

Demand Management and Prevention Strategy: Children's Services.

Outline Business Case

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1. Introduction

Norfolk Children's Services Department has a range of statutory duties against which we are monitored and measured via a strong regulatory framework. Within that framework Ofsted inspections in 2013 and 2015 have found the department inadequate, resulting in significant activity to improve performance, the structure of the department and the experience of children and young people with the service. Current improvement activity is outlined in the Children Service Improvement Plan which is overseen by the Improvement Board and is supported by Ofsted's improvement offer and our partner in practice, Essex County Council Children's Service.

The trajectory of demand for children's services within our current service response is not financially sustainable. The need for considerable cost savings and the overall operating environment dictate that significant savings will be necessary if the council is to operate within its budget.

The outturn for 2016/17 for Children Services (excluding Dedicated Schools Grant spend) was an over-spend of over £8.575m on a budget of £161.051m; this gives an indication of the level of challenge for the service. This level of overspend was after one-off funding from Public Health of (£1.550m). Additionally, the Dedicated Schools Grant (DSG) required the full use of the DSG reserve and a loan from schools balances of £2.579m to achieve a balanced position. The 2017/18 budget (excluding DSG) is £177.350m, which includes additional £9m growth funding mostly for funding pressures relating to Looked After Children (LAC). Despite the additional funding, pressure is already being felt in the service with LAC forecasting a £1m overspend at 2 forecast.

These factors dictate that pressures cannot be contained within existing models of service delivery, but also, that a transformational change is required to drive up the quality of services to an acceptable level. This outline business case sets out the rationale for one off investment into a transformational approach to children's services to achieve both a sustainable budget by the end of 2021/22 and the requisite quality improvements. The requirement for Service transformation is acknowledged by both Ofsted and Norfolk County Council. It also supports the County Council's ambition to be rated "Good" by Ofsted within 3 year.

2. Executive Summary

This paper sets out the challenges for children's social care (CSC) in terms of the need to achieve long term financial sustainability, drive up quality, the high demand within the system in relation to high looked after children numbers, the placement mix for looked after children, the cost pressures driven by these requirements and the overall financial position of the council. It concludes by proposing a substantial up-front investment in children's services to allow it to improve quality, reduce numbers of children within the system and their cost and to create a model of children's social care that is affordable with the financial constraints NCC faces.

There are high levels of demand within the system, primarily in respect of too many looked after children. 1107 children are currently looked after by Norfolk County Council, a ratio of 65.9 children per 10,000 head of child population. The statistical neighbour average is 52.5 per 10,000 which translates into a rough difference of 216 children.

There are demand pressures in relation to numbers of referrals into the system and the amount of energy that is expended on assessing these referrals, which are often then closed.

The projections for both LAC numbers and contacts and referrals into the system are that without some reparative activity or a change to the service model, these numbers will continue to rise over the next 4 year period.

The placement mix for these children is unbalanced with too many being placed in expensive Independent Fostering Agency (IFA) placements, too many in very expensive residential placements, too many young children in residential placements and insufficient in-house foster carers. Linked to this is an inadequate specialist fostering offer for those children with complex and challenging behaviour.

The placement mix, combined with our high overall average unit costs and high numbers create significant cost pressures which need to be addressed both urgently and in a comprehensive, effective and sustainable manner.

Children's Services net budget for 2017/18 is £177.350m (excluding DSG). The current budget planning assumptions for the next 4 financial years (2018/19 to 2021/22) include:

- (i) £9m of ongoing growth monies from 2018/19 (originally allocated on a one-off basis in 2016/17);
- (ii) savings targets of approximately (£24m) over the next four year period. Cross-cutting items for the whole of NCC are being considered, which may have an impact on departmental savings targets;
- (iii) previously identified savings of (£0.409m) for 2018/19;
- (iv) no funding is allocated for demographic growth from a social care perspective, despite the national trend;
- (v) net expenditure within the Dedicated Schools Grant will break-even and not require any additional funding from NCC.

Approximately £80m of the net budget is allocated to social care and £26m to early help. Of these amounts, c. £50m is budgeted on placements, c. £33m on staffing and c. £23m on other spend areas including targeted preventative interventions and Children's Centres. An additional c. £3m funds Independent Reviewing Officers and Quality Assurance staffing.

The current phasing of the allocated savings targets are (£7.134m) 2018/19, (£6.369m) 2019/20 and (£10.013m) 2020/21 (2021/22 savings have been allocated to earlier years). These represent percentage decreases in budget year on year of 4.0%, 3.7% and 6.1% respectively.

As set out above, the vast majority of spend is either on children's placements or staffing. The major controllable spend is placements, with the volume and mix of placements being probably the key area of focus (based upon our understanding of comparable volume figures across NCC's statistical neighbour (SN) cohort). However, whilst our cost comparators indicate unit costs which are not substantially out of line with statistical neighbours, we still believe that there are further savings that can be driven out in this area through more effective commissioning.

The staffing spend is less easily controlled, but the intention behind the model is that a significant proportion of any potential staff savings can be recycled into better preventative services in either early help or social care to drive down, and continue to drive down, high level (tertiary) demand

It argues that the only realistic way to address these pressures in a sustainable and safe way is through a significant programme of transformational change which seeks to reduce spend to sustainable levels and increase quality to a "good" standard through:

1. Reducing demand for services coming to CSC through the front door (Multi Agency Safeguarding Hub, MASH). This means reducing contacts and assessments all of which are very resource heavy.

2. Reconfiguring the whole system so that work is dealt with earlier and more effectively and at a lower level where problems can be tackled (and hopefully resolved) before they require statutory intervention
3. Earlier intervention by early help services will reduce the amount of work moving through to the tertiary service (statutory child protection and looked after services), thereby reducing cost
4. Driving down numbers of looked after children, to a figure that is in line with SN in the first instance
5. Changing the placement mix for those children who are looked after so that placements are more appropriate for children's needs, are more local and more cost effective. This means increasing the numbers of Norfolk foster carers, decreasing our reliance on IFA placements, identifying more specialist (highly skilled) carers to provide placements for children with more challenging needs and reducing our reliance on residential care by both stopping new admissions and moving some existing children into lower cost family based placements.
6. Addressing unit costs through smarter commissioning delivered through consortia based arrangements.

The proposed model, currently in development, is based on a successful approach that was adopted in East Sussex to tackle similar problems of high LAC numbers, cost and high demand in the system. That model worked well, reducing LAC significantly and contributing to significant costs savings over the three years of the project.

The model is based on a requirement to run existing services at the same time as putting into place a range of early help and diversionary services focused on driving down demand for them longer term. The problem with previously utilised change models is that they have attempted to reduce levels of future demand at the same time as operating the day to day aspects of the department without additional resource.”. The logic behind this approach is that a tightly managed and monitored programme of change that has a range of agreed targets and related metrics, which is robustly managed with tight governance arrangements in place has a high likelihood of success. Learning will be taken from the adult social care Promoting Independence programme that is based upon the principles of investing grant and reserves monies to realign interventions in prevention to reduce demand. The scale of the success, is, based on the East Sussex experience, related to the scale of the one-off investment. In other words, a larger one-off investment has a greater chance of delivering more substantial results whilst more modest investment will yield more limited success.

3. Analysis and Problem Definition

Demand for social care services in Norfolk is high, with numbers of looked after children significantly above the SN averages and higher than average contacts. Numbers of contacts into the system are high (25% above SN average) although referral numbers are in line with statistical neighbours. A lot of resource is expended on above average numbers of SW assessments and child protection investigations which result in no further action

Looked after numbers

There are 1107 children and young people being looked after in Norfolk at the end of March 2017. Norfolk's LAC population has grown by 13% since March 2011 when it stood at 960. LAC populations nationwide have also experienced sustained growth during this time period with a 6% growth nationally between March 2011 and March 2015.

Norfolk's LAC numbers have however, increased against an already high base and have increased at a higher rate than is the case nationally.

Measuring the rate of LAC per 10,000 in the local population allows comparison of the relative size of Norfolk's LAC population against that of other regions. At the end of March **2017**, 65.9 children and young people were being looked after in Norfolk per 10,000 in the local population. The comparative rates were nationally (60/10,000), statistical neighbour group (52.5/10,000) and Eastern Region (49/10,000). Nationally, our LAC ratio places us 79th out of approximately 150 local authorities in England, meaning there are 74 authorities with higher LAC ratios than Norfolk. The table below shows the historic trends for LAC populations both for Norfolk and for our Statistical Neighbours:

Year	LAC rate per 10,000			LAC Numbers	
	Norfolk	Statistical Neighbour Average	East of England	Norfolk	Statistical Neighbour Average
2010	54	46.5	50	890	461
2011	58	47.7	51	960	500
2012	61	49	51	1,015	524
2013	65	50.8	50	1,080	531
2014	69	51.3	50	1,150	527
2015	64	52.4	48	1,070	534
2016	62	52.1	49	1,045	534
Mar-17 (Provisional)	65.9	52.1	49	1106	534

If the Norfolk LAC population were aligned with the average of our statistical neighbour group or the national average, it would translate into a reduction of between 216 and 265 children.

The annual rate of increase for looked after children suggests that if we do nothing, the numbers of looked after children will have increased to 1222 by 2021/22, an increase of 116.

The age profile of Norfolk's LAC population is skewed significantly towards the 10 years and over age groups with this age group representing 46.6% of Norfolk's under 18 population 61.4% of all children looked after. This over representation is however with the national figure of 60% of LAC nationwide being aged 10 years and over.

Placement type

76% of looked after children are placed in foster care, against a national average of 75%, which is a strong position. However, too many of these are in expensive independent fostering agency (IFA) placements as opposed to being with in-house carers. There are a number of different methods for measuring and benchmarking the ratio between in-house and IFA carers, each of which produces a slightly different target. These are all set out below. A minority are in residential care, but this group is too large and there are too many younger children in such placements. The detailed analysis is set out below

Foster care.

Percentage of children in foster care.

The overall % of looked after children in foster care in Norfolk at 76% is in line with regional average of 75%.

Percentage of children in LA foster care to whole LAC population

In Norfolk 445 children are in NCC fostering placements (365 households), 40.5% of the LAC population. A reasonable benchmark is probably to have this at 50%. This would equate to an increase of in-house placements of 100 children.

Percentage of children in in-house/IFA care against the fostered population

823 children are in foster care (excluding SGO). 445 are placed with in-house carers (54%), 378 with IFA (46%). The national average for children placed in non-LA foster care is 25% of the fostered population.¹ A 20% reduction in use of IFA equates to 160 moving from IFA to in-house placements.

An IMPOWER report in 2014 suggested that nationally 68% of fostered children were with in-house carers against 32% with IFA carers². For Norfolk at 54% in –house, this would equate to 114 additional children placed with in house carers. They further concluded that the typical in-house placement was approx. £17,000 per annum cheaper than the equivalent IFA placement³

Residential care

There were 130 young people in residential care in March '17 (reduced to 120 June 17), including CWD. This equates to 11% and 12% of the LAC population respectively. The national average appears to be approximately 10%.

When compared to statistical neighbours our figures appear even higher. The SN average is 11.5% which includes both those in residential care and those in semi-independent 16yrs+ accommodation. Our figure is 15.3%. That equates to a difference of 44 young people, although the figures don't tell us whether this is all residential numbers or a mix of residential and semi-independent.

There are 20 children under 11yrs in res care, which is 15.5% of the residential LAC population (1 CWD). The national average for 0-9yr olds is 3%. Our % for 0-9yrs appears to be 6% (8 children). However, there are only 140 children in residential care in this age band, across the country. This is less than one in each authority. This is too high.

Contacts, referrals and SW assessment activity

As outlined earlier, contact numbers for the department (cases which are referred to us, but prior to a decision being made whether it constitutes a referral or could be simply noted or referred onwards) are approximately 25% above average, although this is not translated into high referral numbers which are in line with averages. Social work teams carry out more SW assessments than they should.

Numbers of contacts into the system are high (25% above SN average) although referral numbers are in line with statistical neighbours. A lot of resource is expended on above average numbers of SW assessments (493 per 10,000 against 455 for SN) and child protection investigations which result in no further action (54% against 45% for SN). Whilst this picture is mixed, it suggests more work is required to damp down low level contacts with the department and the high number of SW assessments and CP investigations which lead to no further action (currently 53%) suggest that an enhanced early help service combined with clearer work on thresholds could reduce work within the system. This view would certainly replicate the view that the high LAC numbers could/should be reduced by making more practical and lower level support available to families at an earlier stage. Section 4 on demand modelling will begin to address this.

4. Future Demand Modelling

This section looks at current demand within the wider context of likely future demand. It examines likely growth models based on population projections and existing trends. It then examines a number of models of demand reduction which can then be linked to indicative cost savings, with the caveat that this is not an exact science and predictions can only ever be that. The importance of a range is therefore important.

¹ Cumbria Sufficiency Strategy. 2015-2018

² Ofsted quote 67% and 33% respectively in "Fostering in England 1 April 2014 to 31 March 2015, Ofsted, December 2015, www.gov.uk/government/statistics/fostering-in-england-1-april-2014-to-31-march-2015".

³ Not clear whether the report calibrated for complexity of needs. Note the difference in in-house percentages

The section then posits how the proposed Transformation Programme is based on not simply reducing demand but also diverting demand to lower levels within the system. This means adopting an approach that, through investment, builds early help and preventative services which can divert young people from expensive Tier 4 services into early help services which prevent escalating demand.

The chart below explains Norfolk LAC numbers in the context of current and future projections based on population growth and straight line projections and places them within the context of best (Derbyshire) and worst (Isle of White) performing statistical neighbours. The table refers to LAC numbers per 10,000 head of child population, referring to a ratio rather than absolute numbers. For completeness sake, the numbers are included in the table immediately following.

For modelling purposes we have used 5 trajectories as follows:

- Trajectory 1. "Do nothing." This maps likely demand, based upon a combination of population growth and historical trend since 2012, which takes account of the impact of the LAC reduction strategy but not the trend of significant growth in previous years, 1222 LAC
- Trajectory 2. Based on reducing to the projected statistical neighbour average, 1016 LAC
- Trajectory 3. Based on reducing to the current statistical neighbour average, 927 LAC
- Trajectory 4. Based on reducing to the projected best performing statistical neighbour, 784 LAC

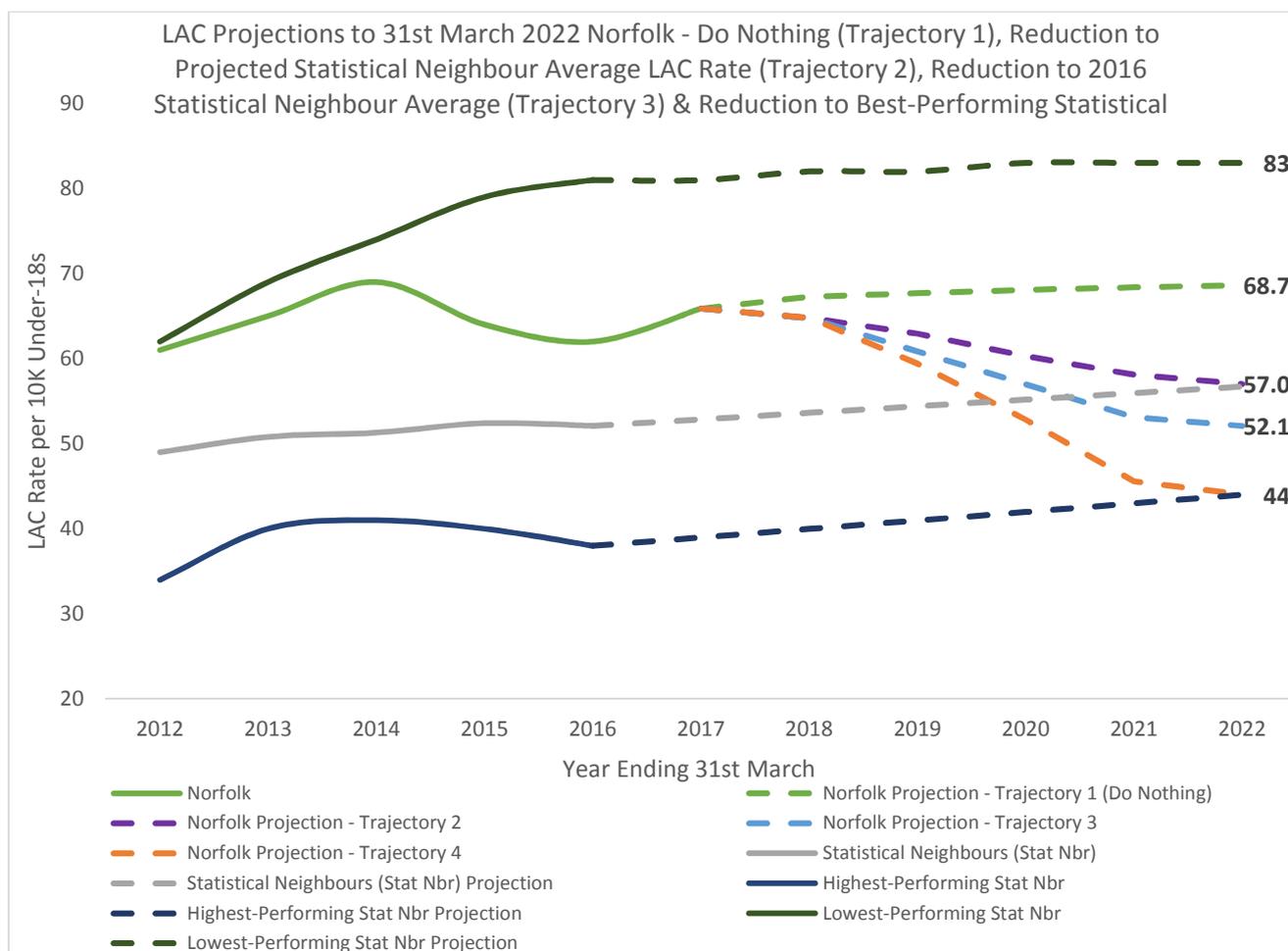


Table 1. LAC rates per 10,000 under 18yrs

The following table provides a diagrammatic illustration of the above chart, with key numbers included. It provides data on 4 trajectories, the first doing nothing, the second, third and fourth

providing models with different levels of ambition (and possibly realism) with reductions modelled in different years.

	LAC numbers	LAC rate per 10,000	LAC in foster care
Figs at March 17	1107	65.9	821
Projection at March 18	1107	64.8	821
Trajectory 1 – Do nothing			
18/19	1137	66	978
19/20	1169	67	1005
20/21	1197	67.9	1029
21/22	1222	68.7	1051
Trajectory 2 – Reduction to Projected 2022 Statistical Neighbour Ave. LAC Rate			
18/19 -2%	1085	62.9	805
19/20 -3%	1052	60.3	780
20/21 -2.5%	1026	58.2	761
21/22 -1%	1016	57.1	753
Trajectory 3 – Reduction to 2016 Statistical Neighbour Ave. LAC Rate			
18/19 -5.25%	1049	60.9	778
19/20 -5.25%	994	57	737
20/21 -5.75%	937	53.1	695
21/22 -1%	927	52.1	688
Trajectory 4 – Reduction to Best-Performing Statistical Neighbour Rate			
18/19 -7.5%	1024	59.4	759
19/20 -10%	922	52.8	683
20/21 -12.75%	804	45.6	596
21/22 -2.5%	784	44.0	581

As can be seen from the table above the difference between the “Do Nothing” projection of 1222 LAC and the most ambitious projection of 703 LAC is 519 children.

The scenario of doing nothing would suggest an additional 115 looked after children in 4 years, creating an additional placement cost pressure of approximately £5m pa. The most ambitious projection could lead to a saving in placement costs of approximately £21m pa.⁴ Both of these scenarios make clear that the option of “doing nothing” is not a realistic option within the current climate.

The second aspect of demand management for looked after children is the management of the placement mix for those who are looked after. The key pressures here have already been laid out: too many children in IFAs, too few in-house carers, too many children in residential units and too many of those are under 11yrs. The circumstances that led to this situation are complex with no one single cause and there is therefore no single solution. IFA incursion into the authority appears to be at a higher rate than in some neighbouring authorities apparently resulting from a period

⁴ Approx. costs / savings are high level calculations based on average unit costs and savings will be offset by any alternative provision required (to be modelled)

when IFAs were actively encouraged by NCC CS to invest in Norfolk. Under investment in the in-house fostering recruitment team will have played a role. Less robust decision making will have contributed to high LAC numbers in residential as will have a lack of robust intensive fostering placements as alternatives, poor support to in-house carers and the absence of a robust approach to monitoring and changing those placements as needs have changed. The high LAC numbers themselves will have affected the whole placement mix, making the department more reliant on IFAs and other alternatives to its own provision due to the sheer scale of the numbers.

There are a number of models which are available to assist with thinking about a change in placement mix.

As set out in the analysis section, there are different ways of estimating what the in-house fostering numbers should be, with the conclusion being that to put ourselves in line with statistical neighbours, between 100 and 164 more children should be placed with our own carers and not be placed with IFA carers. This equates to a 25-33% increase in the number of children placed in-house. This requires a significant leap in the numbers of in-house carers that Norfolk needs to recruit. However, the cost benefits of moving from IFA placement to in-house are approximately £15k pa equating to a potential cost saving of between £1.5-2.5m

Adjusting the placement mix by moving between IFA and in-house carers generates some savings. The bigger savings are however likely to be found in reducing numbers of children in residential care, moving from high cost to lower cost residential care and finally moving from residential care to high spec intensive fostering placements. The table below provides the average costs of each of these placement options and illustrates the scale of potential savings.

Norfolk average unit costs compared to CIPFA⁵ national average:

	In-house fostering	Independent fostering agency	In-house residential⁶	External residential cost	Specialist fostering
Weekly average cost	£498	£802	£2,504	£3,637	£1,400
Annual average cost	£25,967	£41,818	£130,564	£189,640	£72,999
CIPFA Benchmark Data Sept 16					2016/17 average

	Average LAC placement cost (including semi-independent)	Average LAC placement cost (excluding semi-independent)	CIPFA Average LAC placement cost (excluding semi-independent)
Weekly average cost	£968	£959	£1,014
Annual average cost	£50,473	£50,004	£52,893
CIPFA Benchmark Data Sept 16			

The proposal is to develop a detailed model which maps the move of children from high cost to medium cost residential, medium cost residential to foster care, IFA to in-house care and ultimately from care to home. The detailed modelling and cost/benefit analysis of this will be developed in phase 1 of the project.

Referrals, contacts and assessments

The data suggests that whilst our referral numbers are not disproportionately high, we carry out too many assessments and too many of our child protection assessments result in no further action. This type of activity does not carry the same direct costs as becoming looked after, but it does

⁵ CIPFA refers to the Chartered institute of Public Finance Accountancy, which is a benchmarking group that allows authorities to compare services by providing data on cost and volume.

⁶ In-house residential is not always fully utilised due to the needs of a placed child / young person (e.g. one LAC placed in a two-bedded unit) – this has the effect of increasing the average unit rate.

mean that we are tying up valuable staffing resource inappropriately and that we are intervening with too many families, which in itself can generate unnecessary work within the system. Child protection assessments (54% of which result in no further action) are an extremely expensive and time consuming resource that with a better more robust approach could be better deployed in other areas.

Our projections indicate once again that without a different approach this work will increase steadily over the next four years.

	Number of contacts	Referrals	Single assessments	Children with CP plans
Figs at March 17	34786	8257	8278	582
Projection at March 18	34786	8257	8278	582
Trajectory 1 – Do nothing				
18/19	38500	8855	8026	584
19/20	38952	8959	8121	591
20/21	39387	9059	8212	597
21/22	39757	9144	8289	603
Trajectory 2 – Reduction to Projected 2022 Statistical Neighbour Ave. LAC Rate				
18/19 -2%	34090	8092	8112	570
19/20 -3%	33068	6878	6896	485
20/21 -2.5%	32241	6706	6723	473
21/22 -1%	31918	6639	6656	468
Trajectory 3 – Reduction to 2016 Statistical Neighbour Ave. LAC Rate				
18/19 -5.25%	32960	7824	7843	551
19/20 -5.25%	31971	6650	6667	469
20/21 -5.75%	31172	6484	6500	457
21/22 -1%	30860	6419	6435	452
Trajectory 4 – Reduction to Best-Performing Statistical Neighbour Rate				
18/19 -7.5%	32177	7638	7657	538
19/20 -10%	28959	6874	6891	485
20/21 -12.75%	25267	5998	6013	423
21/22 -2.5%	24635	5848	5862	412

Future trends

Whilst we don't know what additional externally driven pressures the department will experience, history tells us that the pressure is generally upwards not downwards. Recent initiatives which have increased demand (and therefore cost pressures) on children's social care include: increasing numbers of asylum seekers, Southwark judgement which led to most homeless 16-17 year olds becoming looked after, Staying Put arrangements which drove more 18+ looked after children to remain with their foster carers, and increasing responsibilities for 18+ care leavers amongst others.

5. Our Vision for change

We want to launch and embed an ambitious change programme that is transformational, long term and which spans across both the Council and the wider children's partnership. We want to build a sustainable system for children's care and well-being in Norfolk, which provides the right level of skilled response to different levels of family need, promptly, cost effectively, and without resources being devoted unnecessarily to inefficient and repetitive assessment. Put simply we want to create a step change in existing culture and practice to support more families resolve their difficulties earlier and make it less necessary and common to have more expensive social care intervention later on in the process. We want to develop and support the wider children's workforce to intervene more effectively and to hold risk more confidently. We will have to achieve this without compromising Children's safety in the process or raising the threshold for admission into care. This will require significant investment in a range of additional services, including some that contribute to a better skilled more competent and confident workforce.

Whilst there are clear financial imperatives for transforming social care practice to a sustainable model we also believe that a redesigned system should be able to create the conditions in which good service can thrive and deliver better outcomes for children, families and the wider community with:

- Leadership, management and governance
 - Better outcomes for all children and young people
 - a more confident and skilled workforce that can build stronger families, more resilient, less dependent on services and better able both to nurture their children and to contribute to their communities
 - recruitment of high quality social workers
 - embedded performance management framework driving improvement and embedding learning
 - high quality performance and management information being used to inform and drive a more commissioning based approach to services
 - A children's social care system which is affordable.
- Improve the experiences of children looked after
 - Improve placement choice for looked after children ensuring that more are placed with families, less are in residential care and that the appropriate placement of younger children is prioritised and that all children have access to advocacy
 - Increase the number of foster to adopt placements and ensure timeliness to achieving adoption
 - Improve packages of support for foster households
 - Enhance offer of support around education, employment and training
 - Strengthen IRO roles and ensure team capacity to work with timeliness
 - Prioritisation of the timeliness for health assessments
 - Launch of Skills for Independence programme
 - Improve the Keeping in Touch arrangements for all care leavers
- Strengthening help and protection
 - Better outcomes for those children who are in our care
 - Consistent and clear thresholds including clear transitions (step up/step down)
 - New edge of care service
 - Improvements in the quality of child protection and child in need plans reducing risk
 - Continued use of Signs of Safety alongside safeguarding practice
 - Comprehensive review of the MASH and alignment of Early Help within MASH
 - Peer-audit and mentoring model within performance and quality framework to include early help
 - Strengthen the multi-agency missing and CSE function within the MASH
 - Improve the safety planning processes of Children Looked After in Norfolk placed by other local authorities
 - high quality performance and management information being used to inform and drive a more commissioning based approach to services

This is a complex transformation programme which has many interrelated elements and dependencies which involve not just the Council but a wide range of partners. Within the Children's Services Department a number of services and teams need to be involved in the work and we are linking governance of the transformation programme with that for our wider programme of service reviews and strategic developments.

The key work streams within the programme will be as follows

We will reduce the numbers of children coming into contact with statutory social care and reduce unnecessary assessments through effective early intervention and more substantial support to hold risk with families below the level of statutory intervention.

This feature will be one of the most challenging to establish, and a number of service and strategic developments will need to make a contribution. However, this will both reduce current work in the system in the longer term and manage down the future demand pressures that have been predicted which are not financially sustainable.

In particular:

We need to review the role of children's centres to identify more effective ways of reaching out to all families potentially at risk, identifying the young children who are most at risk and targeting effective support towards them. A key, difficult, balance will need to be struck between universal reach and targeted support so that potentially at risk families can be engaged well without stigma (ie through universal service) while ensuring effective targeted support is provided where it is needed.. The review will also need to consider how far the children's centre workforce might be able to contribute to effective key working coordination/broader support for families with multiple problems.

We need to review how early help works to consider how the current resources, might be used more effectively and with the most accurate targeting.

We need to review how social care works to look at how the expertise of social workers can be enhanced and better aligned to the early intervention workforce in both identifying and managing risk, and making a difference for children and families. The level of investment in this support as opposed to direct social care provision/intervention for those with a higher level of need will need careful consideration.

The individual service reviews will not only contribute to the development of the early help strand; they will also be informed by it in their turn. In particular, decisions by the overarching programme team and Executive Board about the groups of children and families to be targeted for early help in the transformation programme, and the allocation of additional resources, will need to be taken into account within individual service reviews and developments, particularly children's centres, early help, edge of care and families with multiple problems.

We will reduce the number of looked after children over time

More children will be better supported to remain with their families. Looked after children will be reduced over a four year period by up to 400 children.

This will be achieved by continuing to develop support to families which are on the edge of breakdown, providing sophisticated therapeutically based support to families who are in the highest need, by putting support into families at the earliest possible time to reduce the need for more expensive provision at a later stage and by actively supporting increasing numbers of children to return to their families where it is appropriate and safe to do so.

Establishment of new **Edge of Care Service** which will support children, young people and families at point of crisis and prevent accommodation where it is safe to do so, supporting short term intensive

engagement with families and early reunification for those who do become accommodated in such circumstances.

The use of external investment through a **Social Impact Bond** to increase support to families with the most complex needs which are on the edge of breaking down.

We will recruit more Norfolk foster carers and reduce our dependency on expensive IFA placements to reduce the unit costs of our LAC placements

We aim to place between 100 and 164 more children with in-house rather than IFA carers over a four year period.

This will be achieved through considerable additional investment in the fostering recruitment service, by developing a more commercial approach driven by specialist marketing expertise, by better supporting in-house carers through the provision of targeted specialist support and training to carers both those new to the service and to experienced carers who are looking after our most challenging children, by working alongside non council specialists where there is an evidence base of success and through a very tight programme of tracking and monitoring within the recruitment service.

We will ensure that more children and young people have the opportunity to experience family life by reducing our use of residential care and investing in specialist, well supported alternatives.

We aim to reduce the number of children in residential care from 130 (March 17) to 80 by the end of the four year period.

We will achieve this by better care planning and monitoring of children in residential units, by the provision of specialist support aimed at moving them into family based care and then better supporting them when they are there, by commissioning (internally and externally) specialist highly trained and supported carers able to care for children with the most challenging behaviour, by ensuring that there is a better range of support available to foster carers to prevent the breakdowns that often lead such children into residential care.

We will invest in the training and development of our workforce to ensure they have the right skills to better support the families with whom they work.

We recognise that to achieve such improvements and the savings that accompany them, we need to have a highly trained and skilled workforce, trained in a range of evidence based interventions, which is able to deliver our vision.

We will achieve this through a systematic programme of training for all key staff, focusing especially on the role of front line managers.

We will manage all of the above work streams within a future operating model which emphasises the need for interventions at the lowest appropriate level and which prevents the need for more expensive high end interventions across the whole social care system.

In many respects, the vision ends where it began which is about intervening early to better support families before there is a need for expensive and intrusive high end social care interventions. It recognises that to assess more families than is necessary is both expensive, resource hungry and inappropriate. The feedback from our improvement partners in Essex has been that reducing this level of monitoring is the correct approach, partially because of the risk it creates of scooping families up into the social care system inappropriately.

The intention is to create a complete paradigm shift that works actively across the range of services to ensure that need is identified and met earlier, that families under pressure are provided with the

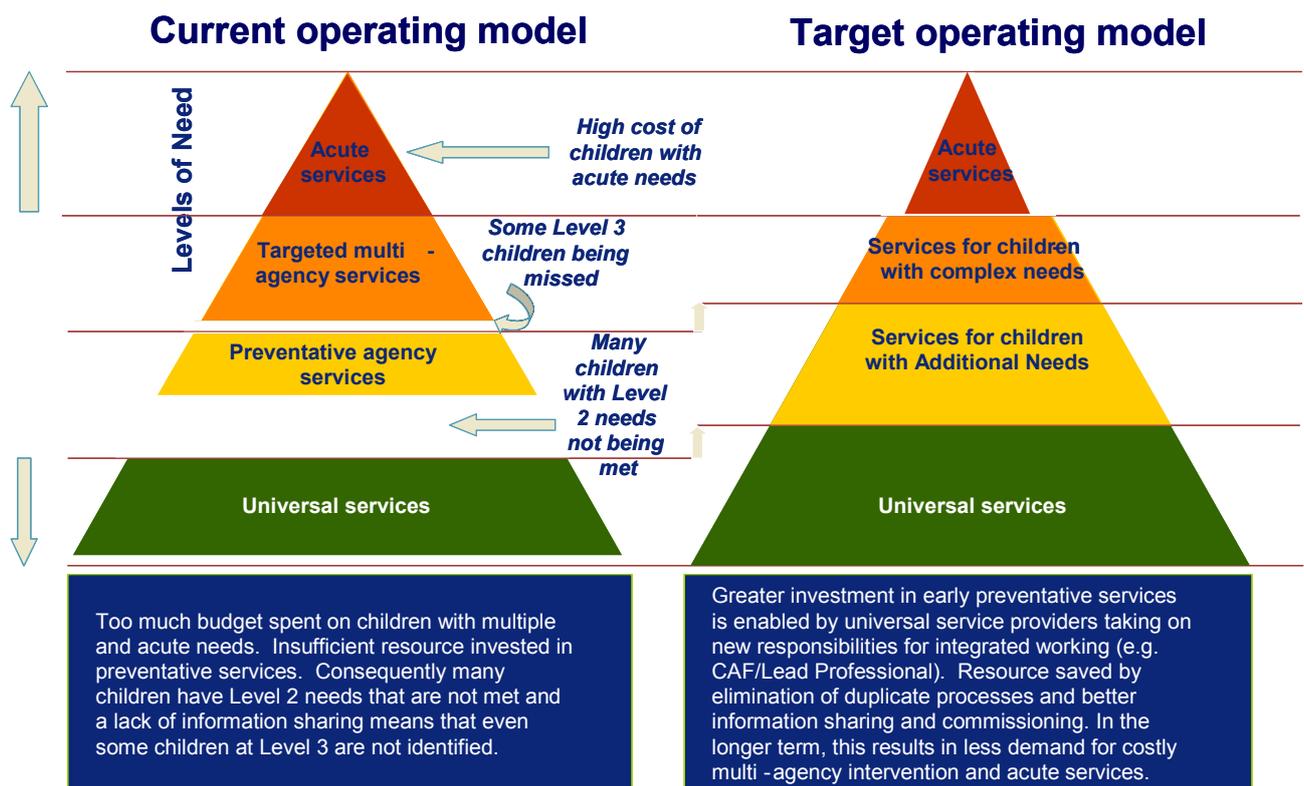
support they need when they need it and to prevent the escalation of families with difficulties into the statutory social care services.

At the most obvious level, it is about keeping more children at home with their families, but it is much more wide ranging than this. It involves supporting schools and other universal services to better support children and their families without having to refer onto early help and social care. It will work through the whole system adopting the same approach to forcing down demand and supporting services at lower levels to support families.

It will however, work within Norfolk's agreed threshold guidance to ensure that decisions are appropriate, that children remain safe and that importantly partner agencies understand the approach being taken and the rationale. Ensuring clarity of application of thresholds is key to this approach. Equally, partners must have confidence in the quality of services being offered and we anticipate that once this has been achieved it will begin to reduce the pressure to escalate cases in a bid to ensure that concerns are recognised and responded to appropriately.

The model below is a diagrammatic representation of how we anticipate this new approach working. In due course we hope to be able to attach numbers into some of these tiers to better illustrate the direction of travel and then to evidence the changes.

Figure 5



Finally, is the importance of **cultural change** within this transformation programme. We recognise that a culture has developed within the service, the wider organisation and amongst partners that has influenced behaviour and contributed at some level to the issues that we are now aiming to address. For example, rising LAC numbers are linked to a paucity of targeted edge of care type services, but they are also linked to a culture that is sometimes not challenging enough about alternatives to care and that is unwilling to manage risk in a different way. This is not unusual and more so it is quite common in authorities under intervention.

6. Financial modelling

The financial model for this business case is based around the following:

- A projection of the likely cost to the council of doing nothing, based primarily around demography, increasing LAC numbers and associated placement costs
- A projection that looks at a range of financial scenarios following the 3 savings trajectories identified earlier
- The detail of the investment required to deliver the savings and improvements based on the East Sussex model scaled to match Norfolk
- The estimated programme costs for establishing the programme over the coming 8 months, including some costs to ensure the robust running and management of the programme over the four year period.

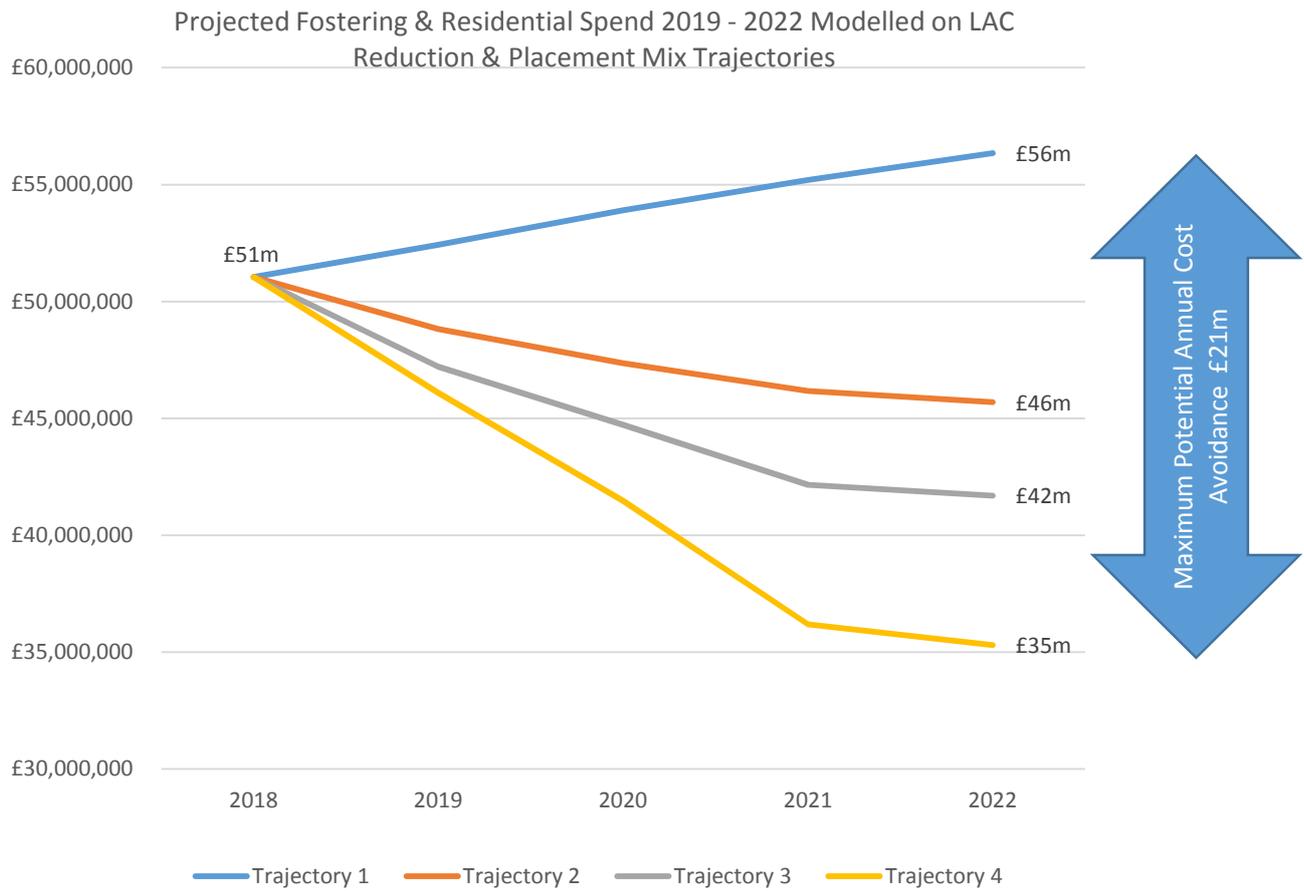
Cost projections based on doing nothing.

The outturn figures for 2016/17 with associated over / (under) spends, and the 2017/18 budget are set out below. The significant change in the social care budget from c. £70m to c. £80m year-on-year is primarily due to additional funding allocated through the budget planning process to meet additional demands within the service. This funding was originally allocated on a one-off basis, and is now proposed to become recurrent funding as part of the 2018-22 budget planning cycle.

Summary	17-18 Budget £m	16-17 Budget £m	16-17 Outturn £m	16-17 Over / (Under) spend £m
Social Care	80.241	69.660	82.759	13.099
Early Help	26.294	28.886	26.537	(2.349)
Education	36.855	36.627	35.872	(0.755)
Performance and Challenge	4.160	4.030	4.365	0.335
Capital Charges, Pensions (Schools) & Grant Funding (Education Services)	27.358	20.039	19.348	(0.690)
Other	2.442	1.809	0.745	(1.065)
Service Total	177.350	161.051	169.626	8.575

Based on the do-nothing scenario identified above and additional 115 LAC by end of 2022 would cost approximately an additional c. £5m of placement costs. In addition to these costs, the authority would also incur further staff costs, e.g. additional social workers and independent reviewing officers.

Cost projections



Key:

Trajectory 1	Do Nothing,
Trajectory 2	Reduction to 1016 LAC, Projected 2022 Statistical Neighbour Average LAC Rate
Trajectory 3	Reduction to 927 LAC, 2016 Statistical Neighbour Average LAC Rate
Trajectory 4	Reduction to 784 LAC, Best-Performing Statistical Neighbour LAC Rate



Please note that the cost projections are based on reducing the volume of LAC placements and moving towards the CIPFA average placement mix (with the exception of trajectory 1, 'do nothing', which presumes the current placement mix). Any move to the placement mix will take time to implement due to the need to recruit and train in-house (including additional specialist) foster carers and to develop the market to provide alternative options. Any additional ongoing costs of support for a child and / or family will reduce savings made. These projections do not include staffing savings that would be expected with reduced workload, which should offset some or all of the alternative interventions / support in the longer term

Conclusions on projected savings model

A number of different projections were provided to illustrate the savings that could be made through four different approaches but also in recognition that there is no exact science to this work and the plans can be affected, positively or negatively, by a range of external factors which are beyond the control of the council.

Trajectory 1 suggests that if we did nothing the additional cost pressures arising purely from LAC costs would amount to approximately c. £5.3m pa by 2022.

Trajectory 4 is the most ambitious with an estimate of both cost avoidance and savings c. £21m pa by 2022. However, this may not be achievable given that this would bring NCC in line with the projected performance of NCC's best performing statistical neighbour with a reduction in LAC numbers of over 30%.

Conversely, trajectory 2 is the least ambitious, but still requires a significant reduction (over 16%) in the volume of LAC placements, which in turn could generate estimated placement savings and cost avoidance of c. £10m pa by 2022.

Trajectory 3 is a mid-range trajectory and provides an estimate of cost avoidance and savings c. £14.6m pa by 2022.

The financial modelling presumes the placement mix achieved for trajectories 2 to 4 is mid-way between NCC's current placement mix and the CIPFA average mix.

As further work is undertaken to produce more detailed financial models, the approach will be to segment the data into cohorts of children and young people to clarify the work-streams that are expected to impact on the outcomes for each cohort and to identify the expected financial and non-financial outcomes.

Investment requirement for 4 years of project.

Using the East Sussex programme as a model, one-off investment in the region of £12-15m across 4 years would seem an appropriate figure. This will include capital investment to support development of appropriate provision. The scale of Norfolk's challenge to solve is far greater than East Sussex faced; Norfolk's child population is approximately 60% higher than East Sussex, whilst East Sussex's LAC population was approximately 56% of the Norfolk numbers when their programme began. East Sussex achieved a reduction of nearly 12% of their LAC numbers (622 to 548), but the trajectory of 'doing nothing' would lead to an increase of 115 that needs to be avoided purely to prevent any further pressure. On the basis of the East Sussex level of investment, £1m of one-off investment could potentially see cost avoidance of £1.5m by 2022. This financial benefit was achieved through significant improvements in performance across a wide range of indicators as a result of the one-off investment, including the reduction in LAC placements and associated costs.

The suggestion is that this money is held in a central pot which the department would then draw down in line with key milestones identified in the project plan. These milestones would be developed further following the more detailed set up work. It is proposed that an Investment Draw Down Plan be developed during the first three months of the programme. This plan will be presented for approval to the Managing Director and CLT. Any proposed deviations from the plan would also need to be presented for approval in the same way. In the early stages of the programme, there will be two particularly key gateways at which financial assumptions within the plan will need to be tested: January 2018 to review outturn forecasts for Children's Social Care and the first full year spending plan and January 2019, which will be the first full year review of the programme. This gateway approach will mean that investment monies are only drawn down if they are needed to support the transformation and there will be opportunities for CLT to review the progress of the plan prior to approving release of further funding.

We have yet to finalise the profiling of the investment over the period, but we are keen to start the project as soon as possible in recognition of previous concerns around lack of pace, an acknowledgement that such complicated projects are always slow to deliver and the need to press ahead with delivering on the savings. At the very least, we anticipate beginning to pull down some of the programme support money as soon as approval has been given. This would allow us to front load some of the planning and project management, as well as the data analysis that will be key to the project's success. We would then expect to front-load the investment to be able to invest in services for children with complex and additional needs (in line with the target operating model), which would then see increases in the cost reductions in the latter years of the programme.

Our financial profiling will be developed to avoid future revenue pressures and return to financial sustainability. Some savings, possibly from staffing as NCC moves towards the target operating model, will be used to pay for the additional services that have been put into place to realise the savings on an ongoing basis; this is to ensure sustainability of the model. The intention is that whilst the early stages of the project will rely primarily on the one-off investments, as savings begin to be realised, those additional services will increasingly be paid for from within that savings pot. The intention is that by the end of the programme, the profile and configuration of the service model will have been radically altered such that a sustainable alternative model has been put into place and that this is truly transformation in nature to reflect the breadth of our vision.

Programme costs

We know from our previous experiences in Norfolk (which were less successful) and those in other authorities that have achieved substantial organisational change, including East Sussex that ensuring that there is adequate support for the department's transformation programme is one of the keys to its success.

The programme support element of the costs will be relatively modest in comparison to the work stream supports. Whilst not fully identified yet, they will be split into two phases: the set up phase and delivery phase.

The set up phase will start immediately following approval and will run for approximately 6-8 months. This phase will however include aspects of the delivery, phase 2.

The delivery phase will require different types of support to both support the project delivery and to ensure that it is effectively monitored and reported.

The set up phase will require funding for:

- Assistant Director level support to establish the project
- Project management support
- Financial management support
- Data analysis support.
- Administrative support to project (from within existing resources).

7. Governance arrangements

As one of the seven corporate priorities this project will comply with the governance arrangements related to those other corporate priority programmes.

Graham Genoni

10/7/17