



# Budget Scrutiny 2023/24

## Slough Children First

31 January 2023

# BACKGROUND

The Council has severe but now considerably improving financial, and related challenges, which are being fully addressed.

The Council issued a s114 in July 2021 facing at one time a potential Capitalisation Direction (CD) of £782m with annual revenue savings needed of £20m for 7 years.

No annual accounts from 2017/18

The DSG had been effectively ignored for several years and had a projected deficit of £41m by 26/27

# BACKGROUND

Faced with these problems the Council actioned an agreed financial strategy which has resulted in:

- A reduction in the CD to circa £369m, a reduction of £413m
- Generated over £170m of capital receipts, planning to achieve £200m this financial year and £100m in 2023/24
- Reduced the revenue savings required to:
  - £20m 2022/23, £22.4m 2023/24 – 22/23 forecasting over achievement and all proposals for 23/24 in place
  - £14m from 2024/25 to 2028/29
  - Submitted two sets of accounts, 2018/19 and 2019/20, with 2020/21 planned for in the next two months
  - Very pro actively tackled the DSG, with the annual deficit forecast to reduce to zero by 2025/26

# BACKGROUND

SCF has been a wholly owned company of the Council since April 2021 providing Children's Social Care and Early Help Services to the Council. The Company has financial challenges that require resolving, these are set out below:

- Prior to the company becoming wholly owned it accumulated losses of £5.4m and was facing liquidation. The debt was written-off by the Council and DfE.
- In addition to the £5.4m, between 16/17 & 19/20 the Council provided £10.3m of one-off transformation funding to the company, initially funded by capital receipts but incorrectly applied to support business as usual activity so added to the Council's overall deficit.
- In 2021/22 the company made a loss of £1.3m, of which £0.6m was agreed to be funded by Cabinet in December 2022

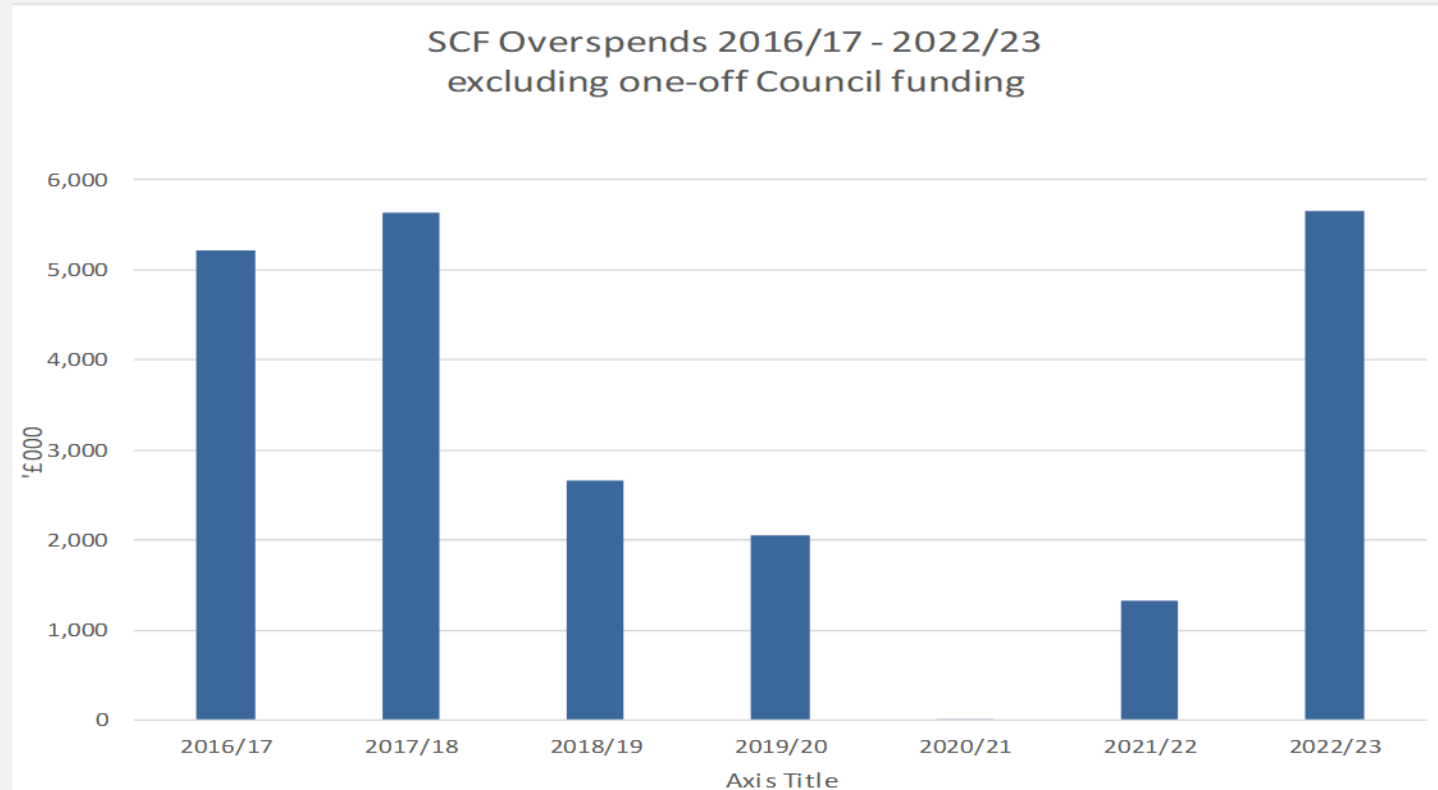
## BACKGROUND

- The company is forecasting a loss of £5.6m for 2022/23 temporarily financed in part by one-off in-year change requests totalling £1.5m.
- The Company has overspent in total £22.3m in the seven years from 2016/17 to 2022/23, an average of £3.2m pa
- The Council has also provided the company with a £5.0m working capital loan which currently the company has no means of repaying
- The company has written to the Council twice in 2022/23 warning of potential liquidation
- As can be seen overleaf the annual overspend has accelerated in 2022/23

**It is expected that all service areas contribute more in savings and efficiencies than they demand in inflation and pressures – this is the only way in the long run that the council's position can be repaired. Annual running costs of SCF are increasing greater than its underlying annual income and this needs addressing**



# SCF/TRUST OVERSPENDS 2016/17 – 2022/23



2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
£000	£000	£000	£000	£000	£000	£000	£000
5,218	5,640	2,671	2,060	0	1,330	5,651	22,570

# BUDGET OVERVIEW

- In **August 2022** the company presented a draft Business Plan for 2023/24 – 2027/28 requesting net growth of £3.9m for 2023/24 and a further request for invest to save funding of £1.3m to make future savings.
- This assumed an overspend in August of £3.9m for 2022/23 and included the additional cost of replacing a reduction in a DfE running costs grant of £1.4m with Council funding
- In **October 2022** a DfE commissioned report by Mutual Ventures made a number of observations relating to the Business Plan, suggesting that inflation had been understated, savings were optimistic and the companies plans for implementation were not clearly set out.
- Mutual Ventures suggested the net pressures in the Business Plan should be increased by £3.0m from £3.9m to £6.9m.
- The DfE were asked by the Council to include within the MV brief the potential for savings from the Company but said this would not be included.

# BUDGET OVERVIEW

- A revised draft Business Plan was submitted to the Council on 23rd January 2023 requesting an increase of £10m on the current contract, a 32% increase.
- If agreed to, the budget for the contract with SCF would be £41.7m, the largest Directorate budget in the Council, approximately 40% of Council net funding before the CD with the £10m increase having to be saved from other services in addition to other savings.

➤ The £10m arises from:	<b>£m</b>
➤ Inflation 2023/24	2.0
➤ Overspend 2022/23 ongoing	5.1
➤ Reduction in DFE and Public Health Funding	1.5
➤ Placement pressures	0.5
➤ Other care and support costs	0.3
➤ Spend to Save	1.7
➤ Transformation	<u>0.3</u>
<b>Increased Costs</b>	<b>11.4</b>
➤ Less Savings	<u>(1.1)</u>
<b>Total</b>	<b>10.3</b>



# BREAKDOWN OF £11.4M INCREASES (1)

## **£2.0m inflation**

£0.9m 4.7% inflation on staffing

£0.9m 5.0% on Placements

£0.2m 5.0% on Overheads

## **£5.1m Overspend in 2022/23** pre in year requests for funding

£1.16m removal of DFE transformation and no assumed Public Health funding

£2.10m shortfall against (£4.68m) savings target, with inability to reduce staffing as case loads remain high, delays in commissioning activity, and shortfall of health funding targeted.

£1.66m due to higher placement volumes to originally plan and with more in residential placements than plan,

£0.59m Legal costs above budget with higher than projected proceedings.

**£1.5m Reduction in funding**, £1.35m DFE running cost grant funding, £0.15m Covid funding.

## BREAKDOWN OF £11.4M INCREASES (2)

**£0.5m increase in other care and support costs**, reflects growing care leavers support incl. rise in asylum seekers (partially offset by Home Office funding below), rising costs for increasing complexities with children with disability, less (£0.20m) full year impact from rise in health contributions to packages.

**£1.7m Invest to Save**

**£0.3m Transformation**

# 2023/24 – BUDGET SAVINGS PROPOSALS £1,140K (1)

## **Commissioning best value - £60k**

- Develop local provision for a block contract of four beds following tender in 2022/23 expected to deliver a circa £500 per week saving on current rates. Savings achieved when young people are moved into the provision
- Expectation to reduce rates by £100 per week, increasing gradually to eight placements

## **Carer recruitment- £240k**

- Increase the number of children placed through in-house fostering provision from the development of the fostering strategy, continuation of the Mockingbird programme to support and retain carers, working in a larger geographic remit and a revised focus on marketing for Slough.
- Develop a home from home provision using internally recruited carers at above minimum wage to support families in Slough.

## **2023/24 – BUDGET SAVINGS PROPOSALS £1,140K (2)**

### **Commissioning UASCs £30k**

- Provide accommodation for nine Asylum seekers aged 18+. Provide Minimal savings in 2023/24 as the property is to be developed. Expected to deliver a £107k pa saving when fully up and running in 2024/25.

### **Out of hours activity- £10k**

- Two new grants will provide the opportunity to work with families to address needs, extending the hours of support to evenings and weekends. This is expected to reduce calls to the out of hours service hosted by Bracknell.

## **2023/24 – BUDGET SAVINGS PROPOSALS £1,140K (3)**

### **Edge of care - £100k**

- Caseload reductions from Edge of Care and cost of living impact leading to fall in legal hours, court and counsel fees. More manageable caseloads lead to better compliance and reduced court delays and lengthy proceedings. Community Based parenting assessments reduces cost of external court appointed expert fees.

### **Recruitment and retention - £700k**

- Investment in Targeted Early Help results in a 20% reduction in escalation into statutory casework along with additional safeguarding team, allowing safe removal of the two Innovate teams.

## 2023/24 – BUDGET SAVINGS SUMMARY

Ref. No.	Saving title	2023/24 Saving (£m)
	Commissioning best value	0.060
	Carer recruitment	0.240
	Commissioning UASC	0.030
	Out of hours	0.010
	Edge of care	0.100
	Recruitment and retention	0.700
	<b>TOTAL</b>	<b>1.140</b>

None of the proposals require a public consultation