

Leaders' Committee

Children's Services - Finance Pressures and Tackling County Lines

Item no: 5

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Summary

This report updates Leaders' Committee on

- 1) the findings of research into demand and spending in Children's Social Care (CSC) and for children with Special Educational Needs and Disabilities (SEND) in London by ISOS Partnership, commissioned by London Councils. The research includes compelling evidence on the key drivers of spend in children's services, what is working well in some areas to mitigate this pressure and what we can do locally, regionally and nationally to help ease the pressure facing Children's Services
- 2) Research into public awareness of criminal exploitation of young Londoners by County Lines gangs and proposals emerging from a pan-London County Lines Summit held on 11 September.

This report to Leaders' Committee sets out the recommendations and proposed next steps from the report.

Recommendations

Leaders' Committee is asked to:

1. Note the findings of ISOS Partnership's report *Under pressure: an exploration of demand and spending in children's social care and for children with special educational needs in London*
2. Consider the policy, practice and lobbying recommendations emerging from the report and agree the three proposed areas for priority action set out in paragraph 18.
3. Note the findings of London Councils commissioned polling on County Lines and discussion at the Summit on 11 September, and consider and agree to the priority areas for action set out in paragraph 30.

Children's Services finance pressures

Introduction

1. Over the past three years London boroughs have reported a significant increase in costs in children's services, particularly in Children's Social Care (CSC) and for children and young people with Special Educational Needs and Disabilities (SEND).
2. London Councils, working closely with the Association of London Directors of Children's Services (ALDCS) and Society of London Treasurers (SLT), undertook detailed surveys in both 2017 and 2018 to better understand the extent and potential causes of financial pressures across Children's Services. The analysis of these surveys shows that Children's Services across London are facing an unsustainable level of financial risk. In 2017/18 all but one council in London were in deficit on their high needs expenditure and all but six were in deficit on their children's social care expenditure. The total in-year shortfall in funding across both SEND and CSC in London came to £185 million in 2017/18. The findings of these surveys have been reported to Leaders' Committee and used as the basis for a substantial campaign for more investment directed at government.
3. In discussions with government officials and wider partners it became clear that London needed to strengthen its case for further investment in Children's Services ahead of the Spending Review by developing a more detailed understanding of what is driving up spend in London and what can help to reduce this pressure, including signposting good practice. This evidence would be important in demonstrating to government that London local government is working hard to make efficiencies and changes to practice to reduce budget pressure whilst maintaining good outcomes. Yet even with these efforts London's Children's Services are still facing considerable budget constraints.
4. Following discussions with Chief Executives, Directors of Children's Services, Treasurers and members, London Councils commissioned ISOS Partnership to undertake qualitative research on Children's Services finance pressures. The purpose of this research is to ascertain what is driving up spend across both CSC and SEND, explore how some local authorities have been able to mitigate or reduce pressures on budget and propose a number of key recommendations for boroughs, London Councils and national government to secure a more sustainable financial position for London's Children's Services going forward.

5. A report was taken to Leaders' Committee in February to update Leaders on this work and ensure they could feed into the ongoing work.
6. ISOS's final report, *Under pressure: an exploration of demand and spending in children's social care and for children with special educational needs in London*¹, was published on 26th June.

Findings

7. ISOS identified 14 boroughs to interview as part of the fieldwork for the qualitative research with 6 focused on CSC, 6 on SEND and 2 borough visits covering both areas. They looked at a number of different factors, including spend and demographics, to ensure they had a good spread of boroughs.
8. Through the interviews it emerged that there has been a dramatic and sustained rise in demand for SEND support, brought about by the very rapid increase in children and young people with Education Health and Care Plans (35% over four years). In children's social care, the overspend stands at 9% in 2017-18, or £108 million. Increased complexity of need, workforce dynamics and competition within the market for places are leading to rapidly rising individual costs of care.

Factors which help to explain rising expenditure

System level changes and the broader funding and policy landscape

9. ISOS has identified a perfect storm of factors impacting on high needs budgets, which, if left unchecked, it claims could lead to expenditure spiralling out of control. Changes in the Children's and Families Act 2014 and the new Code of Practice extended responsibility for children and young people with SEND from ages 0 to 25; raised parental expectations and established parental preference as a key determinant in decisions about how and where a child or young person with SEND should be educated; and reinforced these decisions through a Tribunal system which routinely finds in favour of the parent. Additionally, accountability measures in the mainstream education system do not incentivise inclusion of the most vulnerable learners. This is leading to more movement of

¹ <https://www.londoncouncils.gov.uk/our-key-themes/children-and-young-people/under-pressure-children's-services-finances>

children and young people with SEND and other needs out of mainstream schools and into more expensive specialist and alternative forms of provision.

10. These legislative and policy changes for SEND provision come at a time when societal and demographic shifts are creating new cohorts of very vulnerable children, young people and families in need of support.
11. In CSC the impact of Ofsted inspection, changes in court expectations around permanency and specific unfunded pressures around support for care leavers and unaccompanied asylum seeking (UASC) young people have played a part in driving up costs. Despite this, many boroughs have been able to act decisively and effectively to reduce demand, both in terms of Looked After Children (LAC) and child protection. This has led to CSC expenditure growing more slowly in London than in other areas of the country.
12. However, spend is still growing despite success in controlling demand. This is because boroughs are operating in a market for places and professionals dominated by providers. For example, average costs for LAC in London have risen by 61% in four years. Further budget reductions to CSC and associated budgets could be devastating unless efforts are made to better manage the market. Areas of expenditure likely to be targeted in any more budget cuts are early help and preventative work, which could lead to rising demand and a downward spiral in outcomes. ISOS highlights that 'if expenditure on high needs is a 'perfect storm' then expenditure on CSC is a time-bomb, that the system can ill afford to ignore'.

The marketplace for providers and professionals

13. The market for more specialist provision in London has become extremely competitive with a paucity of places for children and young people with the most complex needs, which means that children often have to travel out of borough to access more costly places. Boroughs also reported a growing cohort of hard to place young people for whom there is not currently an adequate range of support options. These young people demonstrate a wide range of risk factors: edge of care, SEND, risk of exclusion and engagement in youth crime; yet services are not often joined up. Many local authorities are also dependent on relatively high-

cost agency staff due to issues with recruitment and retention of staff, which creates further budgetary pressure.

How local authorities can mitigate or reduce cost pressures

14. Having skilled commissioning teams in place provides greater opportunities to negotiate on price, shape the market and develop stronger relationships with providers. Strong collaboration between councils through well-developed sub-regional commissioning arrangements was considered to be essential to achieve better management of the market, greater economies of scale and improved quality of outcomes. There is strong qualitative evidence emerging from the report that putting in place good quality early intervention and preventative services, and joined up pathway planning, can have a positive impact in stemming the demand for more costly children's social care interventions. Using greater creativity at thresholds for care or for more specialist provision enables local authorities and their partners to develop good quality alternatives to highest cost placements, in SEND or children's social care.

Prioritisation of recommendations

15. ISOS identified a series of actions for national government, London Councils and individual local authorities to take forward in order to ensure that these vital services remain sustainable. The full list of recommendations is set out in Appendix 1.

16. The government has made recent announcements that address a number of the recommendations set out in the report. Notably:

- The Chancellor announced in the Spending Round 2019 on 4th September that the High Needs Block will grow by £700m by 2021/22. £1 billion of new grant funding was announced for adult and children's social care, to be distributed using the adult social care relative needs formula (of which London boroughs are estimated to receive £155 million).
- The Chancellor also confirmed that funding for the Troubled Families programme will continue, although has not yet confirmed how much will be available.
- The Department for Education announced on 6th September that it will be undertaking a review of how the SEND system has evolved since the

Children and Families Act 2014. This will include exploring the role of health care in SEND, as well as evidence on how the system can provide the highest quality support that enables children and young people to thrive and prepare for adulthood, including employment. Both of these areas have been identified by ISOS as weaknesses in the system.

17. The funding increase is particularly welcome, given the scale of the financial pressure currently facing both High Needs and CSC budgets. However, given the growing demand and uncertainty around long term funding allocations, it is vital that the sector retains focus on this area to drive down costs and improve outcomes. The recommendations in the ISOS report provide key actions on how we could do this.

18. London Councils officers have held discussions with Directors of Children's Services and Lead Members for Children's Services, including at a member event on 12th September at which there was widespread support for more collaborative efforts to improve children's services. The following areas for priority action have emerged from these discussions:

- Joint commissioning of placements for hard to place adolescents. ISOS highlighted that there is a pressing need to improve commissioning placements for the cohort of young people who are high cost but low incidence. There is a need to scope out whether this could be done sub-regionally or regionally, potentially building on a vehicle that has been agreed at London Councils' Executive on regional commissioning of secure accommodation. This work is currently being shaped by DCSs.
- Developing a workforce strategy
ISOS identified that current pressures on the children's workforce, particularly with social workers and education psychologists, are leading to a reliance on agency staff and subsequently driving up costs. Recruitment and retention are both issues for social work staff. One idea currently being explored is the option of setting up a social work academy for London local government. This could look to harness a wide range of experience and skills including via apprenticeships, returners and new graduates. This type of model could help to reduce vacancies and the sector's reliance on agency staff. Another option for collaboration in this

space to reduce spend would be to establish a London local government social worker agency.

- Contribution of health to EHCPs. ISOS recognised the variation in engagement of CCGs in SEND issues, particularly in contributing to EHCPs, despite legal requirements to do so. Health engagement is vital to help secure better outcomes for children and young people and reduce the pressure on local authority budgets. It is important to have a set of clear expectations about this role – this could be set out in a protocol for London, outlining London boroughs' minimum expectations of the NHS contribution and enabling London local government to better hold CCGs to account in this sphere.

19. London Councils is also exploring with boroughs how greater collaboration and efficiencies could be realised around SEN transport.

County Lines

Introduction

20. London continues to be the dominant urban source of county lines offending. Police leads estimates that there are between 1,200 and 1,500 lines operating nationally, with up to 30 young people involved in any one line. It is estimated that there are at least 283 lines originating in London.
21. Many of the young people exploited by County Lines criminal gangs are London children. Across London, boroughs have taken steps to better plan for and respond to knife crime and serious youth violence associated with, though not exclusively, drugs and gangs. However, there has been comparatively less focus given to what can be done to understand and safeguarding needs of young people involved.
22. The police, safeguarding experts and government have increasingly been prepared to challenge the drivers of the drugs trade, notably the use of drugs as a cause of the growth in County Lines. Specifically, Cressida Dick and the former Justice Secretary, the Rt Hon David Gauke, are on record in challenging the public about the impact their drug taking has on those who are caught up in the trade.
23. To support a better understanding of public understanding about the link between drug taking, County Lines and Modern Slavery, London Councils commissioned new research looking at public awareness of County Lines exploitation and

attitudes towards drug taking. The aim was to examine public knowledge of the use of exploitation through County Lines as a form of modern slavery: to both produce a benchmark of attitudes and test approaches to public messaging to raise awareness of the exploitation of young Londoners.

24. The interim research findings were presented to a London Councils County Lines Summit on 11 September, during which members and officers also heard from experts in the field of safeguarding adolescents and boroughs officers leading the collective Rescue and Response project, which aims to identify and support young people at risk of becoming, or already, involved in County Lines.

Research Findings

25. Key headlines from the research include –

- *Drug Use as a Crime* – Unsurprisingly, knife violence was consistently reported as the number issue. However, there was a variation between how big an issue drug usage was in London compared to the rest of the UK
- *The Damaging Impact of Drug Use* – Unsurprisingly, in testing attitudes of Londoners towards drug taking, research revealed a high level of negative opinion. Research also tested opinion towards whether drug users were aware of or cared about the damaging affects of the producing/supply, showing that the public thinks, among other findings, drug users are not aware of exploitation and violence that occurs in the production/ distribution process.

Surprisingly, there appears to be a dichotomy between the decision to take drugs and the likelihood of making ethical consumer choices.

Researches asked respondents about their drug use. 75% of those who had taken drugs in the last 12 months said they have stopped buying goods or services because they felt or suspected that they conduct their business in an unethical matter. This is notably higher than those who have never taken drugs – 53% said they have stopped buying goods or services for this reason.

- *Awareness of County Lines* – The research also sought to gain an understanding of how much the public understood about County Lines

and, related to this, Modern Slavery and found that there is a substantially different level of awareness between the two.

- *Changing Opinion* – Having been presented with information about Modern Slavery and County Lines, the largest shifts in opinion (statistically significant) have been around Londoners agreeing that drug users should take responsibility and in being more likely to encourage people stop taking drugs.
- *Tackling Demand for Drugs* – Research tested support for statements made by the Commissioner of the Metropolitan Police and the former Justice Secretary in relation drug taking and found that 80% support (50% strongly) the former Justice Secretary, the Rt Hon David Gauke's position that "People who snort cocaine at middle-class dinner parties should feel 'guilt and responsibility' for a surge in deaths on the streets."

Substantial numbers of Londoners felt that campaigns on raising the awareness of County Lines would be most effective if they focused on the impacts on children and young people being groomed by drug gangs and then exploited to transport and sell drugs (49%) and the criminal exploitation of children and young people (42%).

London Councils County Lines Summit

26. On 11 September, London Councils Executive Lead for Children's Services and Education led a pan-London County Lines Summit. Key issues highlighted by speakers included –

- Schools and other areas where young people gather or move through can be protective environments as well as places of risk. If we (as parents, for example) know where children are when they are out in the community, then so do people who would seek to groom young people for the purposes of criminal exploitation.
- The threshold for social care intervention is often becomes the centre of the debate between professionals. This can reveal that we, as a system, don't routinely assess the place where the young person is most at risk (e.g. the park or the alleyway).

- Furthermore, even if the threshold for intervention were met, is the system clear what the “offer” would be?
- The system also needs to keep in mind and be aware that children aren’t reporting incidents where they are victims of crime, so it won’t show up in our crime statistics, and therefore the official figures and reports don’t point towards the right places of risk of harm to young people. The question for councils and their partners is do we know where the places of risk are, are we checking those places, have we commissioned interventions and have we dealt with the risk?
- In terms of work between statutory partners, information and intelligence sharing remains problematic. The culture of joint working has improved, but systems don’t talk to each other.
- There remains significant number of children being taken out of London, including to University towns in the South East but also as far as Aberdeen. However, the mode of transport has shifted, and a lot more children being transported through coach routes and in hire cars rented, notably rented through airports.
- Need to better understand what we are trying to identify earlier (i.e. what are the signs of risk) so that the system is better able to stop young people being exploited.
- London needs an approach to the drug user and drug dealer, including working with the police, in order to tackle one of the factors driving the use of criminal exploitation in County Lines networks.

Conclusions

27. Research and the Summit have demonstrated that there is a significant lack of awareness of County Lines, despite substantial and widespread media coverage during recent months. This points towards the need to do more to raise awareness of the use of Modern Slavery within County Lines criminal exploitation. Furthermore, given the relatively big difference in relative level of concern about drug usage as a crime priority for London compared to knife violence, there appears to be little connection made being made between drug use, drug trafficking and gang related knife violence.
28. Linked to levels of awareness about County Lines, there were very significant differences in the extent to which people think that Modern Slavery or County Lines are problems in their local area, compared to being a problem in the UK or London more generally.

29. There appears to be a substantial level of support for action to raise awareness of County Lines and the impact on vulnerable young Londoners, including among schools, councils and London residents.
30. Therefore, based on research and discussion at the Summit, the following possible areas for action have been identified –
- Working with borough lead, produce a series of toolkits to support awareness raising among –
 - Members and officers in councils across London
 - Schools and school staff
 - London Residents
 - Working with the Metropolitan Police Service, convene a summit with transport company providers to highlight their role in helping tackle the availability of routes for County Lines and in identifying young people being exploited and explore the possibility of working with the transport sector to produce toolkit resources.
 - Develop a communications campaign to raise awareness of the exploitation of young Londoners in County Lines and the link between drug use, the affluent recreational drug user and violence and Modern Slavery.

Next steps

31. Taking forward the report recommendations will require concerted and collaborative action from senior leadership in local government. Specific joint activity is likely to require additional resource to support effective delivery. It will be important for London local government to engage at every level with the recommendations of this report.
32. With regard to finance issues specifically, following widespread engagement with the report recommendations London Councils aims to develop a plan in response to the ISOS report setting out which recommendations it intends to take forward with a clear timeline. Further updates will be provided to Leaders' Committee on this work.

Recommendations

Leaders' Committee is asked to:

1. Note the findings of ISOS Partnership's report *Under pressure: an exploration of demand and spending in children's social care and for children with special educational needs in London*
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Financial Implications for London Councils

None

Legal Implications for London Councils

None

Equalities Implications for London Councils

None

Appendix 1: Recommendations from *Under pressure: an exploration of demand and spending in children's social care and for children with special educational needs in London*

Recommendations for London Councils to support greater collaboration between local authorities

1. Review the progress of sub-regional commissioning arrangements and share the learning between the different partnerships.
2. Work across London to better identify the 'hard to place' older age cohort of young people presenting as LAC or with complex SEND, who combine mental health and behavioural issues, and rapidly trial and evaluate initiatives for working with them.
3. Establish a Pan-London partnership for commissioning secure and semi-independent placements
4. Generate more efficiency out of the marketplace by collaborating on estimating demand for and jointly commissioning places for young people with high cost and low incidence needs.
5. Work more collaboratively post-16 to develop pathways to adulthood with post-16 providers and employers.
6. Develop a pan-London workforce strategy for social workers, educational psychologists and other key professionals to create a stronger pipeline, maximise opportunities for learning and career development and better manage the pressure exerted by the agency market. There is much potential for maximising the shared learning and recruitment opportunities if boroughs were to collaborate.
7. Support boroughs to develop consistent and evidence-based approaches to evaluating the impact of innovative ways of working and create opportunities to share the evidence of what works more widely.

Recommendations for National Government to address the system level changes and broader funding and policy landscape that have led to an increased spend

8. National government should urgently address the lack of funding for both CSC and SEND to ensure the sustainability of these vital services in the next Spending Review.
9. In making future funding decisions in the next Spending Review, national government should recognise that children's services operate within a complex eco-system and that significant and ongoing reductions in one area of local government and partner funding are likely to have knock-on implications in other areas.
10. DfE should review the impact of the Children's and Families Act 2014 on demand for EHCPs
11. DfE should address the perverse incentives in the system which make it cheaper and easier for a school to exclude a child than to make good quality preventative support available, in line with the proposals in the recent Timpson review.
12. The DfE should review the legislative underpinning and guidance for SEND Tribunals so that the true relative lifetime costs of different placement options are routinely taken into consideration and have significant weighting alongside the wishes of the parent and the needs of the child.
13. The DfE should relax the current restrictions around establishing new special schools and allow local authorities to create additional provision without having to enter into a free school competition.
14. To improve inclusivity in mainstream schools, the DfE should review the impact of Progress 8, attainment 8 and the narrowing of the curriculum at GCSE and develop ways of holding schools to account that better incentivise an inclusive approach to education.
15. The DfE, DH and local authorities should work together to clarify the specific responsibilities for CCGs in supporting and funding placements for looked after children and for those with EHCPs and use existing examples of good practice to promote the benefits of close joint working more widely to CCGs.
16. MHCLG should extend funding for early intervention for the Troubled Families programme beyond 2020. Without this funding much of the current early help offer would be unsustainable.

17. MHCLG should review the implementation of the new duty to prevent homelessness, introduced in April 2018, and assess whether there have been changes to support for families who would previously have been made intentionally homeless. MHCLG should also ensure councils can draw on adequate resources to fulfil their duties and address homelessness.
18. The Home Office should act to ensure that the national transfer scheme for UASC is operating as fairly and efficiently as possible so that London boroughs are not disproportionately burdened.
19. The Ministry of Justice should review grants given to local authorities for procuring secure accommodation for children and young people on remand to ensure that they are keeping pace with the increasing numbers, placement costs and duration of remand.

Recommendations for local authorities acting individually

20. Carry out more forensic analysis of the impact of creative solutions to address particular areas of cost or demand
21. Work to break down internal silos between different parts of local government so that decision-making maximises the cost benefits to local government as a whole, rather than one service at the expense of another.
22. Conduct more joint analysis, commissioning and pathway planning for those young people who straddle both the SEND and CSC cohorts.
23. Be open and proactive in drawing on good practice from elsewhere.
24. Focus on doing the basics, in terms of core SEND and CSC support and financial management, really well.