

Finance Scrutiny Panel – 4 June 2018
Scrutiny Observations to Cabinet on: Children’s Services Budget

The Panel met with the Portfolio Holders with responsibility for Children’s Services and Finance together with the Interim Lead, Children’s Services, Head of Financial Services and Finance Business Partner. Rebecca David-Knight of Public Governance Wales, observed the meeting as part of her review of the role and function of the Finance Scrutiny Panel.

The Panel acknowledge the position in which the Service finds itself following the CIW Inspection and note the progress that is being made in improving the service. Concerns remain regarding the financial implications of addressing these issues over the longer term and the ongoing risk to the Council’s budget.

The Panel offer the following observations:

1. The Panel felt that the papers which had been sent out to the Panel were not easily reconciled and, in some instances, appeared contradictory – this should be considered when presenting information to future meetings and is a corporate issue.
2. We discussed the position as at April 2017 to agree a benchmark – it was agreed that, at that time, there was a relatively static position regarding numbers of Looked After Children (LAC) and an adequately resourced budget. The number of LACs per 100K population had been comparable with similar Welsh authorities. (Appendix 1). It was also accepted by Children’s Services that the present figure of 208 LAC was statistically unusual for a county of our size and type. It was further noted that the service expect that the number of LACs will remain at this level for two to three years until early intervention reduces the numbers requiring services.
3. The budget was above average at April 2017 with the cost per LAC being the second highest in Wales (Appendix 2). Since then, the budget has been increased by 47%.
4. There seems to have been a lack of financial control during the period. Finance has been a low priority in the perceived urgency with which the CIW Inspection report was dealt with. Financial training has been offered to staff but there has been a poor take up. The Panel would wish to see such training being compulsory.

5. It has been identified that commissioning, procurement and contract management arrangements need to be strengthened and the Panel fully supports this and consider it to be urgent.
6. There is extreme concern that from the figures given in the Portfolio Holder's briefing report (Appendix 3), it would appear that a further substantial increase in budget will be required in the region of £3.2M in addition to the £6.1M already allocated. The Panel will need early assurance that this overspend situation is addressed as there is significant concern regarding the impact upon, and risk to, the Council's budget from 2019/20 and beyond.
7. In the Portfolio Holder's briefing report (Appendix 3), Appendix B to that report does not, in the Panel's opinion, demonstrate the impact or justification for the posts listed. It is noted that there has not yet been an assessment of the real volume of work to be undertaken against that suggested by Appendix B. It is difficult to understand the total number of posts proposed, whether they are temporary or permanent and how the new staffing structure fits with the structure included in the base budget of 17/18. We assume that the details in Appendix B were proposed to accompany the recovery plan that was sent to WAG and CIW. An urgent review of this proposed £3.5m spend needs to be carried out.
8. The Panel note that unachieved savings of £1.1m for 2017/18 and £1.2m in 18/19 are unlikely to be achieved in the current year. We have been informed in Appendix 3 that these savings will be 'refreshed' but we have little evidence to understand what 'refresh' might mean. There needs to be clarity in this regard at an early stage
9. In February 2018 The Council accepted the WAO Statutory Recommendation ***In setting a balanced budget, the Council must ensure that all savings plans are sufficiently well developed for inclusion in the annual budget. The Council must also act immediately to update its Medium Term Financial Strategy to enable the Council to live within its means going forward, and design and implement actions to address the weaknesses identified and reported by me in respect of its corporate and financial arrangements.*** The Panel remain concerned that the Authority may be in breach of this by not treating Children's Services savings in the same way as other services savings.
10. There is little evidence of challenge by the Cabinet on the increased budget allocation to Children's Service's in Cabinet papers. When the CIW report was issued it was publicised that an immediate allocation of an extra £4m was to be made available. This appeared to have been done without a fully costed business plan.

The Panel have concerns regarding the financial impact on the Council of the length of time it is predicted to stabilize this service. Financial considerations must have a greater priority in order to provide an efficient service. This is now a very well-funded service and we need to ensure that financial considerations are given sufficient priority. The service needs to demonstrate value for money rather than expecting to receive an increased spend on what was considered an adequately resourced area. The impact of this level of spend has negative implications on spend in other areas of the Council and we would welcome more evidence of Cabinet challenge.

Membership of the Finance Scrutiny Panel;

County Councillors J Morris, (Chair), M Dorrance, J Gibson-Watt, H Hulme, P Roberts, D A Thomas, E Vaughan, A Williams, GIS Williams and Mr J Brautigam