorate, with the year end outturn position as at October 2018.

3.3 The Federated Directorates are reporting an adverse year end position of £4.640m.

Service	Latest Approved Budget	Latest Forecast	Variation at Month 8	Variation at Month 7	Change in Month
	£m	£m	£m	£m	£m
Children, Young People & Families	35.372	39.906	4.534	4.534	0.000
Strategic Commissioning	76.118	76.219	0.101	0.101	0.000
Education Participation and Skills	10.333	10.333	0.000	0.000	0.000
Community Connections	2.815	2.841	0.026	0.087	(0.061)
Management & Support	0.217	0.217	0.000	0.000	0.000
ODPH - Public Health (grant funded)	0.538	0.538	0.000	0.000	0.000
ODPH - Public Protection & Bereavement Services	(0.224)	(0.245)	(0.021)	(0.021)	0.000
<b>Total</b>	<b>125.169</b>	<b>129.809</b>	<b>4.640</b>	<b>4.701</b>	<b>(0.061)</b>

#### 3.4 Federated Directorates Context

The People Directorate continues to face significant external challenges from welfare reform, the Care Act, the economy and the changing structure of the population. We are now facing further financial challenges as a result of changes to our Education Services grant (ESG) and the introduction of a national Funding Formula (NFF) for all schools from 2018/19.

A significant proportion of our revenue budget is spent on adult care services and the costs of providing health and wellbeing services are rising as demand increases. We have an ageing population with more complex needs and higher levels of young children requiring our services. We have been lobbying for more funding for both adult social care and funding for schools and school services and are now working with our CCG partners on plans for the additional Improved Better Care Fund (iBCF) allocation.

In response to the health agenda, Plymouth Health and Wellbeing Board has adopted a system's leadership approach that has set down a vision of system integration based around Integrated Commissioning, Integrated Health and Care Services and an integrated system of health and wellbeing. The programme emphasises the need for preventative and early intervention services to improve health, thus reducing demand for services in the longer term to develop a sustainable system.

It comprises multiple work streams currently embedded across:

- Integrated Delivery
- Integrated Commissioning, and
- Integrating services for Children and Young People and Families

The single commissioning function is focusing on developing joined up population based, public health, preventative and early intervention strategies and adopt an asset based approach to providing an integrated system of health and wellbeing, focusing on increasing the capacity and assets of people and place. Health and Wellbeing Commissioning is being delivered through four interconnected strategies

- Wellbeing
- Children and Young people
- Community Based Care
- Enhanced and Specialist Care

Integrated commissioning provides the opportunity to commission an integrated provider function stretching across health and social care providing the right care at the right time in the right place. Integrated commissioning also has a key role in ensuring that every Child in the City achieves the Best Start to Life.

All these changes are underpinned by high quality statutory services aimed at protecting the most vulnerable in society from harm and neglect and ensuring services are focused on delivering better outcomes for individuals.

As part of the MTFS for 2018 the Federated Directorates needs to make savings of £5.746m as well as £6.009m of savings brought forward from 2017/18 that were realised from one off savings and will need to be realised in this financial year.

### 3.5 Children Young People & Families

The Children Young People and Families Service are reporting a budget pressure of £4.534m at month 8, no change in the month.

The cost of the care is particularly high due to the level of support needed to keep young people safe, such as specialist residential care placements with high levels of staffing. A number of very costly care packages are the result of Court of Protection orders that place a duty on the Council to provide specialist care.

This increasing financial demand on Children's Services is not just a local issue, but is seen nationally and is a culmination of rising demand, complexity of care, rising costs and the availability of suitable placements. Robust plans are in place to deliver £4.655m savings this year, delivering over £3.000m to date, although the Service has identified a savings plan £1.647m that will not be achieved this year.

The following actions are being taken to minimise the overheating budget.

- Tightening of the front door for LAC - Action only HOS Children's Social work and Permanence can give consent for anyone to be accommodated and in her absence Service Director will cover.
- Fortnightly placement review to ensure step down of high cost placements
- Review of staying put arrangements and financial remuneration
- Maximize contribution from partners - Health and Education Action Complete required Health tool for all Residential placements. Review elements of contracts to ensure Education element is recharged correctly
- Service Director persistently raising matter of budgetary pressures at all staff meetings to ensure only essential expenditure and actions taken in a timely manner.
- Maximise local residential placements to avoid higher out of area associated costs.
- Director & Finance Review all Financial Assumptions

There are risks that continue to require close monitoring and management:

- Significant increase in cost and volume of young people's placements since budget setting autumn 2018.
- Lack of immediate availability of the right in-house foster care placements creating overuse of IFA's.
- There are still a number of individual packages of care at considerably higher cost due to the complex needs of the young people.
- Regional wide commissioning activity did not bring about the anticipated holding and reduction of placement costs in both the residential and IFA sectors.
- There are 35 Residential placements with budget for 36. However, there has been a 10.16% increase in the average weekly cost.
- There are 135 Independent Fostering Agency Placements with budget for only 119.
- There are 21 Supported Living Placements with budget for 15 we have seen a 55% increase in the average cost due to a small number of young receiving significant wrap around packages.
- A region wide lack of placements due to an increase in demand for placements, both national and regionally continues to impact negatively on sufficiency
- There has been a 6% increase in looked after children since October 2017, which compares with an 11.3% increase in the South West Region March 2017- March 2018.

The overall number of children in care at the end of November stands at 421 a reduction of 6 in the month.

The number of children placed with independent fostering agencies stands at 135 against a target budget of 119 placements. Residential placements stands at 35 against a target of 36 budgeted placements with a number of these placements being high cost due to the complex nature of these children's needs. There are currently 2 young people placed in 'welfare' secure.

The In-House Foster Care placements have 166 including connected carer's placements against a target budget of 186 placements. There are 2 In House Parent & Child Assessment Placement, 1 court ordered Independent foster care placements and no high cost Residential placements. We currently have 21 Supported Living Placements with budget for 15. However, 30% of the placements are at a substantially high cost due to the complex nature of the placement.

Ongoing work continues all placements are reviewed regularly in order to reduce the pressure on cost and volume where appropriate.

Commissioning arrangements to increase the supply of local placements continues. The Peninsula residential framework tender has just closed, with 29 bidders. A contract award report will be presented to Cabinet in December. The Plymouth Caring in Partnership residential block contract continues to be developed – 3 beds have been added to the contract since March 2018, with a new solo home currently being registered. The Peninsula fostering contract began on 1<sup>st</sup> April 2018 and is embedding, with a wider group of providers engaged.

November Placement Detail attached.

### **3.6 Strategic Commissioning**

The Strategic Commissioning service is forecasting an adverse variation to year end of £0.101m, with no movement in forecast for this month.

As part of the MTFS for 2018/19, Strategic Commissioning have assumed that savings of £2.546m (in order to contribute to the £2.914m People directorate target) will be achieved, as well as £2.248m of savings brought forward from 2017/18 that were realised from one off savings and need to be achieved in this financial year. At this stage, part of the savings that have been assumed as achieved are around care packages and further work is being undertaken to ensure these will be achieved by year end.

### **3.7 Education Participation and Skills**

Education, Participation and Skills budget is forecast to balance to budget at year end.

A plan is being developed to scope all of the education related services within Education, Participation and Skills and recommend an approach and plan for transforming in order to realise savings.

As part of the MTFs for 2018/19, Education Participation and Skills is expected to make savings of over £0.699m (in order to contribute to the £5.485m Directorate target) as well as £0.687m of savings brought forward from 2017/18 that were realised from one off savings and will need to be realised in this financial year. In addition the Adult Community Meals pressure of £0.130m still remains within Education Participation and Skills.

### **3.8 Community Connections**

Community Connections is reporting an overspend of £0.026m at Month 8, a favourable variation of (£0.061m) from month 7.

Average B & B numbers for April to November have been 53 placements per night with a reduction in Housing Benefit income due to the change to the claiming through the universal credit system.

The net cost pressure for further reducing average placements by 4 from the current 53 to 59 per night is £0.026m, which the service is targeting to reduce with use of alternative properties provided through existing contracts as well as use of additional contracted staff to target single occupancy stays. The service is dedicating more resource to encourage clients to complete universal credit claims to increase the Housing Benefit received. There will also be capitalisation of equipment that will bring the spend back to budget.

As part of the MTFs for 2018/19, Community Connections is expected to make savings of over £0.368m (in order to contribute to the £5.485m Directorate target) as well as £0.291m of savings brought forward from 2017/18 that were realised from one off savings and will need to be realised in this financial year.

Action is ongoing to limit the overall cost pressure through lower placements and prevention work.

### **3.9 People Management & Support**

The People Management & Support budget is forecast to balance to budget at year end, as per the reporting in previous months.

### **3.10 Office of the Director of Public Health**

The budget for the Office of the Director of Public Health (ODPH) is forecasting to come in under budget for 2018/19.

The budget is made up of the grant funded Public Health, Public Protection Service and Bereavement Services, of which the grant funded section of Public Health forms part of the Integrated Fund.

There has been a reduction in the Public Health grant received in 2018/19 of £0.405m from 2017/18, which will be contained by a variety of management actions, mainly around the contracts that are held within the department.

The Public Protection service, funded from RSG and other income streams, are showing a forecasted saving of (£0.021m) following budgets being scrutinised for all possible savings. We are working across the functions of the directorate, and with colleagues in the integrated fund, to identify a number of areas where possible further savings can be made.

The Bereavement Service is showing an increase in the numbers of cremations budgeted for at this point in the year, although any surpluses from this service are ring-fenced and cannot be counted towards any favourable variations for the Directorate.

## 4. SCHOOLS

- 4.1 The gross DSG budget allocated from Central Government, for 2018/19 is £199.128m. Central deductions due to be made by the DfE and other adjustments totalled £128.036m including additional funding for LA post 16 special school places of £0.390m. This leaves a net DSG budget for 2018/19 of £71.092m. Actual budget allocated was £71.092, so there is no over-allocation.
- 4.2 Local Authority officers are working with Schools Forum to utilise the resources to support the achievement of the city's priorities for children and young people.
- 4.3 There is a significant cost to the local authority whenever a school becomes an Academy but the local authority receives no direct source of funding to cover this. Academy Conversion Orders notified will prompt the charging of a contribution of £7,000 to the respective maintained schools budget.
- 4.4 The current monitoring position on the Dedicated Schools Grant is forecasting a surplus carry forward of £0.241m. A summary of the variations is shown below:-

	<b>Total Budget 2018/19</b>	<b>Forecast</b>	<b>Variance (Under) / Over</b>
	£m	£m	£m
Schools Block	149.548	149.366	(0.182)
Central Services Block	3.116	2.313	(0.803)
High Needs Block	23.090	23.761	0.671
Early Years' Block	16.480	16.553	0.073
Adjustmts incl. Academy Recoupment	(121.142)	(121.142)	0.000
<b>2018/19 Underspend</b>	<b>71.092</b>	<b>70.851</b>	<b>(0.241)</b>
2017/18 Overspend brought forward			<b>0.279</b>
Over allocation of budget			<b>0.000</b>
Early Years 2017/18 Adjustment			<b>(0.142)</b>
Academy Conversion Rates Adjustment			<b>(0.177)</b>
Commitment for retained ESG responsibilities			<b>0.135</b>

DSG funding balance			<b>(0.150)</b>
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Schools Forum have previously agreed to use the surplus Central Services Block funding which was previously used to fund the Excellence Cluster to fund the DSG overspend with the exception of £0.135m which was agreed to be used to fund the shortfall in ESG retained funding within Education, Participation and Skills.

The £0.671m adverse variance within High Needs is due to an increase in Top Up Funding for pupils with very high needs. There is particular pressure on Special School and Post 16 top up funding.

### **Maintained Schools Health Check**

The financial stability of maintained schools is monitored and RAG rated to highlight those schools whose financial position is cause for concern. There are currently 4 establishments rated as 'red' and 18 schools rated as 'amber'. The 'red' rated establishments are detailed below;

Ham Drive Nursery – Actual Deficit of £0.038m for 2017/18 and £0.095m for 2018/19

Plymbridge Nursery – Actual Deficit of £0.271m for 2017/18 and £0.393m for 2018/19

These 2 maintained nursery schools have historically been reporting deficits due to the higher costs of running maintained nursery schools (rather than private nurseries) such as the need to employ qualified teachers. This has been recognised by schools forum who give these nurseries an additional £0.090m each lump sum every year to subsidise their funding. The local authority are currently working with the nurseries to discover where improvements can be made and will report back to DMT.

#### **Sir John Hunt**

Actual deficit of £0.212m for 2017/18 and forecasted cumulative overspend of £0.209m for 2018/19. This school is working under a licensed deficit agreement and their budget plan shows the school coming back into a surplus position by the end of 2019/20. The deficit was mainly due to lagged funding when the school experienced a drop in pupil numbers but plans show that numbers are now increasing. This school currently has their own bank account (local payment status) and are currently experiencing difficulties with their cash flow. It has been agreed Sir John Hunt can currently maintain their local payment status and the Local Authority will help them manage their current cash flow situation, on the condition that numerous terms are adhered to including the agreement that the school continue to work within their robust recovery plan to repay the deficit by the end of the financial year 2019/20. Finance are closely monitoring Sir John Hunts finances and attend the school's finance committee meetings.

#### **Cann Bridge School**

Actual deficit of £0.010m for 2017/18 and currently forecasting a cumulative deficit of £0.005m. This special school are currently reporting a deficit position due to staff sickness and a number of vacant spaces currently at the school. Finance will continue to closely monitor the financial position of the school, but do not feel it necessary to issue a licensed deficit at this time.

## 5. RISKS AND ISSUES

1. Strategic Commissioning is experiencing increased growth due to demographics and increased acuity of need. This, coupled with increases in the cost of care, is leading to higher cost care packages and an increasing cost of care within Supported Living, Nursing and Residential Sectors.
2. Increasing numbers of people being discharged from hospital that require ongoing packages of care.
3. Delegation of funding schools for increased pupil numbers due to growth in the birth rate as schools are expanding to meet need.
4. Increased demand on the High Needs Dedicated School Grant is putting pressure on the High Needs budget which in turn is putting pressure on individual schools to maintain a balanced budget.
5. There are a significant number of individual packages of care at considerably higher cost due to the needs of the young person.
6. A region wide lack of placements due to an increase in demand for placements, both national and regionally continues to impact negatively on sufficiency
7. Overall capacity and increasing caseloads impacting on performance and in particular care planning to achieve planned step down for children in care. As well as effective work to prevent high increase in number of children coming into care.
8. Increasing cost pressures could arise as a result of the 40% increase in the volume of people who are at risk of homeless or have significant housing needs.
9. Impact of Welfare reform, housing market conditions and the recession have led to more households in temporary accommodation resulting in longer stays with the risk of a continuing increase in demand.
10. Grants within the department need careful management to plan for potential reductions in future government spending reviews
11. Reducing resources against increasing expectations, demands and costs.
12. Ensuring that the financial resources are available to the council to manage school services if an increasing number of schools transfer to Academy status to enable services to downsize or offer alternative models.
13. Level of grants and other sources of funding available.
14. The capacity to transform services when operational frontline demand continues to increase.
15. Advanced medical care at birth is resulting in a significant increased pressure on the High Needs Dedicated Schools Grant within the city.
16. The 'general funding rate' element of the Education Services Grant will cease from September 2017. This equates to a budget pressure onwards of £1.3m in 2017/18 and £1.5m in 2018/19.
17. Regional wide commissioning activity did not bring about the anticipated holding and reduction of placement costs in both the residential and IFA sectors.
18. The Public Health grant funding has been reduced year on year.
19. Changes to the way in which the Public Health Grant is being funding, moving from a ring-fenced grant to being part of the RSG.

## 6. DECISIONS AGREED

1. Report noted.



## 7. CAPITAL EXCEPTIONS REPORTING

### 7.1 2018/19 Summary Table

<b>Service</b>	<b>Latest Forecast October 2018</b>	<b>Latest Forecast November 2018</b>	<b>Movement in Period</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Community Connections	2.343	2.343	0.000
Adult Social Care	0.000	0.000	0.000
Education, Participation and Skills	5.788	5.559	(0.229)
<b>Total</b>	<b>8.131</b>	<b>7.902</b>	<b>(0.229)</b>

### 7.2 Latest Forecast

The revised 2018/19 forecast at the end of October is £8.131m. There was a decrease of £0.229m in the November 2018 period which was due to change in basic needs requirements.

## 8. APPENDICES (available on request)

- People Delivery Plan Scorecard
- Children, Young People & Families Placement Monitoring
- ASC Care Package Monitoring