



Leicester
City Council

MINUTE EXTRACT

Minutes of the Meeting of the
CHILDREN, YOUNG PEOPLE AND EDUCATION SCRUTINY COMMISSION

Held: TUESDAY, 16 JANUARY 2022 at 5:30 pm

P R E S E N T :

Councillor Batool (Chair)
Councillor Cole (Vice Chair)

Councillor Haq Councillor Dr Moore
Councillor Pantling Councillor Pickering

In Attendance:

Councillor Russell – Deputy City Mayor (Social Care, Health and Community Safety)
Councillor Dempster – Assistant City Mayor (Education, Libraries and Community Centres)

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47. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Barnes and Joshi.

48. DECLARATIONS OF INTEREST

There were no declarations of interest.

53. REVENUE BUDGET

The Director of Finance submitted a report detailing the proposed Revenue Budget for 2024/25.

The Executive member for Social Care, Health and Community Safety introduced the report and noted that the Council was in a serious position financially and there was not enough money to carry out its desired aims. A major issue was private care providers charging high costs for placements that did not necessarily meet the needs of the Children. It was further noted that savings and efficiencies had been made where possible and that government help was unlikely based on the government's approach to Councils who had issued Section 114 notices.

The Head of Finance (Social Care, Public Health, Schools & Corporate Resources) then presented the report.

Key points included:

- The expenditure for 2024/25 would exceed £50m and it would be necessary to make use of reserves to balance the budget.
- Without further saving the need to issue a Section 114 notice would be likely in 2025/26. This would freeze any new financial commitment and would necessitate government intervention.
- Managed reserves would need to be used in full in 2024/25.
- In terms of the outlook beyond 2025/26, whilst public sector expenditure was set to grow overall, increases in areas such as the NHS and defence were such that the IFS (institute for fiscal studies) concluded that areas such as local government funding would see a real terms cut of around 3%.
- In terms of the Children's budget, £17m had been put into the budget for social care and Children Looked After (CLA) costs and £0.5m for legal and translation costs associated with CLA.
- £1.4m had been put into the budget for home-to-school travel for home to school transport for SEND pupils as a result of the increasing numbers of pupils with educational healthcare plans who often need support with transport.
- £0.4m of additional funding had been provided for the educational welfare budget. Changes in legislation meant that previously chargeable casework carried out by the service was now a statutory requirement for which no additional burden funding had been made available from government.
- There were also additional funds for the disabled children's service of £0.2m due to pressures in this service associated with respite costs.
- The Dedicated Schools Grant (DSG) was in deficit due to pressure on the High Needs Block. A deficit of around £12m was predicted by the end of the financial year. This had been driven by the doubling of the number of EHC plans agreed following the Covid-19 pandemic. A deficit recovery plan would be brought to the next scrutiny meeting.

The Committee were invited to ask questions and make comments. Key points included:

- Further growth in numbers of Unaccompanied Asylum-Seeking Children (UASC) had been factored into the Revenue Budget. It was further clarified that the threshold level for the number of UASC to be taken by councils had increased, and the Council were not yet near this threshold level and were still expected by the government to take on a further 28 UASC. Demand on certain authorities had led to a scheme to redistribute UASC across Local Authorities and whilst the government had attempted to incentivise Local Authorities with extra money to support delivery through a daily allowance, this did not meet the costs of placements. Additionally, it was explained that some UASC reached the age of 18 without a decision being made on their case. In these instances, the Council still had responsibility for them until the decision was made. It was forecast that the maximum threshold would be met in the next 12 months. It was assumed that the threshold would be raised again in subsequent years.
- It was noted that there is forecast to be an overspend on CLA costs in 2023/24 which would be funded from reserves. There was some uncertainty with regards the forecast, but they were the best estimates available currently. The average placement cost of care was significantly higher than in previous years and it was uncertain if this would be sustained into next year.
- An organisation known as Impower had been brought in to help with regard to ensuring that providers are not charging for support that was not warranted by the needs of the children. Currently, if a Young Person with the need to become looked after came to the attention of the Council, there was not much choice in terms of placement. Some children needed particular types of placements; however, these were not always available and as such it was necessary to find an alternative and sometimes these placements were not ideal. There was a chronic undersupply in the system and every place approached for placements had interest from other Local Authorities. Since supply had not met demand, costs had increased.
- Impower mapped the needs of CLA against the cost of placements, where there were low needs in high-cost placements and high needs in low-cost placements, providers were challenged, and agencies were worked with to find the most appropriate placements for CLA.
- A review had been carried out on a cohort of 200 Children, of which it was established that 58 could move from high-cost external foster care or residential children's home placements to internal foster care or potentially reunified with their families (including extended family). Of this 58, 20 had been moved into alternative placements and 38 were still to progress.
- Another review had been done of 60 Children and a further 20 were identified as needing a better placement, however, this would depend on availability. A new approach was being developed with a needs map (making use of needs profiles) of what foster carers could do. It would also look at the whole cohort

to identify where resources could be developed to bring children from expensive placements to local placements at reduced costs. Costs would still not be cheap but would be cheaper than private providers.

- All but one Council-run children's homes were rated good or outstanding and new developments such as Holly House and Hillview would increase capacity. A five-year investment strategy was in development to create five more places per year, saving £30k per annum per placement for an extra 25 young people.
- In-house costs were better known than private costs where profit may be a factor. Additionally, in-house children's homes were better tailored to meet the needs of CLA locally, and whilst they may not be cheaper in the short-term, they would be in the long-term. It was further noted that Leicester City Council had held on to a number of their children's homes whereas other councils were needing to start from scratch.
- EHCP appeals were of significant cost to the Council, and it was key to resolve this with the Department for Education as the need to move placements was costly.
- There was £43m in earmarked reserves to address a gap of £50m in 2024/25. As such the emergency reserves needed to be utilised in order to balance the accounts. Reserves not earmarked were moved to managed reserves as part of the £43m to prop-up next year's budget.
- An update from Impower would be brought to the Commission once available.
- In terms of the 20 children who had been moved to an alternative placement, £748k annualised costs had been saved so far and there were a further 58 placements to review. Theoretically, £15m could be saved based on the full looked-after children population.
- Regarding the control of enforced placement costs, the biggest overspend was on CLA and work was being done to gain control. The government had reviewed the operation of the external market. The market was dysfunctional due to excess profiteering, it had been hoped that the market would fix itself, so no new action was taken by government. Costs were challenged where possible.
- Many private providers had pushed for a 10% uplift on payments last year. Regionally it had been agreed not to pay this. A legal challenge followed. It was hoped to bring such a payment uplift down to 1-2% this year.
- It was recognised that private providers provided jobs to local people.
- Independent fostering was not as profit-orientated as private residential care.
- Regarding the projected increase of UASC, spend would increase as more young people moved into care and the cost would depend on where they were placed and their individual needs. It was noted that the trauma that UASC had endured needed to be recognised and the young people supported appropriately.
- Edge-of-care provision included psychological therapy interventions with specialist teams for abuse and neglect and functional family therapy teams. Professionals were worked with to provide crisis support to families. These approaches were very clearly defined as they were licenced, and as such they had clear eligibility criteria. It was recognised that some on the edge of care

might not be eligible, as such it was considered as to how resources could be used to cover a wider cohort. It was reported that in the last 12 months, around 40 children were worked with and only one of these went into care. Follow-ups were carried out to ensure that the position was sustainable and long-term monitoring of progress was undertaken. Outcomes were tracked over up to five years to monitor effectiveness.

- Reserves had been needed to be used to keep services going, and it was necessary to work with the government to see how to work going forward.
- Numbers of UASC who had their cases denied by the Home Office were unknown. However, in terms of families and adults, there was a streamlined process focussing on six nationalities (Afghanistan, Syria, Iraq, Iran, Eritrea and Yemen), of these, it was expected that 90% would be granted leave to remain as these countries were not seen as safe. There was a second phase of this process looking at other nationalities, and asylum applications in this phase may be less successful. It was thought that the profiles of UASC generally mapped the aforementioned six countries, and as such it was thought that most would be granted leave to remain. Many UASC did not get a decision on their applications until after they had turned 18. If they were not granted leave to remain after turning 18 and lost their appeal, then there was a conflict in legislation as there was a responsibility to get them into accommodation as care-leavers under the Children (Leaving Care) Act 2000 however this could be seen as in conflict with the Illegal Migration Act 2023. Local Authorities were keen to know which act took precedence.

AGREED:

- 1) That the report be noted.
- 2) That comments made by members of this commission to be taken into account by the lead officers.
- 3) That the report be brought to Overview Select Committee prior to Full Council.