

REPORT TO: FINANCE COMMITTEE - 16 OCTOBER 2000

REPORT ON: PROJECTED EXPENDITURE ON RESIDENTIAL AND SECURE PLACEMENTS IN SETTINGS OUTSIDE DUNDEE IN 2000/01

REPORT BY: DIRECTOR OF FINANCE

REPORT NO: 663-2000

1.0 PURPOSE OF THE REPORT

This report outlines the estimated financial outturn on the Residential and Secure Placement revenue budget for children and young people in financial year 2000/01. It goes on to indicate the reasons for this position and the action which can be taken to address this position in the short and long term. It also reports progress on the strategy approved by the Social Work Committee in September 1999, (report 617/1999).

2.0 RECOMMENDATIONS

It is recommended that the Policy and Resources Committee: -

2.1 Note the contents and future actions outlined in the report.

2.2 Instruct the Chief Executive to write to the Scottish Executive advising them of the significant increase in the number of children requiring to be placed in residential settings and the corresponding increase in funding required from the local authority.

2.3 Instruct the Director of Finance to ensure that the Provisional Revenue Budget 2001/02 has sufficient provision for the projected level of expenditure on Residential and Secure Placements.

3.0 FINANCIAL IMPLICATIONS

It is estimated that the corporate budget of £1,430,000 will overspend by £757,000 in this financial year. This excess over budget provision will be partially funded by savings of £360,000, being £90,000 in the Education Department and £270,000 in the Social Work Departments' budgets. The remaining budget excess of £397,000 will be an overspend on the Social Work Department revenue budget and will be funded from the Council's General Fund balances.

4.0 LOCAL AGENDA 21 IMPLICATIONS

None

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

The local authority has a duty to promote and safeguard the welfare of looked after children. In doing so it strives to ensure children have equal access to the services they need, paying particular attention to the child's religious persuasion, racial origin and cultural and linguistic background.

6.0 LEGISLATIVE AND PROFESSIONAL CONTEXT

6.1 The Council has responsibility under the Children (Scotland) Act 1995 to provide support to vulnerable young people. In doing so it has a corporate duty to keep the best interests of the children paramount. The Act makes provision for vulnerable children to be looked after in different ways according to their needs. Decisions that children should be looked after and the means by which they are looked after are largely taken by the Children's Panel and sometimes by the Courts. In terms of the Children (Scotland) Act 1995, the local authority is obliged to give effect to any supervision requirement. The local authority can, however, make recommendations to the Children's Panel or Courts through Social Workers and Education professionals and may also request a review of a supervision requirement. The Authority, therefore, does not have control over the placement outcomes, or of the expenditure associated with these outcomes.

6.2 The authority has a small number of external placements for educational reasons. These are for children for whom the required special educational provision is not available in Dundee and appropriate provision must be sought elsewhere. The cost of this provision to the Council in this financial year is estimated to be £150,000.

7.0 TRENDS IN NUMBERS OF CHILDREN LOOKED AFTER BY DUNDEE CITY COUNCIL IN EXTERNAL PLACEMENTS

7.1 Report 617/1999 showed that the number of looked after children accommodated in external placements had increased from 16 at 31 March 1997 to 26 at 31 March 1999. Over this period the Social Work budget was increased by £293,000 to recognise the increasing obligations and demands placed on the Council by the Panel and the Children (Scotland) Act.

7.2 Since March 1999 the Authority has experienced a further but less dramatic rise in numbers placed. As at February 2000 the number had risen to 33. The number of young people currently placed in similar settings is 31 and there has been a high turnover with 13 young people having been admitted and/or discharged during the first six months of the current financial year.

7.3 The rising number of young people being accommodated at the expense of local authorities is not unique to Dundee. Edinburgh, Glasgow, Aberdeen and Fife have recently made officers of the Council aware that they are facing similar situations with similar resulting financial pressures.

8.0 SPECIFIC FINANCIAL ISSUES

8.1 The combined Education and Social Work budgets have been increased by £388,000 in recent years to cope with increased demand and is already well in excess of the level of Dundee City Council's Grant Aided Expenditure (GAE) for Residential Schools.

8.2 It has been stressed that this is largely a needs led budget and implementation of Panel orders is a statutory requirement. Since early summer 2000 the Children's Panel has directed places at an estimated cost to the Council of £111,000 in this financial year.

8.3 In addition to this, there is a national shortage of residential and more particularly secure places. This scarcity of places has been accompanied by dramatic fee increases by providers ranging from below inflation to over 35%. (For example, one provider's identical provision would have cost £15,000 more and another's £36,000 more than last year). Fee increases for 2000/01 were still being notified to the Authority as late as September 2000. In two cases the revised fees for 2000/01 are still not known. COSLA has recommended to Authorities not to pay fee increases above 2.5% unless this can be justified by service improvements.

8.4 The Revenue Budget for 2000/01 assumed that The Elms (Close Support and Secure Unit) would be available from early summer 2000. The Scottish Executive required certain changes to the building to be made before a licence to occupy could be issued. This has led to a delay in fully occupying the property and as a consequence longer placements with external providers at an estimated cost of £322,000.

8.5 The lengthy and detailed recruitment, evaluation and training process for Alternative Community Experience (ACE) carers has limited the present number of available carers to four. The budget for 2000/01 assumed that six young people in residential schools would be placed in this highly specialised skill based community alternative to residential school placements. It is anticipated that more ACE carer provision will be available for 2001/02.

9.0 FUTURE PROVISION

9.1 The Directors of Education and Social Work will contain £360,000 of the overspend within their existing Revenue Budgets due to new monies available and higher levels of income than anticipated when setting the revenue budget. The balance of £397,000 will result in an overspend in the Social Work Department budget and this will be met from the Council's General Fund balances.

9.2 The Director of Social Work and Education will continue to pursue and develop the Council's strategy of increasing community based resources for young people as detailed in report 523/2000 as a longer term solution to the pressures on this budget.

9.3 It should be acknowledged that this issue is not exclusive to Dundee and other Councils are facing similar situations with their placements budgets. It is essential that this budget provision is reviewed when preparing the Provisional 2001/02 Revenue Budget to reduce the likelihood of an overspend occurring in the future.

9.4 The committee may consider it appropriate to raise this issue of funding for residential and secure places with the Scottish Executive.

10.0 BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing the above report.

10.0 SIGNATURE

David K Dorward
Director of Finance

Date