



## County Councillors Letter for September 2016

The Somerset County Council (SCC) is strenuously trying to recruit and retain foster carers to cover the statutory requirement and growing need for child care in the County.

The payments for those dedicated persons who undertake this very difficult and sometimes very frustrating responsibility are rightly considerable and increase with training, the added complexities of behaviour and disabilities of the fostered child and the levels of experience and skill in the performance and ultimate results. In many cases the income received for the work is a major consideration in the income of the family doing the fostering, and if for any reason it becomes necessary that the child is removed from that carer it can have enormous ramifications to the household budget as the payments cease.

In addition the work is classed as voluntary and has no legal status, and as such attracts no social payments benefits such as holiday pay, maternity leave, unemployment benefit, whistle blowing protection, etc.

There has recently been a meeting in parliament where about 60 foster carers voted almost unanimously to join The Independent Workers Union of Great Britain. The GMB union has already 500 foster carers on their register and are actively recruiting in Manchester Stockport and Torbay so this is a general trend. The alarming fact is that if this campaign is successful and these additional benefits become payable, there is no doubt given the enormous current financial difficulties and previously unthinkable cuts that the SCC is having to contend with this year and for the foreseeable future, that the fostering service would be completely unaffordable, albeit that it is statutory requirement. Even now because of the shortage of volunteer foster parents, the cost of foster carers working through agency placements can involve payments of up to £50k per child each year or more in exceptional cases.

The SCC needs to ensure that every major financial and potential decision involving expenditure of capital or revenue, changes in regulations and operation are fully scrutinised to ensure that all the aspects of the proposed action are legal, appropriate, affordable and conform to the latest legislation with respect to equalities and human rights Acts. There are 3 Scrutiny Committees composed of elected non-cabinet members of the Council who sit on; a. Policies and Places, b. Children and Families and c. Adults and Health.

The matters brought before them are either submitted by the administration for their study, consideration and detailed comment, or in the event of any doubt over a contentious decision which is causing concern, they have the authority to compel its submission to the appropriate Committee, and following detailed study require it to be revised and or amended prior to its implementation. In addition there is an Audit Committee which is responsible for ensuring that current Chartered institute of Public Finance Accountants (CIPFA) regulations and formats are followed by the County Treasurer, legally described as the Section 151 Officer, in accounting for all expenditures, the maintenance of reserves and investments, financial and treasury management and the statutory

requirement for the achievement of a balanced annual budget for the forthcoming year in the light of the spending decisions taken over the present one.

In addition to the foregoing the Audit Committee has the responsibility of receiving the Audit reports from the internal independent auditors, the Southwest Audit Partnership (SWAP), who audits many of the administrative functions of the SCC. They carry out very detailed investigations and give assessments ranging from Substantial (good or very good), Reasonable (satisfactory no major shortcomings), Partial (just adequate with some important improvements necessary) and None or no assurance (unsatisfactory, major shortcomings). When a partial grade is given for any administrative section of the SCC by the SWAP or Grant Thornton our external treasury auditors, the Audit committee requires a resubmission of the facility report in 3 months to indicate what improvements have been made to achieve a better grade than Partial. At the last sitting of the Audit Committee there were three such investigations. Among them was the SCC control and payment of the Early Years Entitlement (EYE) claims which received a Partial assessment on the grounds that some systems were not well managed and the systems required the introduction or improvement of internal controls to achieve the required objectives. EYE is established to provide parents of 3 and 4 year olds with up to 570 hours of free education or childcare per annum for each eligible individual child as the basis of the Government pledge to give 15 hours of free child care per week. A child becomes eligible after their 3<sup>rd</sup> birthday, and in some cases some 2 year olds can meet the specified eligibility criteria. In 2014/15 4.8 million hours were accessed by parents at a cost of £18.1 million. The SCC has 481 registered EYE providers. The Somerset code of Practice covers all the details of the EYE funding scheme that the Providers are expected to abide by. There are two delivery models to claim funded hours. Standard Claim- 570 hours per academic year with a maximum weekly claim of 15 hours or Stretched- when the claim of 570 can be used to cover the entire year with the 15 hours per week limit still in force. The Providers submit a claim on behalf of the number of hours stated by parents or their attendance records, and the Entitlements Team is responsible for monitoring these claims. It is quite clear that the administrators of some of the providers are part time and others less than consistent with recordkeeping and submissions and therefore there are clear opportunities for errors in claimed hours and there are many opportunities for mistakes and potentially fraudulent claims. The SWAP analysis of the 30 providers sample that was reviewed gives some indication of the potential losses as over claimed returns were 60.7%, the under claims 28.7%, the percentage of children with over claims- 20.2% and under claims- 6%. The hourly cost of these services are just under £4 per child which is now being considered insufficient by many providers as the new regulations with regard to staff teaching and other qualifications in combination with the new national wage levels have greatly increased overheads, which may have triggered some tendencies to charge top up fees. This problem will be hugely exacerbated by the Governments current intention to increase the free weekly child care allowance to 30 hours, and it is more than possible that once the 2 year Government funding ceases many smaller providers will go out of business as the unfunded burden of costs of the extra places bites. The Audit Committee comments were that the plans now in place to impose a much more rigorous regime for the Providers and their administrations must be undertaken at once and be maintained and constantly updated. The main factor is that nobody gains by overcharging because when the finite sum underwritten by the Government is spent there is no more, as will be seen in the next paragraph. There is also the unstated inference in the finance agreement which the SCC along with the majority of other District and County Councils, has virtually been forced to sign, with the Department of Communities and

Local Government (DCLG) in order to receive the promised ever decreasing annual grant funding over the next 4 years may not be ring fenced for the maintenance of current statutory services, and could be entrained for funding other Government initiatives.

The full Cabinet of the SCC convened at 1000 on the 26<sup>th</sup> September to discuss the shortfall in the approaching budget for 16/17. The alarming outcome was that the forecast overspend at the end of the current financial year in April 2017 based on the first quarter results from 1st April to June would be £24 million if no drastic action was taken .

However this action is now in place with a series of draconian measures imbedded in a 10 point plan which is going to be difficult and inherently and inevitably damaging in many aspects ,but unavoidable. These measures will achieve a substantial reduction in this huge figure. However given the main thrust of the rest of this letter, it will come as no surprise to note that the respective forecast overspend budgets of Adult Social Care which are £12million,Children Social Care £9 million and Learning Disabilities £3million create almost the total forecast deficit. These budgets are absolutely statutory and targeted on the most vulnerable in our society and because of the demographic trends of more children and the rising numbers of the elderly population, the situation is only going to become increasingly difficult. £9.8 million of the above forecast overspends have had to be spent on hiring temporary care staff from Agencies to cover the 40% deficiency in numbers of the SCC care teams. On average temporary staff necessarily and unavoidably engaged this way are twice the cost of “in house” personnel, but social workers are at a premium and are hard to recruit and retain. If ever there was a case for “watch this space” this is it! Over the past 6 years the Government support for the SCC budget has been reduced by £100 million and by 2020 it will be zero. The latest worry factor is that the latest Government initiative is to have a new regime for Business Rate assessments and the scale of charges. It is to be hoped that they have not forgotten that in 2020 the business rates will be virtually the sole income of all local administrations so some of the ideas proposing reductions in the latest consultation paper would seem counter intuitive.

Yours

Derek Yeomans

County Councillor for Curry Rivel and Langport

District Councillor for Burrow Hill