

CABINET	AGENDA ITEM No. 6
8 FEBRUARY 2016	PUBLIC REPORT

Cabinet Member(s) responsible:	<i>Councillor Andy Coles, Cabinet Member for Children’s Services</i>	
Contact Officer(s):	<i>Wendi Ogle-Welbourn, Corporate Director People and Communities</i>	Tel. 01733 863749

SAVINGS AND INVESTMENT: CHILDREN’S SOCIAL CARE – REVISED SUMMARY

RECOMMENDATIONS	
FROM : Corporate Director People and Communities	Deadline date : N/A
Cabinet is recommended to agree the Transformation Plan for Children’s Social Care, taking into account the financial implications arising, in order to improve practice and outcomes.	

1. ORIGIN OF REPORT

1.1 In the summer of 2015, a report was presented to Cabinet on the initial findings of the Ofsted inspection and the actions Officers and the Lead Cabinet Member considered needed to be taken to address those findings.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to provide Cabinet with details of the actions recommended to be agreed to address the findings in the Ofsted Inspection of Children’s Social Care.

2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1 to take collective responsibility for the delivery of all strategic Executive functions within the Council’s Major Policy and Budget Framework and lead the Council’s overall improvement programmes to deliver excellent services.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO
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4. Ofsted Improvement and Investment Programme

4.1 Children’s Services in Peterborough face a number of challenges and has been engaged in a transformation programme, which has been further informed by the recent Ofsted inspection. This inspection of children’s services identified the following areas where investment was likely to be required:

- Supporting initiatives to improve recruitment and retention of staff;
- Developing capacity in the Virtual School – not yet costed;
- Developing a Neglect Strategy and ensuring an appropriate response to neglect; and
- Investment in ICT infrastructure to enable accurate and real time performance reporting across the Children’s Social Care service – assumed to be met from capital budget.

4.1.1 In addition, issues identified relating to inconsistencies in the quality of practice, management and recording will have further resource implications, including:

- Providing social workers and team managers with laptops so they can record case notes contemporaneously where appropriate – cost to be met from capital budget;
- Seeking to over-establish the number of team managers by 2 FTE so that in the event that a team manager leaves their post, this can be temporarily covered by a permanent manager. During periods when this is not necessary, these additional manager posts would be part of the Quality Assurance (QA) unit and would support practice developments and standards across the service;
- Conference and Review Chairs play a key role in ensuring that child protection and care plans are progressed; they need to have the status of team managers to achieve this, which would require a re-grading; and
- There is a need for additional Local Authority Designated Officer (LADO) and QA functions to ensure practice is consistent, but there is flexibility through the Care Act funding to support this, as we bring together the QA functions of both Adults' services and Children's services.

4.1.2 Also related to the need to improve the quality and consistency of practice:

- Developing a new approach to working with our Children in Need by increasing the skill mix of our staff team and leading us to be less reliant on hard to fill qualified social worker positions. This should improve staff turnover rates and ensure that more children, young people and their families have a consistent worker working with them throughout the period of intervention. If successful it will result in savings that will offset cost of investment; and
- Strengthening the role of the Children in Care Council and their links to Corporate Parenting Panel. This is assumed to be possible to be absorbed within the Permanency Service development.

4.2 Cost Modelling – Investment and Savings

Assumptions

4.2.1 There are a number of assumptions used in the calculations below, as follows:

- Demand will not be reduced: We need to work with fewer children in Children's Social Care and changes to the front door will achieve this. However, there will also be a need for investment in Early Help as well as in the front door. Assuming no reduction in demand builds some flexibility into future budgets where we are successful in reducing demand. There is also a risk of double counting with the Customer Experience Project if included in this paper;
- Where social work posts are reduced or replaced by Team Support Worker (TSW) posts, it is assumed that agency staff leave first;
- TSW posts are assumed to work with a caseload of 15-20 children and young people.¹ This provides them with the opportunity for significant interventions into families, which should have more impact as a result;
- TSWs will replace qualified social workers at a ratio of 3:2 – three TSW posts will be created for every two social work posts that are reduced;
- The Retention Scheme has been amended and is now based on a payment depending on pay band;
- Costs for the Recruitment Scheme are based on accumulating a 20% bonus over three years;

¹ Determining the actual number allocated to any worker will depend on factors including the relative complexity of the case as well as the number of large sibling groups open to any one worker.

- Cost of additional LADO and audit capacity is assumed to be met from Care Act funding; and
- The cost of the pilot for the Neglect pilot project is assumed to be £100,000 per annum. Some of the cost should be offset by reductions in use of spot-purchased High Level Family Support and use of expert assessments.

4.3 Summary – Costs and Benefits

Recruitment Scheme

- 4.3.1 The Recruitment Incentive is based on a total payment of 20% of starting salary, paid as a 2.5% bonus of starting salary after the first year of completed service, 7.5% of starting salary on completion of year 2 and 10% on completion of year 3. Newly qualified social workers would not receive a bonus at the end of their first year, but would receive the 7.5% bonus at end of year 2. All payments would be dependent on securing a ‘Fully Met’ outcome within the most recent PDR.
- 4.3.2 Since payments would be on the anniversary of appointment, there would be no costs in the current financial year. Profiling exact costs in future years is complicated as it depends on the number of social workers recruited and at which grades. However modelling of 25 new starters across grades 10 to 12, all of whom then remained in post would lead to the following estimated costs:

Year 1: 2016-17	Year 2: 2017-18	Year 3: 2018-19
£20,210 + 25% on-costs	£57,820 + 25% on-costs	£80,895 + 25% on-costs
£25,260	£72,300	£101,000

- 4.3.3 Given that now that the Newly Qualified Social Worker posts are recruited to and that once established, the number of vacancies will be reduced once the TSWs are established, these costs are likely to be an over-estimate. However, we also need to remember that as expectations of standards increase, there may be higher short term turn over levels.
- 4.3.4 Once the member of staff has completed their third year, they will move to the retention scheme, detailed below.

4.4 Retention Payment Scheme

- 4.4.1 The retention scheme is based on a lump sum payment according to the grade of the member of staff, again payable on the anniversary of appointment. The current £500 market supplement would be absorbed into these payments, which would result in members of staff experiencing a small reduction in their monthly salary, which is then more than made up for by the payment of the annual bonus except for those members of staff on the lowest pay grade, for whom the values would be the same - £500.
- 4.4.2 It is therefore suggested that we consult workers on the lowest grade as to how they would prefer to receive the payment – as a lump sum of £500, or to continue receiving this spread across the year. Running costs would not be affected by this.
- 4.4.3 Impact on the current financial year would be reduced as payments would be made on anniversary of appointment. The table below details costs based on current establishment, based on full year cost:

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Grade	Establishment	Reward	Annual Cost
9	11	£500	£5,500
10	25.59	£1,500	£38,385
11	3	£2,250	£6,750
12	22.41	£3,000	£67,230
Total	62		£117,865
Less cost of Existing Scheme			£31,000
Net cost of new scheme [No on-costs]			£86,865
Net Cost including 25% on-costs			£109,000

4.4.4 Costs will increase if the scheme is successful and more staff are persuaded to remain in post as they move through the pay scales. However, the recruitment incentive cost is likely to be an over-estimate so no further allowance is made for this effect.

4.4.5 Payments will be dependent on achieving at least 'Fully Met' in most recent PDR.

4.4.6 The table below sets out the full year costs of the proposed investment programme for the first full financial year 2016/17 – costs increase each year because the cost of the recruitment incentives scheme builds on the model used.

Item	Full Year 1 Cost	Notes
Recruitment Incentives:	£25,260	Based on 20% payments spread over three years and recruitment of 25 experienced social workers.
Retention Payments: QSWs	£109,000	Cost of implementing for current establishment. Replaces current £500 payment. See detail above.
Pilot 20 TSWs	£528,000	Current programme is for 12 month pilot and this is full year cost.
Re-grading IRO/Chairs	£60,000	Assumes that current staff are top of grade and will move to starting point on re-grade: No additional bonus payment.
Neglect Project	£100,000	Full year cost of pilot: may be partially offset by savings elsewhere as detailed in 'assumptions' above.
Additional 2 Team Managers	£128,000	At mid-point, including Team Manager (TM) bonus payment. Actual costs will be lower as will cover vacancies.
Total Full Year Cost	£950,260	

4.4.7 As noted above, it is assumed that cost of additional LADO and Audit capacity will be met through care Act Funding, and ICT investment through Capital funding.

4.5 Impact: Current Financial Year

4.5.1 Team Support Workers were interviewed in August and most commenced on 1st November with a few starting on 1st December. They will need some induction, training and time to bed down and it is therefore unlikely that there will be any significant reductions in qualified worker establishment until later in the year and so such savings are assumed to begin only in last quarter.

4.5.2 Assuming retention payments are implemented from February or March and are paid on the anniversary of initial appointment, cost in current financial year will be less than 50% of full year cost, but is costed at 50%.

Other costs above will also be at most 50% of full year costs, with the exception of the Neglect Pilot, which is assumed at 25% of full year cost.

4.5.3 The table below summarises the estimated position for 2015/16:

Remainder of 2015/16: Item	Cost (Saving)
TSWs	£209,000
Retention Payments Scheme - QSWs	£55,000
IRO/Conference Chairs Re-Grading – assume commence Jan 2015 in line with launch of joint QA service	£15,000
Recruitment Incentive Payments	£0
Additional Team Managers	£64,000
Neglect Pilot	£25,000
Savings – Reduction in Agency SW [13 posts: 25% of financial year], made up of 13 posts at budgeted establishment and 13 agency premiums	(£250,000)
Total Cost 2015/16	£118,000

4.6 Full Year Effect: 2016/17

4.6.1 Actual average cost of current permanent establishment of 62 workers at current grades is £41,250 not including the current £500 bonus: Total cost £2.56M.

This is based on numbers of posts in each band [pay grade 9-12] at estimated mid-point of each salary band inclusive including on-costs – see **Appendix 1** for details of current establishment.

4.6.2 Average cost of an agency Social Worker is £71,000 per annum and baseline position at 1st September 2015 is that there were 26 in post at a full year cost of £1,846,000.

4.6.3 Total cost of this staffing structure £4.4M

4.6.4 Under pilot to recruit 20 TSWs, establishment of social worker posts would reduce from 83 to 70.

- Full year cost of 20 TSWs is £528,000
- Cost of 5 agency QSW's to allow for likelihood we will never be fully staffed is £355,000
- Cost of 65 permanent workers at current average cost of £41,250 is £2.68M

4.6.5 **Full year cost is £3.56M: £840,000 less than current baseline cost.**

4.6.6 But deducted from the baseline cost is the cost of further investment in Year 1:

Item	Cost 2016-17	Notes
Recruitment Incentives:	£25,260	Based on 20% payments spread over three years and recruitment of 25 experienced social workers
Retention Payments: QSWs	£109,000	Cost of implementing for current establishment. Replaces current £500 payment. See detail above.
Re-grading IRO/Chairs	£60,000	Assumes that current staff are top of grade and will move to starting point on re-grade: No additional bonus payment
Neglect Project	£100,000	Full year cost of pilot: may be partially offset by savings elsewhere as detailed in 'assumptions' above
Additional 2 Team Managers	£128,000	At mid-point, including TM bonus payment. Actual costs will be lower as will cover vacancies
Total Full Year Cost	£422,000	

4.6.7 This would produce a year 1 saving [2016/17] of around £400,000.

2016/17 Summary

Investment in retention	£422,000
Saving from restructure	£840,000
Net saving	£418,000

4.6.8 **Year 2: 2017/18**

Savings resulting from staffing changes remain at around £840,000, but projected cost of recruitment scheme higher, as below:

Item	Cost 2017-18	Notes
Recruitment Incentives:	£72,300	Based on 20% payments spread over three years and recruitment of 25 experienced social workers
Retention Payments: QSWs	£109,000	Cost of implementing for current establishment. Replaces current £500 payment. See detail above.
Re-grading	£60,000	Assumes that current staff are top of grade and will move to starting point on re-grade: No additional bonus

IRO/Chairs		payment
Neglect Project	£100,000	Full year cost of pilot: may be partially offset by savings elsewhere as detailed in 'assumptions' above
Additional 2 Team Managers	£128,000	At mid-point, including TM bonus payment. Actual costs will be lower as will cover vacancies
Total Full Year Cost	£469,300	

4.6.9 Increased cost of investment scheme means that savings from new models of working reduce to around £370,000.

2017/18 Summary

Investment in retention	£469,300
Saving from restructure	£840,000
Net Saving	£370,700

4.6.10 Year 3: 2018/19

As before, savings resulting from staffing changes remain at around £840,000, but projected cost of recruitment scheme is higher, as below:

Item	Cost 2017-18	Notes
Recruitment Incentives:	£101,000	Based on 20% payments spread over three years and recruitment of 25 experienced social workers
Retention Payments: QSWs	£109,000	Cost of implementing for current establishment. Replaces current £500 payment. See detail above.
Re-grading IRO/Chairs	£60,000	Assumes that current staff are top of grade and will move to starting point on re-grade: No additional bonus payment
Neglect Project	£100,000	Full year cost of pilot: may be partially offset by savings elsewhere as detailed in 'assumptions' above
Additional 2 Team Managers	£128,000	At mid-point, including TM bonus payment. Actual costs will be lower as will cover vacancies
Total Full Year Cost	£498,000	

Increased cost of investment scheme means that savings from new models of working reduce to around £342,000.

4.6.11 Summary – 2018/19

Investment in retention	£498,000
Saving from restructure	£840,000

Current staffing establishment, bands and costs

Grade	Number	annual cost at midpoint estimate including on costs	Total inc. on-costs
9	11	33500	368500
10	25.59	39000	998010
11	3	42500	127500
12	22.41	47500	1064475
Total	62		2558485
Average including on-costs, not including £500 market supplement			£41,266

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