

Meeting: Finance Sub-committee

Date: 21 February 2018

Title: **Looked After Children**

Author: Nik Flavell, Senior Manager

Tel: 0191 643 7219

Service: Children, Young People and Learning

Wards affected: All

1. Introduction

- 1.1 The purpose of this report is to respond to the request of the sub-committee for information in relation to spend, cost pressures and cost avoidance activity regarding Looked After Children.
- 1.2 The report defines what is meant by a Looked After Child. It notes that nationally, the numbers of Looked After Children are the highest since 1985 and that numbers have been subject to year-on-year increase for nearly a decade. This has led one leading expert to claim that there is a 'crisis of care'. Accordingly, the Authority's own numbers, which have remained broadly stable, compare favourably with the national and regional picture.
- 1.3 The report goes on to note that whilst aggregate numbers of Looked After Children impact spend, it is the types of placement in use by the Authority to accommodate Looked After Children that provide the greatest variance in spend.
- 1.4 The report details the range of placements available to Looked After Children and the average full year indicative costs. The change in the use of placement types over the past twelve months by the Authority is then detailed. The data evidences that within a broadly stable Looked After Child population, there has been some significant positive change in placement use. However, the report cautions that within this changing placement profile, not all changes positively impact spend, with some placement changes cost-neutral. In contrast, the report notes that some changes have been significant, notably a rise in the use of Secure Accommodation – the most expensive placement option available to the Authority.
- 1.5 The report then details the forecasted year end net variance with the allocated budget for specific placement types. It notes relatively small in year cost pressures for both Local Authority Foster Care and External Placements budgets. It then details the key cost pressures and the associated activity to address these.

2. Information

Definition of a 'Looked After Child'

- 2.1 A Looked After Child – often referred to as 'LAC' – is a child or young person up to the age of eighteen years old who is in the care of the Local Authority because of the voluntary agreement of a parent (known as 'Section 20' referring to the section of the Children Act 1989 which establishes this arrangement) or because the Local Authority has applied and gained an Order from the Family Court to safeguard a child at risk of significant harm in the care of a parent (known as a 'Care Order').

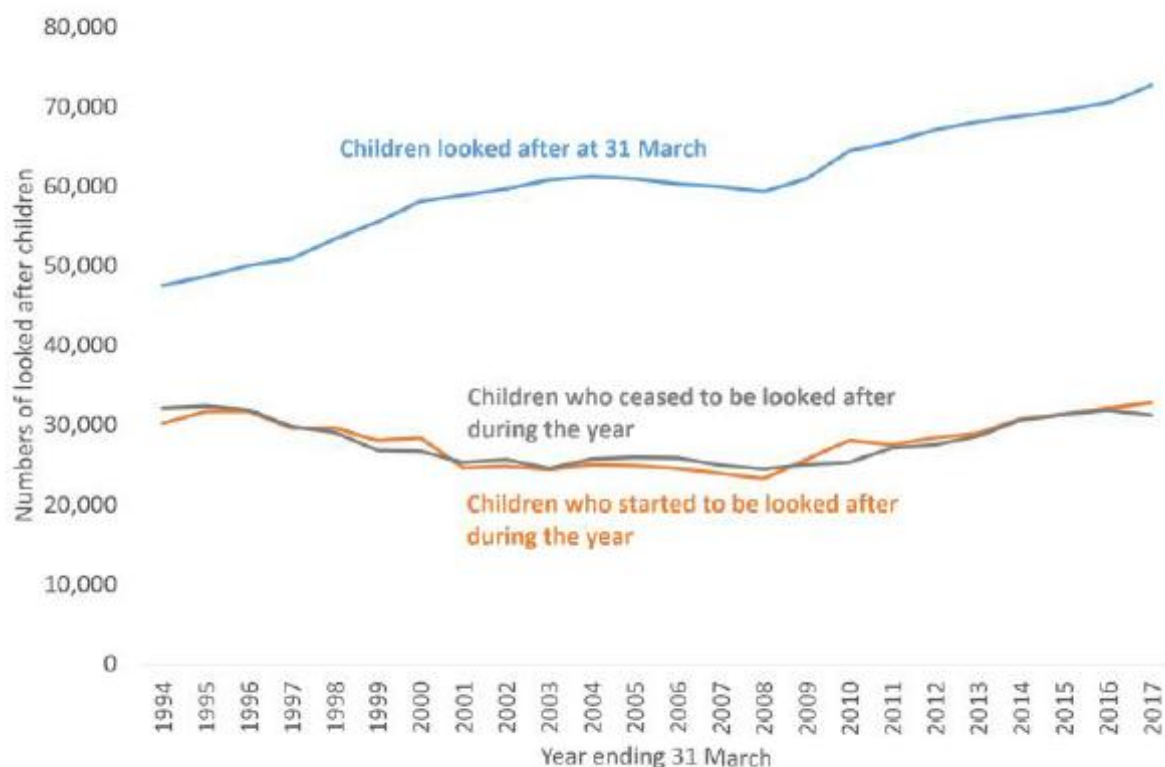
National Context in relation to the numbers of Looked After Children

- 2.2 Nationally, the number of Looked After Children is at its highest since 1985. Sir James Munby, President of the Family Division of the High Court, commented:

"We are facing a crisis and, truth be told, we have no very clear strategy for meeting the crisis."

Numbers have increased steadily over the last nine years. At 31 March 2017 there were 72,670 looked after children, an increase of 3% on 2016. The number of children starting to be looked after in 2016-17 has also risen in recent years and has increased by 2% compared with the previous year. The number of children ceasing to be looked after in 2016-17 has fallen by 2% compared with the previous year.

Table 1: National Trends of Looked After Children since 1994 (source SSDA 903)



- 2.3 In 2017 the numbers of looked after children in England continue to increase. After small rises of 1% each year between 2014 and 2016, the rise in 16/17 was greater at 3%. At 31 March 2017 there were 72,670 looked after children in England, an increase of 2,220 on 2016, and an increase of 4,600 on 2013. At 31 March 2017, 62 children per 10,000 of the population were looked after, up from 60 children per 10,000 in the previous four years.

Table 2: National Percentage increase of Looked After Children since 2013

Year ending 31 March	Number of looked after children	Year on year change	Rate per 10,000 children under 18 years
2013	68,070	.	60
2014	68,820	+1%	60
2015	69,500	+1%	60
2016	70,450	+1%	60
2017	72,670	+3%	62

Source: SSDA 903

- 2.4 The main reason for this increase relates to the increase in the number of children looked after under a care order. 50,470 children were looked after at 31 March 2017 under a care order, up 10% on 45,750 in 2016 and up from a low of 40,070 in 2014, which represents an increase in numbers over the last three years of 26%.
- 2.5 As a consequence, in November 2017 a national review entitled 'Care Crisis Review' was commenced which will report in June 2018. Of note, the Review is intended to *'identify specific changes to local authority and court systems and national and local policies and practices that will help safely stem the increase in the number of care cases coming before the family courts and the number of children in the care system'*. Its work and its findings will be watched with interest.

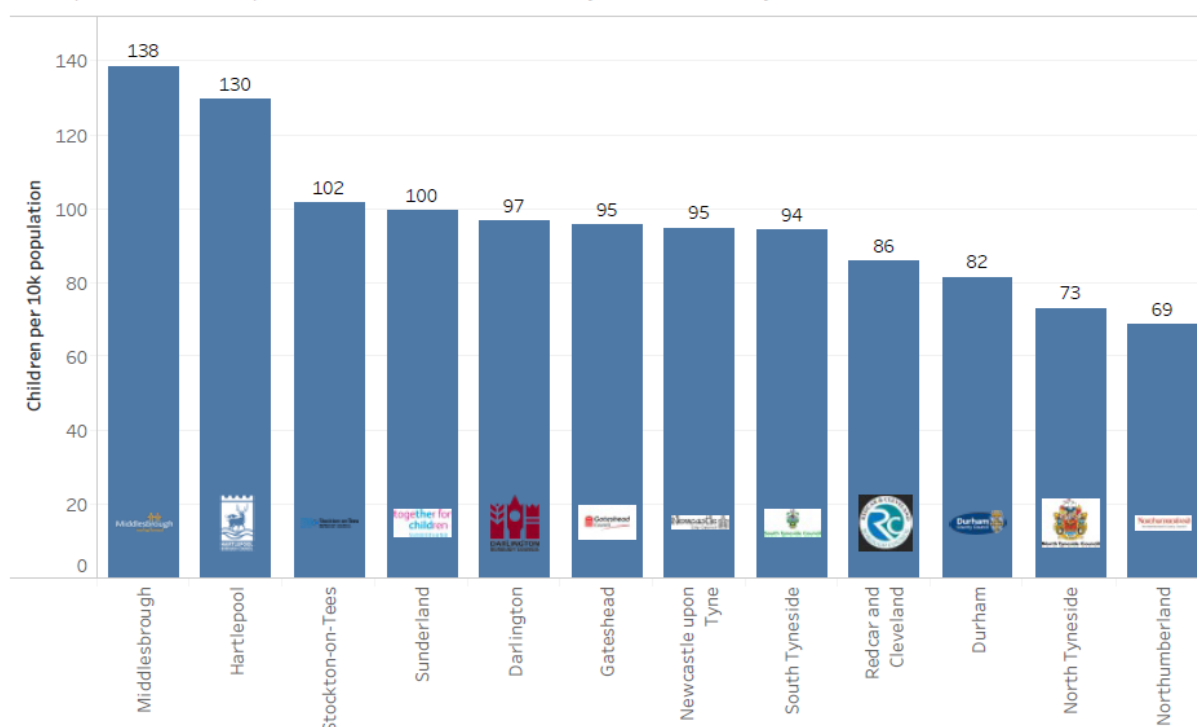
Local Context in relation to the numbers of Looked After Children

- 2.6 Within the North East Region, the Authority has the second lowest use of care for children and young people.

[Table on next Page]

Table 3: Rate per 10k of Looked After Children by North East Local Authority

Rate per 10k Child Population at 31st March 2017 by Local Authority

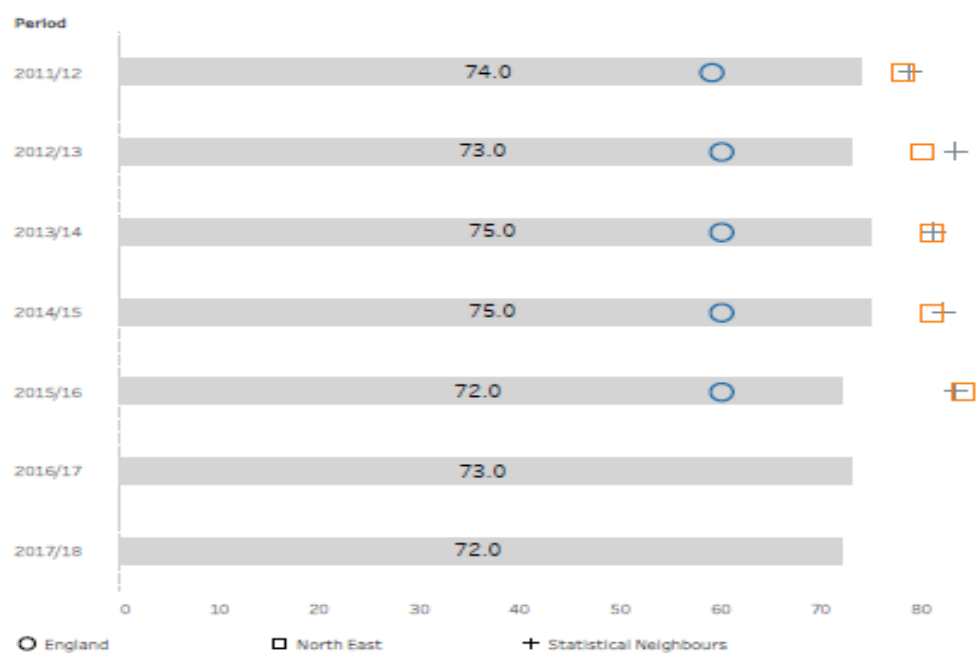


The Authority's use of care has been relatively stable for a number of years, delining slightly since 2014/15. This compares favourably with national, regional and statistical neighbours.

Table 4: Comparative Performance of North Tyneside Council

Annual Outturns for Performance Indicator against Comparator Groups

Shows North Tyneside against England, North East Average, and Statistical Neighbours where the data has been published



Focus on Looked After Children in North Tyneside

- 2.7 At the time of writing (12 February 2018) there were 292 children and young people Looked After. Mapping monthly trend data over the past twelve months evidences some minor variation but overall stability in the use of care.

Table 5: 12 Months Use of Care by Number

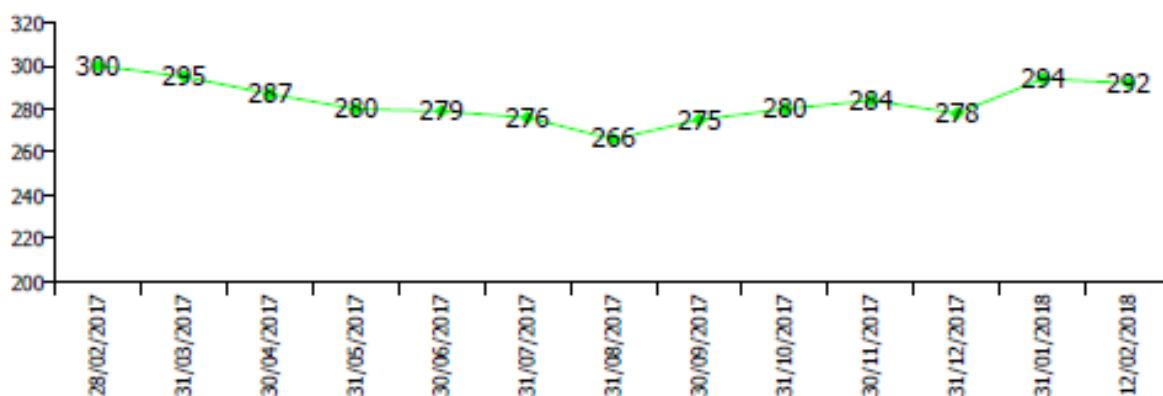


Table 6: 12 Months Use of Care by Number and per 10,000

Looked After at Date	Children	Rate per 10k
28/02/2017	300	74.1
31/03/2017	295	72.9
30/04/2017	287	70.9
31/05/2017	280	69.2
30/06/2017	279	68.9
31/07/2017	276	68.2
31/08/2017	266	65.7
30/09/2017	275	67.9
31/10/2017	280	69.2
30/11/2017	284	70.2
31/12/2017	278	68.7
31/01/2018	294	72.6
12/02/2018	292	72.1

Type of Placements in use for Looked After Children

- 2.8 A Looked After Child must live in a 'placement'. A 'placement' is an approved setting which has been determined to meet the needs of a vulnerable child who requires care by the Local Authority. There are a range of placements with very different offers. Placements are selected to best meet the specific needs of a particular child or young person. These include:

- The home of a Local Authority Foster Carer
- In the home of an Independent Fostering Agency (IFA) Foster Carer
- The home of an approved person connected to the child or young person (Connected Person Foster Care)
- At home with their parents under the supervision of social services
- The home of their adoptive family
- The home of approved adopters waiting for a court decision that the child can be adopted (Fostering to Adopt)
- In a Local Authority Children's Home
- In an independent Residential Children's Home
- In Local Authority Supported Accommodation
- In independent supported accommodation
- In a Young Offenders Institution on remand
- In a Residential School Setting
- In a Secure Unit
- Where a child or young person lives at home some of the time and in a residential home some of the time and does so at the residential home for more than seventy five nights.

Because the offer of placements differs, so do the costs associated with different placements.

Placement Use by the Authority and Implications on Spend

- 2.9 Whilst the aggregate numbers of children and young people Looked After impact spend, it is the use of placement types that accounts for most variation in spend.

Table 7: Placement Indicative Average Full Year Costs

Placement Type	Average Full Year Cost per LAC
Placed for Adoption	£0.00
IFA Foster Care	£40,650
Connected Person FC	£15,914
LA Foster Care	£15,914
Placed With Parents	£0.00
Supported Accommodation	£70,507
LA Childrens Home	£106,672
Independent C. Home	£166,795
Secure Unit	£312,000
YOI	£0.00

- 2.10 Data evidences that within a broadly stable Looked After Child population, there has been some significant positive change in placement use over the past twelve months.

Table 8: Placement Variation between February 2017 and February 2018

Placement Type	Feb 2017		Feb 2018		Variation	Direction
	No. Of LAC	% Total LAC	No. Of LAC	% Total LAC	2017 to 2018	
Placed for Adoption	15	5%	4	1%	60%	↓
IFA Foster Care	31	10%	23	8%	26%	↓
Connected Person FC	55	18%	61	21%	11%	↑
LA Foster Care	140	47%	137	47%	2%	↓
Placed With Parents	16	5%	21	7%	31%	↑
Supported Accommod.	17	6%	20	7%	17%	↑
LA Children's Home	7	2%	10	3%	43%	↑
Independent C. Home	17	6%	12	4%	29%	↓
Secure Unit	0	0%	3	1%	300%	↑
Young Offender Inst.	1	0.3%	1	0.3%	0 %	↔
	300		292		3%	↓

- 2.11 Accordingly, despite stability in overall LAC numbers, there has been significant variation in placements during the period. Some variations are cost neutral, for example the 60% decrease in the number of children in adoptive placements. Others, for example, the increase (3 placements) in Secure Unit placements or the 26% reduction in Independent Fostering Agency rates have significant implications on spend.

2017/18 LAC Budget and Variance

- 2.12 The Budget allocated for Looked After Children Placements for 2017/18 is £8.628m. At November 2017 the forecast expenditure was £10.239m, a variance of £1.611m. This can be accounted for by changes within the placement profile.

[Table on next page]

Table 9: Budget, Year End Forecast and Variance

	2017/18 Budget	2017/18 Forecast	2017/18 Variance
Independent Fostering Agency	£757,000	£1,184,000	£427,000
External Residential (inc. Secure)	£3,144,000	£3,348,000	£204,000
LA Residential Children's Home	£1,321,000	£1,464,000	£143,000
Local Authority Foster Care	£3,306,000	£3,438,000	£132,000
Supported Accommodation	£100,000	£805,000	£705,000
Total LAC Budget	£8,628,000	£10,239,000	£1,611,000

- 2.13 As can be seen, Local Authority Foster Care and the External Placements budgets have relatively small in year cost pressures. However, the cost avoidance associated with a 29% reduction in the use external placements between February 2017 and February 2018 has been offset by the spend related to the costs of secure unit accommodation for three exceptionally complex young people. The full year costs associated with securely accommodating three young people is approximately £950,000.
- 2.14 The £143,000 cost pressure in relation to the Authority's Children's homes relates to the use of staff outreach hours as an alternative to external residential accommodation. This innovative approach is part of the Edge of Care development. Alternative funding has been identified through the Partners in Practice Programme run by the Department for Education and a bid submitted.
- 2.15 One main cost pressure relate to the continued use of Independent Fostering Agency (IFA) placements. Despite a reduction in the number of such placements, there are still 23 children and young people placed. The average annual cost of an IFA placement is just under £25,000 more expensive than an equivalent placement in Authority Foster Care. Increasing the number of Authority Foster Carers to avoid IFA costs is therefore an imperative.
- 2.16 The main cost pressure identified relates to Supported Accommodation. Increasing the number of Supported Accommodation Placements was a key priority for the Authority and led to the development of Mitford Gardens utilising HRA stock, a five bed unit. This Unit will enable more cost-effective placements than those commissioned externally. However, the in-year effect has been minimal due to the development timeline of the provision, including building work to the property. Additionally, costs pressures have resulted from a small number of highly complex young people requiring placements with additional support. Work to ensure that Health colleagues part-fund such placements where appropriate is ongoing.

Managing Cost Pressures and Cost Avoidance Next Steps

- 2.17 Since 01 June 2017, the pathway by which a child or young person is accommodated into care has changed. The Director and Assistant Director now personally Chair a gateway meeting at which the Social Worker and Team Manager are required to present a Signs of Safety assessment of the need for care. This approach has seen a safe

reduction in entries into care and contributed to the avoidance of some of the in-year increases in LAC numbers experienced by other Local Authorities.

- 2.18 Additionally, a programme of systematically reviewing the plans for children and young people in care continues. Senior Managers have reviewed the care plans of over 100 children and young people, recommending the rehabilitation of children to the care of families where it has been safe to do so and more cost effective placements where care remains appropriate. This has contributed specifically to the reduction in external residential care.
- 2.19 The need for more Authority Foster Carers has been identified as a key priority. A new Fostering Strategy has been developed to increase the number of Foster Carers and up-skill current carers to become more specialist.
- 2.20 Costs associated with the most complex and therefore expensive to accommodate young people should be shouldered by both the Authority and the Clinical Commissioning Group. Work to ensure such cases are equitably funded is on-going, ensuring joint commissioning and best value.
- 2.21 Care of a Looked After Child is – even in the most basic placement – an expensive option. Work to establish a dedicated alternative to care – an ‘Edge of Care Service’ – is well-developed. Funding has been applied for through the Partners in Practice Programme run by the Department for Education. A decision is pending.
- 2.22 Finally, whilst robust management has stabilised the LAC population within the Authority and avoided even more challenging cost pressures, it is accepted that the costs associated with care require more systemic thinking. Accordingly, the Authority is partnering the Dartington Social Research Unit to analyse, model and develop system-wide solutions to reduce demand.