

Children's Services Committee

Report title:	Demand Management & Prevention Strategy: Children's Services
Date of meeting:	17 October 2017
Responsible Chief Officer:	Matt Dunkley Interim Executive Director of Children's Services
Strategic Impact The Policy and Resources Committee agreed in July '17 that as part of the Council's transformation programme there would be 7 corporate priorities badged under the heading of "Norfolk Futures". The Demand Management and Prevention Strategy for Children's Services is one of those 7 priorities and will be at the heart of transforming children's services and making it both financially sustainable by 2022 and fit for the future.	

1. Executive summary

- 1.1 Rising demand and budget pressures mean the current model of delivery for children's services is not financially sustainable. These pressures are driven largely, but not solely, by high looked after children (LAC) numbers, which are above the average for our statistical neighbours and which have risen steadily over the last five years. There are further pressures driven by high levels of demand for social care services which could be better and more effectively managed at a lower level through the provision of more robust early help services.
- 1.2 In addition, the transformation plans will need to reflect and complement the current Norfolk Safeguarding Improvement Plan, to ensure the current trajectory of improvement in quality is maintained, and issues raised in the last Ofsted inspection continue to be addressed.
- 1.3 This paper outlines the scale of the challenge facing the department and recommends an evidence based approach to investment, service transformation and subsequent cost avoidance, to achieve financial sustainability at the end of four years. The full detail is contained in the Outline Business Case (OBC) which is appended (Appendix 1) and which was presented and approved at Policy and Resources Committee on 25 September 2017.

1.4 Recommendations:

Children's Services Committee is asked to note:

1. That the Demand Management and Prevention Strategy has been agreed as one of the 7 council priorities.
2. That the P&R committee has agreed the allocation of a one-off investment of £12-15m into children's services over the four years, 2018-2022.
3. That the money will be held centrally, overseen by the Director of Finance, and drawn down only in line with the pre-agreed milestones

The Committee is asked to agree to:

4. Receive an annual report on the progress of the transformation programme, in the same cycle as the P&R committee and to scrutinise the plans, spend and savings, against agreed milestones, contained in that report.

2. Purpose of the report

- 2.1 The Children's Services Leadership team has developed an Outline Business Case (OBC) which sets out its preliminary thinking about the transformation of Children's Services. The OBC sets out a programme of transformational change aimed at addressing concerns around rising demand, budgetary pressures and quality through a number of specific and highly targeted work-streams, and then provides a suggested programme of investment to support these. It contains a number of specific targets against each of these workstreams.

3. Background

- 3.1 There are significant financial pressures in children's social care, driven largely, but not exclusively, by the above average number of children looked after by the County and the high overall unit costs. The financial situation, combined with our understanding of future demand mean that the current delivery model is financially unsustainable going forwards and requires a transformational change to the way it operates to ensure that it is fit for the future.
- 3.2 The overall budget for Children's Services in 2016/17 was £161m, which was overspent by £8.575m (reduced by the one-off funding from Public Health of (£1.550m)). The social care element of the 2017/18 budget accounts for approximately £80m; £50m of which is spent on children's placements, with the majority of the remainder being spent on staffing. The 2017/18 budget includes one-off additional £9m growth, 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 the early period 2 forecast. This is due to the current LAC numbers and the current mix of services provided.
- 3.3 Looked after children's numbers have increased consistently over the last 5 yrs. from approximately 1015 in March 2012 to 1107 in March 17. Whilst LAC numbers have risen nationally, the rate of the Norfolk increase has exceeded the national picture. Expressed as a ratio, Norfolk looks after 65.9 children per 10,000 head of child population as at 31 March 2017 against an average amongst our statistical neighbours of 52.5. Nationally, our LAC ratio places us 79th, meaning there are 74 authorities with higher LAC ratios than Norfolk.
- 3.4 The projections for LAC numbers 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, leading to an additional 122 LAC by 2022, at an approximate additional cost of £5m.
- 3.5 The placement mix for these children is imbalanced with too many being placed in expensive Independent Fostering Agency (IFA) placements, too few with in-house carers, too many in very expensive residential placements and too many young children in residential placements. Linked to this is an inadequate specialist fostering offer for those children with complex and challenging behaviour.

- 3.6 There is also a recognition within the department, that there are too many contacts coming into the department (largely from a range of professional partners) through its front door and that social workers spend a disproportionate amount of time carrying out assessment of families which either reveal no significant concerns or which are subsequently closed. Without corrective action, this level of activity will continue to rise utilising resources that could be better deployed elsewhere.
- 3.7 In addition to these financial pressures, Norfolk Children's Services Department has a range of statutory duties against which it is 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, structure and the experience of children and young people with the service.
- 3.8 Whilst improvements have been made, our self-assessment and the feedback from external monitoring suggests that we need to increase the pace of change if we are to get to good/outstanding in a timescale that is meaningful to the children and families with whom we work.
- 3.9 In summary, the challenges currently facing the department are set out above, namely, high LAC numbers, high units costs driven by an inappropriate placement mix and a system that allows concerns to escalate when they could probably be more effectively held lower in the system in early help services. We have projected out likely activity levels over a four year period, using reasonably conservative modelling (based primarily around population growth) and this has evidenced how unsustainable the current approach is without some significant changes to the current operating model.
- 3.10 The OBC is based on a successful business model developed by East Sussex County Council, adapted for Norfolk. East Sussex, through implementation of "Transformation and Thrive", made a significant difference to their financial forecast and outcomes for vulnerable families.

4. Proposal

- 4.1 We want to launch and embed an ambitious change programme that is financially sustainable, 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 expended unnecessarily on inefficient and repetitive assessments. Put simply we want to create a step change in existing culture and practice to support more families to 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.

4.2 To achieve our vision, and based on our analysis, we will work through a number of key work-streams. They are:

4.2.1 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.

We know that it is better and more cost effective to intervene with families earlier, when concerns are beginning to emerge, rather than waiting for them to escalate. We aim to reduce the demand on expensive social work resources, by putting into place a more comprehensive and effective early help service.

4.2.2 We will reduce the number of looked after children over time.

We know that our LAC numbers in Norfolk are high and that they have created significant budgetary pressures within social care which we aim to address through this programme. Some of this work has already begun but we need to increase the pace.

4.2.3 We will recruit more Norfolk foster carers and reduce our dependency on expensive Independent Fostering Agency (IFA) placements to reduce the unit costs of our LAC placements.

We recognise that we are overly reliant on IFA placements for our children and that this creates financial pressures due to the higher costs. We aim to have between 100-160 more children placed with in-house carers by the end of this programme.

4.2.4 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 know that we have too many children placed in children's homes (including those under 11 years) and we will tackle this by increasing the range of placement choices that are made available for children and then better managing the use of those options.

4.2.5 We will ensure that care leavers are better supported primarily through the provision of better, high quality and cost effective 16yrs+ provision.

We will ensure that semi-independent provision for looked after children moving to independence (16yrs plus provision) is commissioned more effectively to provide a high quality level of provision within the identified budgets.

4.2.6 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.

The transformational changes that are required, need a workforce with the skills and abilities linked to our priorities and our work-streams. We need to invest in such training to both improve the quality of the work and to help us achieve the outcomes we have identified.

- 4.2.7 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.

This new operating model is set out in more detail in the OBC and the link is made with the need for a different set of behaviours or culture to be introduced across the department.

- 4.3 To support this ambitious programme of transformational change, the department is asking for a one- off investment of £12-15m profiled over a four year period. The approach and the investment proposal are based on a successful model that was used in East Sussex and scaled up to match the size of Norfolk.
- 4.4 The OBC sets out a range target for LAC reduction, the number of in-house foster carers and the move away from over-use of residential care into family based alternatives and links these to a range of possible savings.

5. Financial implications

- 5.1 The attached OBC contains a range of demand trajectories (linked to the financial modelling) which range from a “Do Nothing” scenario which would lead to an unbudgeted £5m pa pressure by 2021/22 through to a range of demand and cost management options which could lead to up to £21m less spend than is being projected. This estimate is primarily based upon expected population growth of under 18s combined with a projection based on LAC numbers between 2012 and the current date.
- 5.2 The high-level financial modelling for alternative trajectories link the creation of a financially sustainable social care model to a four year investment of £12-15m.
- 5.3 The sustainability of the model is critical to ensuring that reductions in LAC numbers and improvements to the mix of placements continue beyond the end of the transformation programme.
- 5.4 The proposal is that this money is held in a central pot which the department would then draw down through a formal Investment Draw Down plan in line with key milestones identified in the project plan. Any proposed deviations from the plan would also need to be presented to the Managing Director and CLT 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 a part year review of the first year of the programme and make decisions about budget release for year 2. This gateway approach will mean that investment monies are only drawn down if they are needed and will allow CLT to review progress.
- 5.5 The investment, matched against the related savings will be profiled over the four years of the programme with higher levels of investment in the initial years matched against cost avoidance and savings in the latter years. Funding for the investment required will be identified during the budget setting process.

- 5.6 The successful business model developed by East Sussex County Council, “Transformation and Thrive”, made a significant difference to their financial forecast through cost avoidance and savings, as well as the outcomes for vulnerable families. Their report on the impact of the implementation of their programme of change was that for each £1m of one-off investment during the programme, they had a return of £1.5m pa.

6. Issues, risk and innovation

- 6.1 The risks of doing nothing are well rehearsed above and are explored in greater detail in the attached OBC.
- 6.2 We know that reducing our looked after children numbers and the costs associated with them is possible. Other local authorities have successfully tackled high LAC numbers, notably Essex, our nominated Improvement Partner. A previous Norfolk LAC reduction policy saw a decrease of 100 looked after children between 2014-16, although this decrease was not sustained. We have analysed the reasons for this (lack of a supported programme approach, the requirement to make savings within that edge of care service, failure to tackle the required cultural changes) and will be tackling those as part of this transformation programme.
- 6.3 There are significant other risks involved in the transformation programme, some of which are reputational, related to previous under-achievement in such programmes and some of which relate to the scale of the aspirations.
- 6.4 The council has recognised that the successful achievement of the 7 corporate priorities is central to the success of its transformational Norfolk Futures programme. As such, all the programmes will receive support from the Strategy and Delivery Unit and it's this approach, combined with a recognition that such changes require a detailed programme management approach backed up by very tight management and tracking at the highest level within the organisation which will provide the higher guarantee of success.

7. Background papers

Demand Management and Prevention Strategy: Children's Services. Matt Dunkley. Director of Children's Services. Appendix 1.
Caring for your County. Report to Policy and Resources Committee. Wendy Thomson. Managing Director. 3 July 2017.

8. Officer contact

If you have any questions about matters contained in this paper please get in touch with:

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