

**Manchester City Council  
Report for Resolution**

**Report to:** Resource and Governance Scrutiny Committee –  
11 October 2018

**Subject:** Review of Children's Services Budget

**Report of:** Strategic Director Children and Education Services

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**Summary**

The purpose of this report is to consider the impact of Council resources to support children's services to improve outcomes for Manchester's children who require additional support. Specific areas of focus for attention of reinvestment in 2015 and subsequent years were aimed at improving the outcomes for those children who were "looked after" and improving the approach to providing earlier intervention and prevention through investment in our Early Help offer.

In addition the report also provides an outline of the issues driving the current overspend in the Children's Services budget in 2018/19 ; including analysis of overall spend and placement numbers. The report details, as requested, the direct spend in relation to responding to domestic violence.

Finally the report summarises the success in delivering the planned workforce changes and reducing reliance on use of agency staff. It describes the improvements that have been made to the service since the 2014 and 2016 inspections and identifies the challenges that remain in order to continue to improve our services to Manchester's vulnerable children and young people

**Recommendations**

The Resources and Governance Scrutiny Committee is invited to comment on the report.

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**Wards Affected:** All

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**Alignment to the Our Manchester Strategy Outcomes (if applicable)**

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Effective Children's Social Care Services are critical to ensuring our most vulnerable citizens are afforded opportunities and supported to connect and contribute to the city's sustainability and growth.
A highly skilled city: world class	Ensuring the most vulnerable in our society are

and home grown talent sustaining the city's economic success	supported and afforded the opportunity to access and achieve in the City; empowered and supported by the delivery of a strong and cohesive social care/corporate parenting system
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Improving social care services helps build the resilience children and families need to achieve their potential and be integrated into their communities
A liveable and low carbon city: a destination of choice to live, visit, work	Improving outcomes for the children and families across the City, helps build and develop whole communities and increases the livability of the City
A connected city: world class infrastructure and connectivity to drive growth	Successful services support successful families who are able to deliver continuing growth in the City

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### Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Demand and Capacity – Investing to Succeed in Children's Social Care - Executive – 29 June 2016
- Investment in reducing Looked After Children and Complex Dependency - Finance Scrutiny Committee – 12 March 2015
- Children's Service and Education Budget and Business Plan 2018-2020 - Executive 7th February 2018

## **1. Introduction and background**

- 1.1 Following the publication of the Ofsted Inspection report in September 2014 of Manchester City Council's Children's services, the Secretary of State issued a "Statutory Notice to Improve". The notice was issued in March 2015 and stipulated a requirement to show significant and sustainable improvement by the time of the next Ofsted inspection. The purpose of this report is to consider the impact of additional Council resources invested into children's services, specifically related to improvements in the Statutory Safeguarding and Looked After Children's Services; and Early Help Services to drive improvements on an 'invest to save' basis.
- 1.2 The investment programme has been spread over a number of tranches, based on the broadly aligned principle of investment in services to save on spend and to better respond to the needs of children and complexity of need(s). Each tranche of investment has focussed on specific areas of the service. The first tranche of investment in 2015/16 was focussed on service areas out with the statutory social work service to provide effective leadership and management, divert unnecessary demand away children and their families from statutory services and create the capacity to better respond to those children who were in need to being 'looked after' by the council; which had been factors in Ofsted's inspection findings and judgements in 2014. This included investment in:
- Early Help / MASH
  - Troubled Families (including Children in Need)
  - Troubled Families - Families First
  - Evidence based interventions
  - Adoption
  - Fostering
  - Safeguarding management and capacity
- 1.3 The four key characteristics of the second tranche investment were more directly aligned to the need to build capacity in order to improve the practice within the statutory social work service in order to:
- Reduce and manage demand within the service more effectively.
  - Implement manageable workloads through increased productivity and extra frontline social work posts.
  - Implement a comprehensive performance and practice management system.
  - Achieve and maintain a stable, confident and competent workforce.
- 1.4 Understanding the impact of investment since the Inspection of 2014 is complex as there are a variety of inter-connecting factors, some of which are out of the control of the service and have a direct influence on the spend of the children's services budget. These include considerable financial pressures on services across the private and public sector at a local, regional and national level. These pressures are manifested in terms of workforce factors; costs, quality and availability associated with care placements; changing

demographics affecting demand and an increase in the complexity of needs of some of Manchester's children. Despite these challenges and issues, the Service has made considerable progress in its development and impact on outcomes for children, young people and families. This culminated in the positive outcome of the October 2017 re-inspection of the service by Ofsted which judged Manchester's Children Services to 'requires improvement to be good'; of the 5 judgement areas leadership, management and governance and adoption, both previously judged as 'inadequate' were graded 'good'; leading to the statutory improvement notice being removed on 21st December 2017.

- 1.5 The analysis of these key characteristics is supported by additional HR statistics, children's services performance data, our self evaluation activity and an analysis of what the data tells us in relation to how successful the service has been in delivering on the key areas the investment focussed on.
- 1.6 The report also provides an outline of the reasons for overspend in the Children's Services budget in 2018/19 including analysis of overall spend and placement numbers, the success in delivering the workforce development strategy including a planned reduction in reliance on the use of agency staff and details on direct spend in relation to domestic violence.
- 1.7 Finally, the report summarises the improvements that have been made to the service since the 2014 inspection; outlines the challenges that remain; and the actions being taken to ensure the service continually improves.

## **2. Children's Services Budget Position**

- 2.1 Over recent years the Children's Services budget has reduced in line with Council funding reductions. The Children's and Education Services net budget reduced from £175m in 2011/12 to £108.5m in 2018/19 a reduction of £66.5m (38%). At the same time the child population of Manchester has risen by just over 15,000 (14.2%) since 2010 to stand at an estimated 121,182 0-17 year olds in 2017. The rise is not uniform across the City and most of the increases are within the more deprived areas of Manchester. Over the same period the number of looked after children per 10,000 population has continued to reduce from 137 per 10,000 population in 2010/11 to 113 in 2014/15 and 104 (provisional) in 2017/18.
- 2.2 The majority of budget reductions were made over the period 2011/12 to 2014/15 by a shift of resource from universal services for young people and early years and concentrated financial resources to support targeted and specialist services. There were also savings achieved through a shift in the balance of foster care places compared to residential places and renegotiation and decommissioning of contracts across the service with savings of £6.6m (12%) made from LAC placement budgets between 2011/12 and 2014/15.
- 2.3 Since 2015/16 there has been an overall investment into Children's Services of £24m from non-recurrent resources phased £6.7m in 2015/16, £11m in 2016/17, £4.9m in 2017/18, £1.1m in 2018/19 and £311k in 2019/20. The investment made has been to support new working arrangements, early

help/intervention, evidence based practice, increased social work capacity to reduce the size of social workers caseloads and fostering and adoption services. The financial strategy at that time was to deliver savings to the revenue budget which could be released back into the service to sustain the investment as the number of looked after children reduced to 1,000 which was comparable to the statistical neighbour average in 2016.

2.6 The actual amount invested into these priority areas significantly exceeded the non-recurrent investment. Additional funding came from Troubled Families grant of c£3m per year and further Safeguarding savings, largely from external foster care and residential budgets of £2.5m in 2016/17, £9.4m in 2017/18 and £14.2m in 2018/19. The savings increased each year to sustain the investment as the non-recurrent funding reduced. Due to the investment made since 2015/16 no specific allocation has been made in the budget for demography to reflect the impact of population growth or increased demand from rising need.

2.7 The charts below show for the five year period 2014/15 - 2018/19:

1. The budget and actual spend on placements (note the actual spend for 2018/19 is current outturn projection).
2. The number of children and young people in placements on average for each financial year.

2.8 This highlights:

- Internal foster care - There has been an increase in internal foster care placements over the period, particularly since 2015/16 following investment, where the numbers have increased by over 50%.
- External foster care - There has been a significant reduction in actual placements and spend on external foster care over the period from an average of 646 in 2014/15 to 458 in 2018/19. Whilst there have been reductions across the period, the actual position has exceeded the budget available each year. The current budget pressure is as a result of placement numbers of 458 being higher than the budget target to be 330 by 31st March 2019.
- External Residential - Following a significant reduction in external residential placements from 108 in 2011/12 to 78 in 2014/15, the placements numbers have stabilised over the last few years and are currently 77. However over the period the average cost of care has increased by circa 50%. This is due to a combination of increased complexity in children's needs, the rising cost of the external market, which is being experienced across the region and country and cost of living price rises over the period. The current budget pressure is as a result of both costs and numbers being above budget target of 50 by 31st March 2019..
- Internal Residential - Following a significant reduction in internal residential placements from 88 in 2011/12 to 40 in 2014/15, this shows that there has been reduced spend and number of placements, particularly in 2017/18 and 2018/19, with there now being 13 placements.

- 2.9 Special Guardianship Orders are for children who cannot live with their birth parents and who would benefit from a legally secure placement with parental responsibility. As such the children are not looked after and are significantly less likely to require ongoing social work support, however costs to the budget are driven by securing the legal order including rising court fees and financial allowances paid to their carers. Over the period 2011-18 there has been a significant increase in the numbers of children made subject to a Special Guardianship Order, rising from 109 in 2010/11 to 457 in 2018/19.

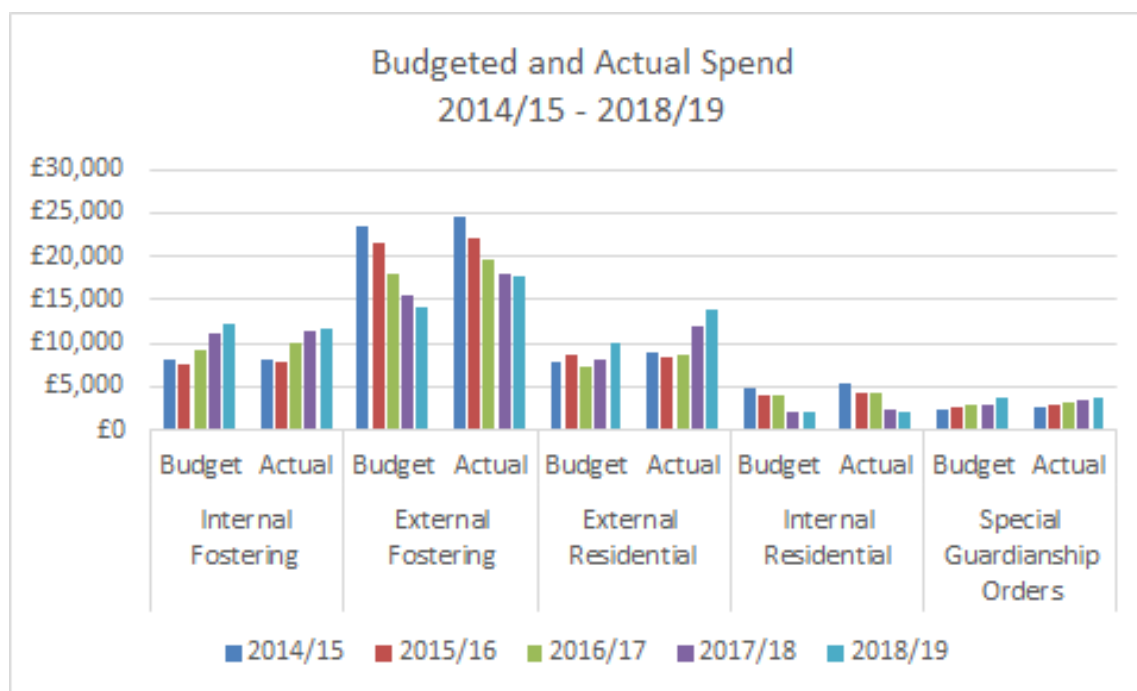


Table 1

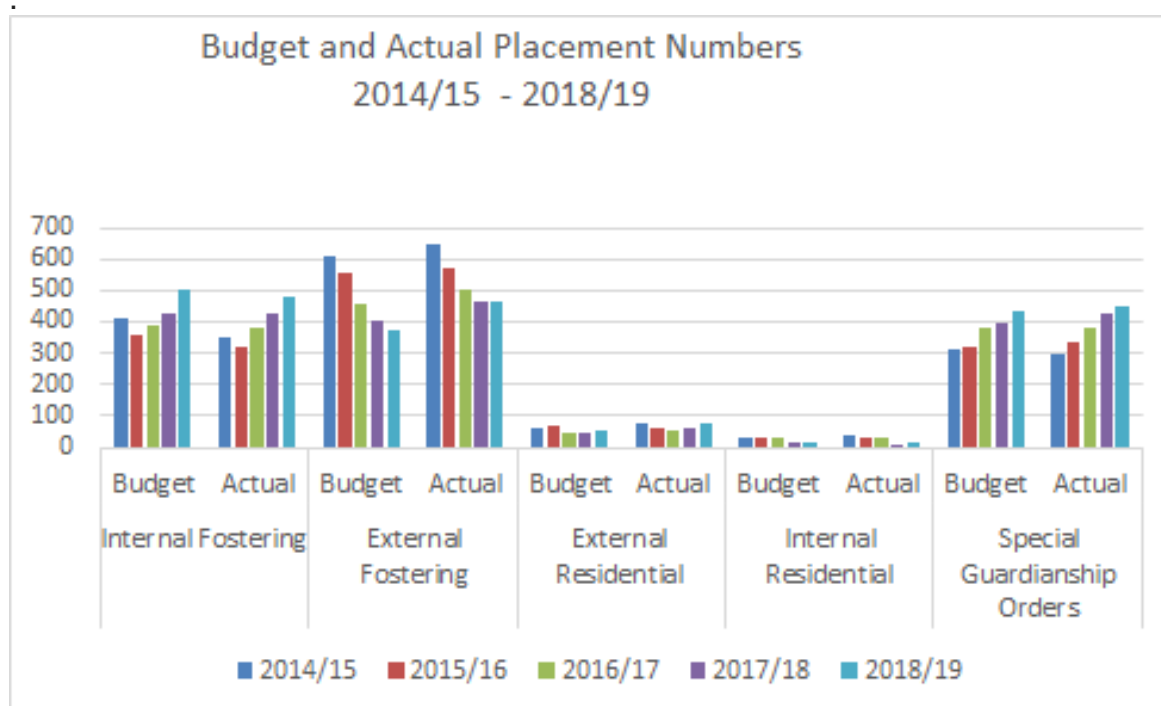


Table 2

- 2.10 For the 2018-20 budget it was recognised that tangible progress was being made in respect of the quality and services being delivered to children and young people; which will lead to a shift in resources from high cost reactive spend to permanence, early intervention and prevention. The service continued to face a number of financial challenges in responding to the needs of children who require help, protection and care against the savings that had been agreed for placement budgets in order to sustain the continued investment.
- 2.11 It was estimated that the projected level of need for children and young people would cost an additional £17.3m in 2018/19 and a further £2.3m in 2019/20. A budget delivery plan based on an estimate of the placement need as part of the analysis of the LAC population analysis and further developments as a continuation of the existing strategy described aimed to reduce this by £10.5m in 2018/19 and a further £2.1m reduction in 2019/20. This would leave a remaining funding requirement of £7m in 2018/19 and 2019/20, with a non-recurrent contingency of £1.5m to mitigate the risk if external residential placement costs and numbers did not reduce in latter part of 2017/18. The progress with savings targets for 2018-20 is provided in Appendix 1.
- 2.12 The projected cost for children's placements in August 2018 is £45.4m compared to a budget of £38.4m and this is the substantial factor creating the financial pressures within Children's Services in 2018/19. It is the savings targets for external foster care and external residential where the Directorate's budget challenge for 2018/19 arises. This is resulting in the overspend at Period 5 and the requirement for a budget delivery plan to be developed for 2019/20, the detail is set out in the Global Monitoring and Budget Report which is a separate item on this agenda.
- 2.13 Comparisons with core cities has identified that Manchester is now a lower than average user of residential care but a higher user of external foster care compared to internal foster care. Despite this research into costs associated with providing children's social care in a national and regional context has identified a significant pressure within Children's Services with the number and complexity in the needs of Looked After Children increasing; according to regional and national data supplied by local authorities to the Government in each of the past three years the sector has recorded overspends on children's social care services significantly increasing year on year.
- 2.14 As the 2018/19 year progresses the planned further reductions in the number of external foster care and residential placements remains a challenge to achieve. It should be noted that whilst action is being taken to reduce this financial pressure, the forecast is a significant reduction in actual spend on care placements over the past six years, particularly and within the context set out in paragraph 1.4 and child population growth of 14% over the same period.

## Domestic Violence

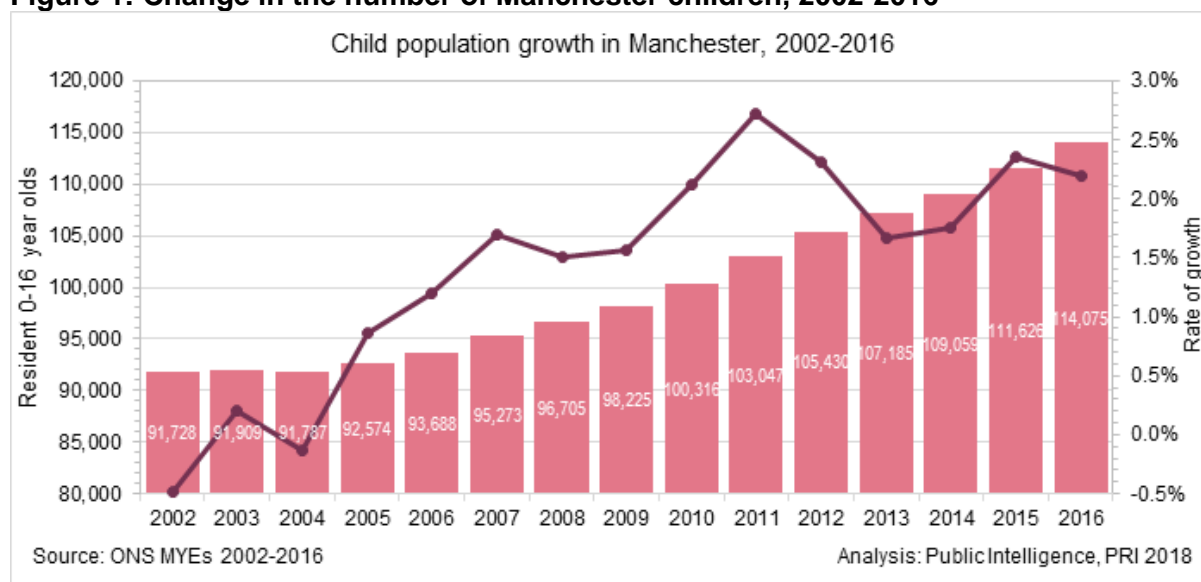
2.15 The Council's direct spend on services to support people at risk from domestic violence is part of the Adult Social Care budget and is approximately £1.38m, there is significant additional indirect spend on dealing and managing the consequences of domestic violence in relation to the following services:

- Independent Domestic Violence Advice service which is part of the Adults Safeguarding service (£330k)
- Six Women's refuges commissioned through the MHCC pooled budget (£850k)
- Supported housing specifically for women at risk of domestic violence (£200k)

## 3. Demographic Trends - Local, Regional & National

3.1 The Office for National Statistics (ONS) 2016 mid-year estimate (MYE) of the 0-16 years old population, released July 2017, was 114,075. Manchester City Council's in-house estimate was 116,461 and forecasts a mid-2017 population of 119,822. These figures are the latest in a long period of growth in the child population as shown in the graph below. The estimated child population of Manchester was fairly static from the beginning of the previous decade until 2005, accelerating rapidly from that point. The current decade's mid-year estimates for Manchester continue with even higher rates of growth, rising 2.2% between 2015 and 2016 (2,500 more children).

**Figure 1: Change in the number of Manchester children, 2002-2016**

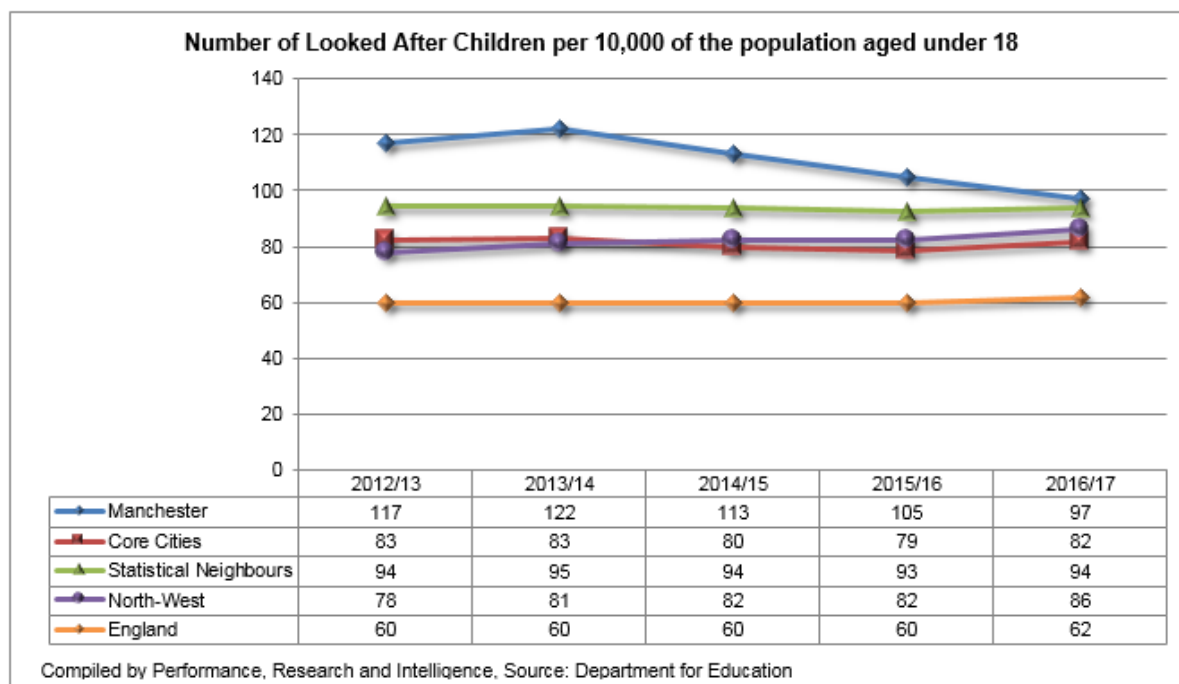


**Table 3**

3.2 The initial growth in Manchester's child population was due to the substantial rise in the number of children under the age of four between 2005 and 2008. Although the level of growth is estimated to have reduced slightly since 2013. The year 2017 marked an increase in the 11-15 population; the highest age range of children before the court are aged between 10 – 15 years old with significant complex needs.



- 3.3 Published statistics from Department for Education for the period 2012/13 to 2016/17 show that the Looked After Children per 10,000 of the population under 18 has increased by 10% at regional level and remained static nationally, in statistical neighbouring authorities and other core cities. Whilst Manchester is above the statistical neighbour and core city average, this gap has narrowed as Manchester has reduced its statistic by 17% over the period.



- 3.4 Similarly the increased child population has also seen a disproportionate rise in complexity of the young person's population. For example, the number of young people aged 4-16 who were diagnosed with a special educational need or disability, and were subject to an Education, Health and Care Plan increased by 43.6% between 2010 and January 2018, against a total child population increase of just 14.2% in the same period.

## 4. Performance, Improvement & Impact

- 4.1 As detailed above the main focus of the first tranche of investment was into delivering or maintaining investment in new service to better respond to the needs of children and management oversight.

### Troubled Families

- 4.2 Manchester has been a national leader in the delivery of the Troubled Families programme since its inception, and has been subject to a considerable level of scrutiny into progress and the impact of the programme on outcomes for children and families. The troubled families evaluation in 2017 reviewed in detail the activity and outcomes of the programme; which have been built into the delivery of the council's 'early help' offer. Key relevant highlights from the evaluation showed that:

- 55% of referred families had children missing school before support, this is reduced to 9% after support
- 74% of referred families were regularly involved in police incidents before support, this is reduced to 58% after support
- 81% of families who had a Child in Need at the time of referral (c.405) see all CIN statuses removed within 12-months of the intervention ending, with only 14% (c57) seeing that status return within 6 months of the end of intervention.

4.3 The services of the Troubled Families programme are integrated within the Children's Early Help Service and continues to deliver similar outcomes, whilst also undertaking its additional function of engaging with children/families subject to child protection plans and promoting the universal early help offer across the partnership which has contributed to a 9% reduction in the number of requests for a social work service between 2014/15 and 2017/18.

### **Families First**

4.4 Another main intent of investment was to support new and innovative evidence based innovations to support reductions in the rate of children becoming looked after. Once such intervention was the Families First programme. The intervention is a highly accredited edge of care programme which provides intensive support to families at risk of having their children to come into care. Whilst no clear outcome for families can be 100% predetermined, data shows that of those families who are engaged by the programme only 14% of those children go on to become looked after. This is similar to the impact of a integrated short break offer with a Family Group Conference; which over the last 8 months has diverted 94.6% of children and their families receiving a service has diverted children away from becoming looked after; children who previously would have most likely been received into a 'care' arrangement.

### **Workforce**

- 4.5 The four key principles of the second investment round in 2016 were as mentioned above, to reinforce and support the capacity within the social work service to improve practice by securing the appropriate levels of individual workload that would creating the space for staff to develop, build on their experience and promote retention.
- 4.6 There have been considerable achievements with regards to the children's services workforce. At the time of the 2014 Ofsted inspection the average caseload of staff was in excess of 30. Activity to reduce this was a critical issue for the inspection. To date the service has used the investment to significantly increase the complement of front line social workers with a commensurate level of management oversight to ensure effective grip, support and guidance.

Table 5. Key HR and performance data associated with the investment

	<b>July 16</b>	<b>October 17</b>	<b>September 18</b>
<b>Number of social workers</b>	336.9	415	404
<b>Agency social workers</b>	146	70	53
<b>Average sick days</b>	16.12	12.34	11.32
<b>Average caseload</b>	23.5	18.9	19.56
<b>Av caseload ASYE</b>	23	17.4	17.5
<b>Av s/worker caseload</b>	23.8	19.7	19.9
<b>Number of ASYEs</b>	60	91	63.9

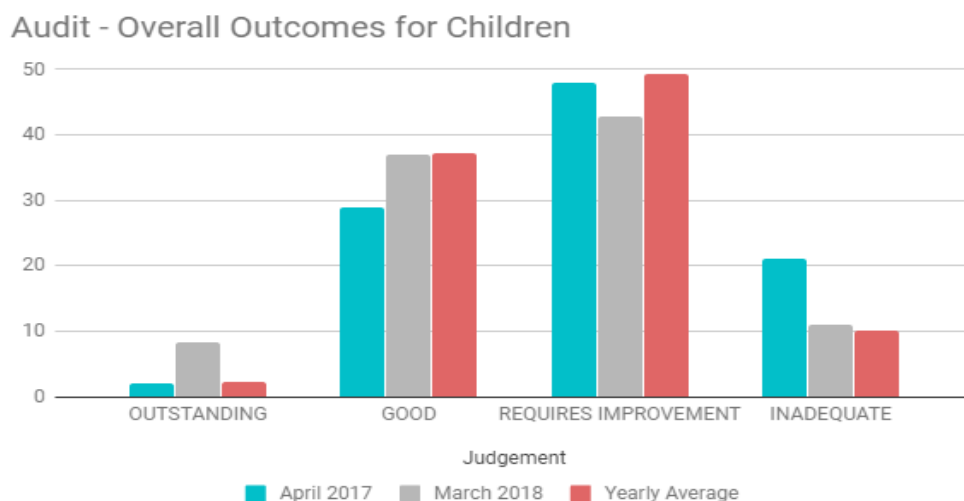
- 4.7 The table above as composed of three checkpoints in time, the mid-point of the investment, the re-inspection of children's services in 2017 and the most recent data set in respects of our workforce. The table demonstrates a significant reduction in the use of agency staff with a 46% reliance in 2016 reducing to the current 13% reliance on agency staff, resulting in significant savings and increasing a sense of team cohesion and organisational identity. The service anticipates further reductions in the use of agency staff. In addition, over the same period the rate of sickness has reduced.
- 4.8 In addition, following a significant reduction in average caseloads post investment in 2016 despite significant demand and complexity of children's needs, these are being sustained at an average of 18. Alongside this, whereas in previous years the service has been disproportionately balanced towards staff in either their first social work position after qualification, or the first year of their careers, this figure now stands at only 28 out of 404 FTE. As at September 2018 this represents a 54% drop in workers with less than 1 years practice experience since the time of the 2017 re-inspection; evidence of the considerable progress that has been made collectively to recruit, support and develop the experience of social work staff. The reduction in caseloads and the increase in experience of the staff group coupled with reported high levels of morale have now resulted in Manchester now seen as an 'employer of choice' and a positive place to work both for new and experience staff; contributing to improving levels of retention. These factor will be one of the key factors in delivering consistently good social work practice and outcomes for Manchester's children.

### **Practice Improvement and Impact on Outcomes**

- 4.9 In tandem with the specific investments in services, such as Early Help, the investment in the social work workforce is predicated on the principle of that truly sustainable positive change in outcomes for children and young people necessitates a stable and experienced workforce with the conditions in place for good practice to develop. The quality of professional supervision and staff

development leading to practice enhancement are key features of ensuring we deliver the correct outcomes for children. Our progress in this activity is monitored both through our workforce development strategy (which now maximises grants and funding associated with the provision of student placements) and auditing activity.

- 4.10 Auditors audit randomly selected cases against the services professional practice standards. The graph demonstrates our progress in improving outcomes for children but at the same time reflect the fact that there is more to do to achieve our aspirations of consistently delivering good and or outstanding practice.



- 4.11 Whilst these kinds of improvement require a long term commitment to practice development, there are already a number of measurable impacts that can be attributed to this investment principle:
- 4.12 A common indicator of improving practice is that families are less likely to repeat cycles of intervention through the social care system. When families do enter the system, they are more likely to receive the right help at the right time, and at the right level of intervention. Examples of this include:
- 75% reduction in referrals to social care resulting in no further social work action compared with 13/14
  - 15.9% of children (17/18) whose CPP ceased were subject to that plan for 3 months or less compared with 25% in 13/14
  - 17.5% reduction in repeat referrals since 2013/14 (26.1% in 17/18 from a high of 31.6% in 13/14).
  - Timely completion of assessments (presently 93.1% completed within 45 days - above 16/17 national average)
  - Currently 98.9% ICPC held within 15 days of S47 enquiry compared with 42% in 13/14
- 4.13 Where children's needs are more complex and require a statutory social work intervention, performance and assurance information indicates children and families are receiving a more timely service and are increasingly likely to have

a better outcome. Though there remains more to do for practice to be 'consistently' good the gap is closing for example:

- 4.1% children (17/18) ending a Child Protection Plan after more than 2 years compared with 5.7% in 13/14
- Reducing the rate of first time entrants into the youth justice system by 12% from 2014 to 2017 against a stat neighbour average reduction of 7%.
- Continually good adoption performance - 74% children made subject to Placement Orders are placed with their adoptive parents within 12 months of becoming looked after
- 93% of children on the 'edge of care' remaining within their family/community following a Family Group Conference/Alonzi House or edge of care intervention
- Since April our pre proceedings has resulted in 108 children de-escalating safely remaining in their families.
- Since April 12.9% of all looked after children discharges have been through SGO. This compares to 10.6% in 2017/18.
- Of 533 children for whom their plan is long term fostering, 360 68%) have been successfully matched with their carers.

4.14 There are a number of positive improvements in our compliance with practice expectations, which are well reflected through independent scrutiny of the service (peer challenge and Ofsted) which reflect the increasingly experienced, knowledgeable and capable workforce and will ultimately realise better outcomes and reduce overall spend in the longer term. This remains a difficult challenge in the light of the demographic and complexity issues highlighted throughout the report. Securing a stable workforce with capacity for practitioners and managers to continually develop; of which 34% and 25% respectively are new to their current role.

## 5. Current budget management strategy

5.1 The service remains committed to narrowing the current budget gap through the following budget strategy;

- **Cost Avoidance** - Focused on strengthening and reforming strategic and management oversight of key areas of spend to prevent drift and slippage which could exacerbate existing pressures, and developing the preventative offer of our services to reduce admissions to the care system
- **Care Planning & Practice Improvement** - Focussed on increasing the effectiveness of services ability to manage complexity at lower cost, to prevent existing vulnerabilities from escalating and ultimately to provide strategic focus and drive around planning to safely de-escalate need for those already in the high end of our system.
- **Commissioning** - To support improvements in other key areas the service requires an effective strategy for joint commissioning with key partners, widen use of social value, effective contract management and monitoring of providers, and to stimulate critical child care markets

proactively we require to maximise value for money which is in line with the changing needs and complexities of our population.

- **Service Improvement & Efficiencies** - Transform services and systems to maximise efficiencies in existing service areas and to progress the medium to long term vision for reform to reduce complexity across the whole system.

## 6. Summary and conclusion

- 6.1 This report has highlighted a number of factors that have an impact on the children's social care budget and include the increasing child population, complexity of children's needs and the substantial increase in the costs of commissioned services. Notwithstanding this, since 2014 the service has increased partnership collaboration to continually reduce the actual spend on meeting the care costs for children's needs whilst improving the services and outcomes for Manchester's children and young people.
- 6.2 Finally the service remains committed to balancing the statutory duties and responsibilities of the council to help, protect and care for its children whilst achieving the identified savings/reduced costs which remain a financial risk and challenge.