

CHILDREN'S COMMISSIONING COMMITTEE (CCC)

AGENDA ITEM NO:

Item for: Decision/**Assurance**/Information (Please underline and bold)

11th November 2020 (Date of Meeting)

| | |
|--|--|
| Report of: | Chief Accountable Officer |
| Date of Paper: | 30 th October 2020 |
| Subject: | Finance Report |
| In case of query Please contact: | David Warhurst, Interim Chief Finance Officer |
| Strategic Priorities: | Please tick which strategic priorities the paper relates to: |
| <input type="checkbox"/> | Quality, Safety, Innovation and Research |
| <input type="checkbox"/> | Integrated Community Care Services (Adult Services) |
| <input checked="" type="checkbox"/> | Children's and Maternity Services |
| <input type="checkbox"/> | Primary Care |
| <input checked="" type="checkbox"/> | Enabling Transformation |
| Purpose of Paper: | |
| <p>The purpose of this paper is to provide the Children's Commissioning Committee with:</p> <ul style="list-style-type: none"> • An update on the 2020/21 financial performance of the Integrated Fund for Children services (Section 2) • An update on the projected future performance of the Integrated Fund for Children's services beyond September 2020 (Section 3&4). | |

Further explanatory information required

| | |
|--|------|
| <p>HOW WILL THIS BENEFIT THE HEALTH AND WELL BEING OF SALFORD RESIDENTS OR THE CLINICAL COMMISSIONING GROUP?</p> | |
| <p>WHAT RISKS MAY ARISE AS A RESULT OF THIS PAPER? HOW CAN THEY BE MITIGATED?</p> | |
| <p>WHAT EQUALITY-RELATED RISKS MAY ARISE AS A RESULT OF THIS PAPER? HOW WILL THESE BE MITIGATED?</p> | |
| <p>DOES THIS PAPER HELP ADDRESS ANY EXISTING HIGH RISKS FACING THE ORGANISATION? IF SO WHAT ARE THEY AND HOW DOES THIS PAPER REDUCE THEM?</p> | |
| <p>PLEASE DESCRIBE ANY POSSIBLE CONFLICTS OF INTEREST ASSOCIATED WITH THIS PAPER.</p> | |
| <p>PLEASE IDENTIFY ANY CURRENT SERVICES OR ROLES THAT MAY BE AFFECTED BY ISSUES WITHIN THIS PAPER:</p> | NONE |

Footnote:

Members of Adults Commissioning Committee will read all papers thoroughly. Once papers are distributed no amendments are possible.

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|-----------------------------|
| Document Development |
|-----------------------------|

| Process | Yes | No | Not Applicable | Comments and Date (i.e. presentation, verbal, actual report) | Outcome |
|---|-----|----|-------------------|---|---------|
| Public Engagement (Please detail the method i.e. survey, event, consultation) | | ✓ | | | |
| Clinical Engagement (Please detail the method i.e. survey, event, consultation) | | ✓ | | | |
| Has 'due regard' been given to Social Value and the impacts on the Salford socially, economically and environmentally? | | | | | |
| Has 'due regard' been given to Equality Analysis (EA) of any adverse impacts? (Please detail outcomes, including risks and how these will be managed) | | ✓ | | | |
| Legal Advice Sought | | ✓ | | | |
| Presented to any informal groups or committees (including partnership groups) for engagement or other formal governance groups for comments / approval? (Please specify in comments) | ✓ | | | | |

Note: Please ensure that it is clear in the comments and date column how and when particular stakeholders were involved in this work and ensure there is clarity in the outcome column showing what the key message or decision was from that group and whether amendments were requested about a particular part of the work.

Children's Commissioning Committee (CCC) Finance Report – 11th November 2020

1. Executive Summary

This finance report provides the Children's Commissioning Committee (CCC) with an in-year update in relation to the financial performance of the children's element of the Integrated Fund at month 6 (September) 2020/21.

At month 6, the children's element of the Integrated Fund (IF) is currently showing an overspend of £1.3m.

Section 2 highlights the main areas of over and under performance within the Fund against the approved IF plan for 2020/21. The key areas that resulted in the outturn are highlighted below:

- **Looked After Children £3.0m overspend** - £2.0m of this overspend relates to out of area placements. The other areas to note are Independent Fostering Arrangements £0.5 and Residential care £0.3m.
- **Committed Developments £3.3m underspend** – This predominantly relates to the release of the contingency (£5m full year) that was set aside to offset the pressure on looked after children.
- **Committed Developments** - The nationally calculated block contracts resulted in overspends on Children's, offset by services underspends on Adults. Consequently a further £0.7m has been transferred to September 2020 bring the total transferred to £2.1m. The Adult's position post the transaction is materially balanced.

Section 3 gives an indication of the likely spend related to the children's IF for the remainder of 2020/21 and whether the plan can be afforded for the rest of the year based on the latest funding allocations received.

Section 4 highlights the key risks and next steps for the remainder of 2020/21 that are related to the children's IF in delivering a balanced children's IF position for 2020/21 and possible future years considerations.

CCC is asked to note the in-year position for the children's integrated fund for 2020/21 and the risks identified affecting the children's integrated fund presently and in the future.

2. 2020/21 In Year Monitoring

- 2.1 This latest finance report provides the Children's Commissioning Committee (CCC) with the in-year position up to September 2020 of the Children's element of the Integrated Fund for the financial year (2020/21). The appendices contain a lot of detail and are appended to give members a more thorough understanding of the scope of the Children's Integrated Fund. There are explanatory notes included in the appendices which hopefully explain the key messages contained within them.
- 2.2 This finance report is based on September 2020 CCG and local authority information available at the time of writing the report. A detailed analysis of the key children's services within the Children's Integrated Fund is shown in Appendices One to Four. The Service and Finance Group (SFG) have scrutinised the position and agreed to the key messages.
- 2.4 The in-year position of children's services is an over performance of £1.3m to September 2020 the movement of £0.4m is in line with expectations from the July 2020 position, as shown in Table 1 below.

Table 1: 2020/21 Financial Summary

| | 2020/21 Monitoring | | | Previous Reported | | Notes |
|---|--------------------|----------------|-----------------|-------------------|----------------------|------------|
| | YTD Budget | YTD Actual | YTD Variance | Variance to CCC | Movement in Variance | |
| | £000s | £000s | £000s | £000s | £000s | |
| TOTAL FUNDING | £63,596 | £63,596 | - | - | - | |
| Safeguarding | £176 | £170 | (£6) | £6 | (£12) | |
| Looked After Children | £11,387 | £14,324 | £2,937 | £2,753 | £184 | Appendix 1 |
| Localities | £4,468 | £4,702 | £233 | £185 | £48 | Appendix 2 |
| Complex Needs SEN | £2,607 | £2,876 | £269 | £218 | £50 | |
| Partnerships | £1,845 | £1,933 | £88 | £63 | £25 | |
| Asset Management & Delivery | £522 | £503 | (£19) | (£0) | (£19) | |
| Transforming Learning | £1,128 | £1,113 | (£15) | (£16) | £1 | |
| Early Years (Early Intervention/Starting Life Well) | - | - | - | - | - | |
| Skills & Work / Careers | £730 | £730 | - | - | - | |
| Helping Families | £642 | £642 | - | - | - | |
| Resources & Investment | £3,347 | £3,312 | (£36) | (£52) | £17 | |
| Children's Administration | £694 | £700 | £7 | (£1) | £8 | |
| Specific Grants | £8,906 | £8,906 | - | - | - | |
| PH Looked After Children (next steps post) | £11 | £11 | - | - | - | |
| PH 0-19 Services | £2,635 | £2,635 | - | - | - | |
| Home Safety | £15 | £15 | - | - | - | |
| Early Years | £594 | £594 | - | - | - | |
| Youth Service | £175 | £175 | - | - | - | |
| Placements/Non Contracted Activity | £402 | £415 | £13 | £0 | £13 | |
| Community Services | £4,689 | £4,642 | (£47) | (£32) | (£16) | |
| Acute Services | £13,186 | £14,334 | £1,148 | £1,098 | £50 | |
| TOTAL - Integrated Fund | £58,159 | £62,731 | £4,572 | £4,222 | £350 | |
| TOTAL - Aligned | £651 | £651 | - | (£333) | £333 | |
| TOTAL - Committed Developments | £4,786 | £1,464 | (£3,322) | (£3,057) | (£265) | |
| TOTAL EXPENDITURE | £63,596 | £64,846 | £1,250 | £832 | £418 | |
| Over/(Under) Spend | - | £1,250 | £1,250 | £832 | £418 | |

- 2.5 **Looked After Children** – Compared to planned 2020/21 levels to September 2020 there is an overspend of £2.9m on this area. £2.0m of the over spend relates to out of area placements. The cost pressures in these areas have been exacerbated by the impact of Covid-19, for which the estimated cost impact has currently been included against the committed developments budget line within the fund. Appendix 1 gives a breakdown of the other services in the Looked after Children category.

Partners are working to quantify the immediate impact on expenditure and funding as a result of Covid-19, whilst also trying to model the financial impact of how services will continue to be delivered as part of planning for recovery.

- 2.6 **Contingency** - As part of the approved plan a contingency of £5m full year was set to reduce the 2019/20 financial pressure (£7.5m) within children’s services. The expectation is that the children’s best value transformation, such as Route 29, would offset the remaining pressure from 2019/20.
- 2.7 **Committed Developments** - £2.1m of funding has been transferred between Adults’ and Children’s services. NHSE mandated that commissioners pay providers on a block contract basis, initially until the end of July, since extended to the end of September. These block prices were calculated predicated on expenditure to Month 9 in 2019/20, including uplift for growth. Therefore, these calculations are significantly different from those expected through locally commissioned contract values. As an example, one off 2019/20 critical care costs are in the nationally calculated contract, whereas these wouldn’t have been in local plans.

This resulted in an under spend within Children’s offset by an over spend within Adults, conveyed primarily in the Acute lines in table 1. As these changes were not linked to service provision, it was necessary to transfer an appropriate level of funding. It should be noted this transfer covers M1-6 and the expectation is this will also be required for the remainder of the financial year.

3. Remainder of 2020/21 (M7-12)

- 3.1 The below table reflects the funding changes that have been imposed on the Children’s IF, these have previously been included within reports to CCC. This reflects the new annual combined funding available to the Children’s IF for 2020/21.

Table 2: 2020/21 Income Adjustment

| Description | Value £m |
|---|-----------------|
| Children's 2020/21 Income Pre-COVID | £122.982 |
| Add: Children's IF Transfer | £2.610 |
| Add: PH Grant Uplift | £0.449 |
| Children's 2020/21 Income Revised | £126.041 |
| Add: Estimated Pressure | £2.560 |
| Children's 2020/21 FOT Expenditure | £128.601 |

- 3.2 Due to the split of acute spend between children’s and adults services £2.6m has been transferred between the 2 funds to cover the cost transference that has occurred. This also includes the £0.4m uplift in the public health grant for 2020/21.
- 3.3 This identifies that a £2.6m pressure remains for children’s services when funding is compared to expected spend for 2020/21. This needs to be considered against the below table showing the proposed forecast of 2020/21.

Table 3: 2020/21 Financial Forecast

| | 2020/21 Monitoring | | |
|---|--------------------|-----------------|-----------------|
| | Annual Budget | Forecast | Annual variance |
| | £000s | £000s | £000s |
| TOTAL FUNDING | £126,041 | £126,041 | - |
| Safeguarding | £351 | £339 | (£12) |
| Looked After Children | £22,775 | £29,148 | £6,374 |
| Localities | £8,936 | £9,403 | £467 |
| Complex Needs SEN | £5,215 | £5,752 | £537 |
| Partnerships | £3,690 | £3,866 | £177 |
| Asset Management & Delivery | £1,043 | £1,005 | (£38) |
| Transforming Learning | £2,256 | £2,226 | (£30) |
| Early Years (Early Intervention/Starting Life Well) | - | - | - |
| Skills & Work / Careers | £1,460 | £1,460 | - |
| Helping Families | £1,284 | £1,284 | - |
| Resources & Investment | £6,694 | £6,623 | (£71) |
| Children's Administration | £1,387 | £1,401 | £13 |
| Specific Grants | £17,812 | £17,812 | - |
| PH Looked After Children (next steps post) | £21 | £21 | - |
| PH 0-19 Services | £5,270 | £5,270 | - |
| Home Safety | £30 | £30 | - |
| Early Years | £1,188 | £1,188 | - |
| Youth Service | £799 | £799 | - |
| Placements/Non Contracted Activity | £804 | £769 | (£36) |
| Community Services | £9,281 | £9,283 | £2 |
| Acute Services | £28,616 | £28,643 | £27 |
| TOTAL - Integrated Fund | £118,914 | £126,324 | £7,411 |
| TOTAL - Aligned | £1,303 | £1,303 | - |
| TOTAL - Committed Developments | £5,825 | £974 | (£4,851) |
| TOTAL EXPENDITURE | £126,041 | £128,601 | £2,560 |
| Over/(Under) Spend | - | £2,560 | £2,560 |

- 3.3.1 **Opening budget** – Children's started 2020/21 with a balanced position but this was subject to the previous overspend of £7.5m being accounted for in the £5.0m contingency and the children's best value (BOND) delivering £2.5m in cost reductions through the year. The current forecast assumes that the £2.5m cost reduction won't be achieved in 2020/21 as such giving a risk adverse position.
- 3.3.2 **Investments** – Committed developments is mostly the contingency set at the start of the year. However this also includes some small investments planned for the remainder of 2020/21 that aren't related to the children's best value (BOND). These can be found in appendix 3.
- 3.3.3 **Level of risk** – The above is predicated on 31% of the proposed spend being on block payments for the rest of the year. The risk to this position sits with the services that are directly delivered by the council.

4. Key Risks/Updates

- 4.1 The £2.6m over performance is predicated on the children's best value (BOND) programme not delivering the required saving through 2020/21. However this may still deliver some savings as a risk adverse position has been reported to September 2020.
- 4.2 From October 2020 there will little access to national funding in order to cover any COVID-19 costs. Up to September 2020 these costs have been managed outside current funding arrangements due to national funding, however as there is a shortfall in funding for COVID-19 costs going forward, this may become a cost pressure for the fund and there is no contingency within the plan to cover these costs as it stands
- 4.3 Consideration also needs to be given to the wider impact of COVID-19 on the health needs of Salford residents given referrals into services have reduced and will mean that waiting lists will no doubt increase in the future as we overcome the pandemic.
- 4.4 Looking to future years allocations the CCG are expecting this to be available in January 2021 and the Council spending review should be available around the same time. Updates will be provided to CCC once they are available.
- 4.5 It is worth noting that the grants the council received were rolled over for 2020/21 and at present it is unknown if any of these will continue beyond 2020/21 given they were set to end in March 2020.

5. Recommendations

- 5.1 The Children's Commissioning Committee (CCC) is asked to:
- Note the in-year position of the children's services within the Integrated Fund for 2020/21.
 - Note the risks and next steps for children's services for the rest of 2020/21.

David Warhurst
Interim Chief Finance Officer, Salford CCG
3rd November 2020

Appendix 1 – Looked After Children 2020/21

| Description | 2020/21 Monitoring | | | Previous | |
|------------------------------------|--------------------|----------------|---------------|--------------------------|----------------------|
| | YTD Budget | YTD Actual | YTD Variance | Reported Variance to CCC | Movement in Variance |
| | £000s | £000s | £000s | £000s | £000s |
| Looked After Children Team | £794 | £903 | £109 | £69 | £40 |
| Family Placement | £430 | £431 | £1 | £3 | (£2) |
| Independent Foster Agency | £1,224 | £1,057 | (£167) | - | (£167) |
| Outside Placements | £2,072 | £4,064 | £1,992 | £2,056 | (£63) |
| Adoption | £239 | £381 | £142 | £84 | £58 |
| Fostering | £3,858 | £4,368 | £509 | £318 | £192 |
| Next Steps - Care Leavers | £1,147 | £1,144 | (£3) | - | (£3) |
| Residential | £1,623 | £1,976 | £354 | £224 | £129 |
| Total Looked After Children | £11,387 | £14,324 | £2,937 | £2,753 | £184 |

Notes on this Appendix:

This appendix shows all of the Looked after Children services that are managed directly by Salford City Council.

The in-year position shows a £2.9m overspend to September 2020. This is predominantly due to outside placements already showing a £2.0m over spend to September 2020. This has increased at the same level as we saw to July 2020 with costs reducing slightly on the July 2020 position. Other areas of note are Fostering at £0.5m over spend and Residential at £0.3m over spend. These areas have continued at July 2020 levels of spend with Fostering being slightly higher to September than July 2020.

This is the biggest area of financial risk for the Children's Integrated Fund. The impact of the "Route 29" scheme should be within the position but this should have a positive impact on improving the position through the rest of the year. A separate update to this committee is provided on progress of this scheme.

Appendix 2 – Localities 2020/21

| Description | 2020/21 Monitoring | | | Previous | |
|--|--------------------|---------------|--------------|--------------------------|----------------------|
| | YTD Budget | YTD Actual | YTD Variance | Reported Variance to CCC | Movement in Variance |
| | £000s | £000s | £000s | £000s | £000s |
| Protect Team (Complex Safeguarding Hub) | £157 | £157 | - | £5 | (£5) |
| Outreach Service | £529 | £506 | (£23) | (£13) | (£11) |
| Multi Agency Safeguarding Hub (The Bridge) | £274 | £267 | (£7) | - | (£7) |
| Referral Initial Assessment team | £778 | £813 | £35 | £6 | £29 |
| Child Protection & Planning | £1,625 | £1,884 | £259 | £180 | £79 |
| Emergency Duty Team | £188 | £189 | £2 | - | £2 |
| Other Child Protection | (£65) | (£66) | (£1) | (£3) | £2 |
| Children with Disability | £552 | £548 | (£4) | £1 | (£5) |
| Locality Team North | £52 | £53 | £1 | £4 | (£3) |
| Locality Team South | £76 | £76 | (£0) | £8 | (£9) |
| Locality Team West | £83 | £89 | £6 | £10 | (£4) |
| Locality Team Central | £92 | £51 | (£41) | (£30) | (£12) |
| Locality Team General | £85 | £93 | £9 | £11 | (£2) |
| Parenting Team | £42 | £42 | (£0) | £5 | (£5) |
| Total Localities | £4,468 | £4,702 | £233 | £185 | £48 |

Notes on this Appendix:

This appendix shows all of the Localities Services that are managed directly by Salford City Council.

The in-year position shows these services have over spent by £0.2m to September 2020. These services overspent due to increased assessment and child protection costs this is in line with last year's spend. Between July 2020 and September 2020 there has been a clear reduction in the amount spent by locality teams throughout Salford this has resulted in a lower spend since July 2020 to September 2020 in this area.

Appendix 3 – 2020/21 Children’s Investments

| Description | 2020/21 |
|---|---------------------------|
| | Investment Value £000s |
| Contingency - Overspends | £5,000 |
| Total - Pre-commitments | £5,000 |
| Eating Disorders Pathway (Young People) | £54 |
| SEND Review | £20 |
| Total - Recovery Priorities | £74 |
| Total Committed Developments | £5,074 |

The above table shows the level of investment proposed into children’s for the rest of 2020/21. The £5.0m contingency is still required to offset any potential overspend within children’s services. A small investment for recovery has been requested that doesn’t fall under the current best value (BOND) scheme.