

Appendix 4a MEDIUM TERM FINANCIAL STRATEGY FOR CHILDREN'S SERVICES

Aim of the Medium Term Financial Strategy

Over the next 5 years, we will seek to reduce expenditure on Children's Services by 33% from current levels, while improving the outcomes of local children and families.

To achieve this, we will support fewer children through statutory services, with more families supported by universal services and early help services. In particular, we will have fewer children in care; and more of those children will be supported by foster carers recruited and approved by the council. Most importantly of all, we will have many fewer children in care living in children's homes and other residential provision.

Underpinning Aims

Over 5 years, we will:

- **Reduce the total number of children placed in residential provision (rate per 10k) to national average levels** - a reduction of 66% required
- **Reduce the number of children placed in foster care with independent fostering agencies by 75%** - a reduction of 120 children, based on those children currently placed with in foster homes with IFA carers
- **Reduce the total number of children in care (rate per 10k) to the average of similar authorities** - a reduction of 47% required.
- Reduce the total number of children with child protection plans (rate per 10k) to the average of similar authorities – a reduction of 44% required.
- Reduce the number of section 47 enquiries undertaken (rate per 10k) to the average for similar authorities - a reduction of 30% required.
- Reduce the number of referrals accepted by children's social care (rate per 10k) to the average for similar authorities - a reduction of 31% required.
- Reduce the total number of children aged 0-17 supported by Children's Social Care (rate per 10k) to the average for similar authorities - a reduction of 25% required.
- Reduce the total size of the workforce in line with the reduced number of children open to children's social care.

We will also invest 15% of the savings achieved from the above in preventative services supporting Children and Families.

The underpinning aims are roughly ranked in their order of importance, financially speaking. The aims highlighted in bold have specific activities or projects to support their achievement. Achievement of the other aims will principally be supported through implementation of the new model of practice, together with training and development of staff and tight management and analysis of performance.

The following paper details the specific projects being undertaken to address the main cost drivers, the ones highlighted in bold.

The analysis overleaf explains the logic of the savings achieved by the aims. Figures are indicative, but based on actual cost and spend.

Medium Term Financial Strategy Logic			£ 47,500,000		Total projected spend on Children's Social Care 2020/21				
	# in resi.	# in care	# CPP	# Sec 47	# referrals	# CIN	# IFAs	Staff Cost	
Blackpool number	70	656	361	1147	2789	1908	161		
Source date	01/04/2020	01/04/2020		1/2/20 to 1/5/20	1/2/20 to 1/5/20	01/04/2020	01/04/2020		
Blackpool rate per capita of c&yp	0.002	0.02	0.01	0.04	0.10	0.07	0.01		
Blackpool rate per 10k	24.2	227.0	124.9	396.8	964.9	660.1	55.7		
Blackpool # c&yp 0-17 (mid 2018 estimates)	28,904								
Comparator Rate per 10k	9	119.6	70	278	662	496			
Source	Nat. Ave 2019	SN Ave 2019	SN Ave 2019	SN Ave 2019	SN Ave 2019	SN Ave 2019	SN Ave 2019		
Expected Reduction under MTFS	63%	47%	44%	30%	31%	25%	75%	10%	
Percentage reduction as a number	44	310	159	343	876	474	121		
Unit Cost	£ 130,100	£ 17,677					£ 24,500	£ 11,725,975	
Saving	£ 5,722,631	£ 4,707,770					£ 2,958,375	£ 1,172,598	
Total Annual Saving	£ 14,561,373	31% of the total current spend							
<i>Note 1: Unit Cost Saving for Residential is between an average weekly residential cost (£3,500) and a costly IFA placement (£1,000), annualised</i>									
<i>Note 2: Unit Cost saving for the number of children in care is the annual cost of an in-house foster care placement using new payment rates (skills based)</i>									
<i>Note 3: Unit Cost Saving for IFAs is the difference between current average IFA cost per year (£42,233), adjusted to remove mother & baby IFA placements, which distort the average upwards; and the average for in-house foster carers using the new payment model (£17,667).</i>									
<i>Note 4: Staffing Cost is the 2020/21 Staffing Expected Spend for CSC</i>									
<i>Note 5: No cost saving is attributed to a fall in the number of CP plans, Sec. 47s, Referrals or number of children in need. All savings from these reductions are bundled into savings from staffing costs</i>									

Introduction

Firstly, it needs to be recognised that this analysis of Blackpool's problematic level of expenditure on Children's Services is not new – the drivers have been clearly identified, understood, articulated and modelled before, especially in the work of Finance colleagues.

However, in spite of the clarity of the analysis, the council has struggled to contain cost pressures and fundamentally address the cost drivers, especially, the number of children in care and the number in expensive placements. In fact, perversely, as understanding has increased, so has the size of the problem. Some of the rise is driven by exacerbating external factors, such as increasing demand in the market for placements for children in care, especially residential placements; and consequent unit cost rises. However, a substantial part of the rise stems from a long term inability to consistently address and remedy the drivers of rising cost. In short, while the council has been clear about the reasons for rising cost it has been unable to satisfactorily address those causes.

Secondly, a lot of the building blocks of an effective MTFP are already in place. This paper (and the focus of the detailed appendices) mainly covers the additional projects and initiatives that are proposed to tangibly affect and reduce the key cost drivers (numbers of children in residential placements, number of children in independent fostering agency (IFA) foster homes and the number of children in care). But these proposals should not be seen in isolation: they necessarily sit on top of what has already been put in place.

Building Blocks already in place

1. The most important recent change that should affect the MTFP is the implementation of the new approach to social work practice, 'Blackpool Rocks', which seeks to change the way that local services operate: building relationships with local families and children and adopting a more positive strength-based approach. Local professionals are being trained in this approach and the recording system is being amended to support the new approach to practice. In addition, social work managers have received training from Partner in Practice colleagues from Stockport, which is designed to support social workers in working in the new manner.
2. Tighter oversight of care planning in the Care Planning Senior Officer Panel; and greater senior oversight of children at critical periods in their care planning, especially those on the cusp of entering care (in Public Law Outline pre-proceedings); and those that have just entered care, either on a section 20 agreement, or on an Interim Care Order.
3. Closer working relationships with partner agencies, through the overarching Children's Partnership Board; but also through joint training, discussion and working with partners at critical parts of the children's social care system, such as Child Protection Enquiries, Conferences and Reviews; and in the Multi-Agency Safeguarding Hub (MASH), Awaken and other partnership teams.
4. Creation of a Family Group Conferencing Team, working with extended family groups to develop robust family plans for caring for children, chiefly as a tool for preventing entry into care, but also as a means of stepping down children and young people from care.

In the list of projects and activities that follows, it is important to consider the inter-relationship and dependency of the initiatives. For maximum transformative effect, Blackpool needs to move forward on all fronts simultaneously.

The Logic for the Proposals

Since the main source of cost pressure is from the placements of children in the council's care, action in the short and medium term needs to be focused on this area. It is both the most volatile area of expenditure and the area where a coherent strategy can have greatest impact in the medium term.

The overall *demand* for placements will be mainly addressed by the long term strategy and processes outlined above, together with the revised Edge of Care service approved recently by CLT. The *supply* of placements, the *local market* for placements and most importantly our *care planning* for children in care, especially those in residential placements are all more likely to be affected by a different approach.

Broadly speaking, there are five component parts to the medium term strategy – all intended to reduce the numbers entering care, expedite children leaving care; or step down children and young people in care from the more expensive/most expensive types of provision:

1. A comprehensive review and transformation of the fostering service and payments to carers (Fostering Business Case is Appendix B)
2. Development of an therapeutic children's home with outreach support and Specialist Foster Carer Recruitment to support step-down from residential placements. This will need to be procured from a private sector provider, given the urgent need to reduce spend in this area and the absence of specific skills and experience within the council.

It is these two that aspects require additional investment

3. A revised 'Edge of Care' Service, to reduce the number of children entering care.
4. Continued application of the Dartington Service Design Lab methodology, building on the work already undertaken by Innovate Project Team, Legal Services and Supporting Our Children teams, seeking to mainstream the work, with support from the Corporate Delivery Unit.
5. Developing a semi-independent offer building on the Positive Transitions model that is currently working well, but directed at children in care, esp. those in residential placement.

In addition, there are a large number of supporting initiatives currently being undertaken to reshape the local market for placements and Blackpool's relationship to that market, most importantly:

- Proactive engagement with the local Independent Fostering Agency market through direct work with key local providers; and work with Lancashire County Council, Blackburn with Darwen and Cumbria on how we can more effectively, jointly contract for more complex, hard to find care through jointly contracting for placements, such as large sibling groups, early adolescents and children with complex needs. (revised Commissioning Strategy in Appendix C)
- Shaping the local residential children's home market, trying to ensure more of the local capacity, of which there is plenty, is available to Blackpool children and young people, rather than children from further away.
 - Blackpool has 70 Ofsted registered 'children's home' beds in the town (24 children's homes, owned by 7 providers). All 7 providers are being approached to talk about how we can have a relationship of "Blackpool first" for their placements. This will include the possibility of paying to keep beds free when we have a child that is likely to imminently need a home in such specialist provision.

MODELLING IMPACT TO INFORM FINANCIAL PLANNING

It is extremely difficult to model the impact of all of the proposed initiatives listed above, as they all are closely linked. To a large extent the conclusions of the modelling reflects the assumed effectiveness of the strategies and/or the ineffectiveness of previous strategies.

However, with these limitations in mind, we have developed three broad scenarios:

1. Modelling through the impact of doing nothing, i.e. assuming that the long term net annual increase in children in care continues and the local authority is no more effective than in the past 5 years in either meeting placement needs from in-house provision, exiting children from care expeditiously, or preventing their entry in the first place.
2. Modelling the likely impact of currently agreed projects/initiatives.
3. Modelling the likely cost-benefit/impact of additional proposed projects/initiatives in addition to those already in place, namely:
 - a. Therapeutic children's home/Specialist Foster Care Step-Down from residential provision
 - b. Fostering Service Transformation.

Model 1 – Nothing Changes and the next five years follow the same trajectory as the last 5 years.

This is most simply modelled through looking at the average entry into care for the past 5 years (2015 to 2019), the average rate of exit and the increase in the use of higher cost placements (IFAs and residential provision).

Using this methodology (more detail is available in Appendix A), suggests an increase in spend over the next 5 years as below. The analysis also suggests that there would be over 830 children in care by the end of the period.

Total estimated spend for 2020/21 (000s)	£ 47,500					
Additional Pressure from (all 000s)		Year 1	Year 2	Year 3	Year 4	Year 5
Residential provision		£ 1,040	£ 2,080	£ 3,120	£ 4,160	£ 5,200
Independent Fostering Agency Placements		£ 1,248	£ 2,496	£ 3,744	£ 4,992	£ 6,240
Numbers in Care		£ 87	£ 87	£ 87	£ 87	£ 87
Total Pressure		£ 2,375	£ 4,663	£ 6,951	£ 9,239	£ 11,527
Total estimated spend (000s)		£ 49,875	£ 52,163	£ 54,451	£ 56,739	£ 59,027

Alternatively, using the model developed to look at the impact of proposed changes and projects outlined below, the increase in spend is less, but the rise in the number of care is even higher (870+)

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Pressure	7,987	9,861	9,739	10,272	12,864
Total Projected Spend	48,487	50,361	50,239	50,772	53,364
				<i>all figures in '000s</i>	

In sum, while the headline figure differs depending on the complexity of the methodology used, both models show a substantial increase on what is already a significantly overspending budget.

Model 2 – Models the impact of currently agreed initiatives and makes assumption about their effectiveness and reach (these assumptions are outlined in more detail in the attached Appendix A)

Using a tougher average baseline for net entry into care based on the past 4 and a half years (2016 to end of May 2020), which gives a net increase of slightly less than 50 children a year, but applying

assumptions around the effectiveness of key activities that are either on-going, or are planned and do not require additional investment.

Key activities include:

- Changed approach to practice (Blackpool Rocks),
- Repeated 'Dartington Service Lab' review of cases;
- Revised Targeted Prevention ('Edge of Care') service
- Improved management of the Fostering Service, but no change in rates
- Regional Adoption Agency functioning effectively and widening the number of possible adopters.

This gives a summary trajectory as below, which sees steady projected spend for the first two years, at £47m before falling to £41m by the end of year 5 – still £0.5m above the budgeted spend for 2020/21.

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Pressure	£ 6,893	£ 6,189	£ 3,165	£ 849	£ 513
Total Projected Spend	£ 47,393	£ 46,689	£ 43,665	£ 41,349	£ 41,013
				<i>all figures in '000s</i>	

Of course, one can amend the assumptions to be more or less optimistic, the assumptions used are based on 50% effectiveness in the key activities. The modelling suggests that the two most important planned initiatives are the Edge of Care Service and the repeated identification and targeted work to achieve exit from care (Dartington). This is because of the reach of the two activities and because they address cost drivers at source (entry into care and exit from care).

The biggest driver for savings is from stemming entry into residential provision through better work preventing entry into care (the revised 'edge of care' offer). If entry into residential provision can be more effectively limited, then the age profile of those currently within the provision will lead to a natural decline in the total number (as has been modelled in the past by colleagues in Finance). A further issue worth considering here is that 10 young people currently in residential provision entered care in the past 12 months. So there is more of a connection between entry into care and residential numbers than one might initially assume. This means that it is crucial to both avoid entry and to have effective alternatives to residential provision for older children who do enter care, which is one of the reasons why the additional investment in the council's fostering service and a change in the relationship with external, private-sector fostering agencies is potentially so important.

The financial modelling only considers the projected spend on children in foster care and residential provision. It does not consider spend on children in care in other types of provision, which is assumed to remain steady throughout the period, nor does it consider any wider changes on staffing numbers.

It is likely that success in the key activities above will have other impacts, such as lower numbers of children in care, a lower number of children in other placements (not fostering or residential); a lower total number of children open to children's services; and hence a lower number of workers required. Looking at recent trends and the pattern of current placement, it is likely that the next five years will also see more children placed in supported accommodation (often as a step-down from residential provision at 16 years old); more children in adoptive placements (and more expenditure on those placements); but fewer older children in care; and children in care for less time and leaving at a younger age.

The overarching message from the modelling is that, on the basis of the current and planned activity, the likely case scenario is that spend will be contained over the period of time at about £0.5m above

the 2020/21 budget, but with very significant overspends projected particularly in years 1 and 2. The overall number of children in care would fall markedly (down to 422 at the end of the period).

Model 3 – Models the impact of currently agreed initiatives, as per model 2, and the cost-benefit impact of additional projects (more detail in Appendix A)

The model builds on model 2, but with the addition of two further projects designed to affect critical cost drivers at source: numbers in of children in residential care; or foster homes purchased by the local authority from Independent Fostering Agencies. As noted earlier, the council has seen growth of the number of children in residential care over the past 5 years (+50%); and rapid growth in the number in IFA placements over the past year (+60%).

The model:

- Apportions net growth of children in care across ‘foster care’ and ‘other’ placements, based on where children are likely to be placed (mainly foster care), as per model 2 above; but
- Changes the apportionment of this net growth between internal and external fostering to reflect the rebalancing over the next 5 years towards internal fostering and away from external fostering.
- For those currently in external fostering placements, it is assumed that movement out of those homes is most likely to occur at placement breakdown, or because a child leaves through age. We will not generally be seeking to move children from settled placements.
- Analysis of IFA placements between March 2019 and March 2020, shows 20% of those in an IFA placement in March 2019, moved to a different fostering or home environment placement during the following year. The model uses this figure (20%) to define the group where there is the possibility of a movement in any one particular year. The age profile of children in IFA placements is also used as a predictor of likely movement out of these placements.
- The model uses the costs outlined in the Fostering Business Case, regarding the investment required in the service and the rates paid to foster carers; and the cost of a therapeutic children’s homes/Specialist Foster Carer two-year project proposal.
- The model assumes 50% effectiveness in the therapeutic children’s home/Specialist Foster carer proposal; and assumes that the council is able to recruit and retain foster carers.

This model gives a summary trajectory of spend as below:

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Pressure	8,173	6,081	(495)	(4,726)	(6,793)
Total Projected Spend	48,673	46,581	40,005	35,774	33,707
				<i>all figures in '000s</i>	

As might be expected, the model shows that the proposals, by addressing critical cost drivers directly, cause projected spend to fall sooner; and, by changing the balance of fostering provision, achieve greater longer-term savings. In short, if successful, they will more than pay for the additional investment required. Moreover, detailed modelling of the therapeutic children’s home and specialist foster carer proposal indicates that it only has to be successful with a third of children in the project to be financially self-sustaining. Finally, the overall number of children in care is projected to fall to just over 400 (407).

A Final Note

Delivery of the savings described in the paper is critical to the sustainability of the council and can only be achieved through a cross-council effort. While many aspects of delivery squarely lie with children’s services and social work professionals and managers, experience shows that the degree of change required will need extensive support from other officers with complementary skills, especially colleagues in finance, legal services and the corporate delivery unit. A cross-council project team working cohesively on the major projects listed in the paper and reporting to a senior officer in

Children's Services, will be essential to maintaining momentum and achieving the scale of change required. Given its centrality to the council's budget planning, there also needs to be regular progress reports to CLT, both overall, but also for the critical individual component projects. This is a very significant transformational programme and needs to be managed as such.