

Forward Plan reference number: Not applicable

Report title: Funding for Children and Families: COVID 19 Response	
Report to: Councillor Chris Whitbread, Cabinet Member for Finance and Councillor Louise McKinlay, Cabinet Member for Children and Families	
Report author: Helen Lincoln – Executive Director for Children and Families	
Date: 22 July 2020	For: Decision
Enquiries to: Andrew Page, Head of Finance – Children and Families	
County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 This report asks the Cabinet Member to agree additional funding for the Children and Families portfolio in order to continue to support our most vulnerable young people and to also reimburse care placement providers for some of their additional costs incurred during the COVID-19 pandemic.
- 1.2 This decision does not cover any costs relating to education.

2. Recommendations

Cabinet Member for Finance:

- 2.1 That up to £410,000 be drawn down from the General balance in 2020/21 to meet the increased costs being experienced by children's social care as a result of this pandemic.
- 2.2 That the Directors for Local Delivery for Children and Families each be authorised in consultation with Procurement to reimburse children social care placement providers, for additional costs they can prove they have incurred between 19 March 2020 and 31 August 2020 for an amount of up to 10% of their usual monthly payment through a claims process, subject to production of an evidence basis. Validated invoices will be paid in accordance with Procurement Policy Note PPN 02/20
- 2.3 Agree that the Executive Director for Children and Families may, after consulting the Executive Director, Finance and Technology, decide to pay a care placement provider in excess of 10% if she considers the circumstances of that provider to be wholly exceptional.

Cabinet Member for Children and Families

- 2.5 Agree to increase the personal allowance paid to young people by £20 per week for the year 2020/21.

3. Summary of issue

- 3.1 The global outbreak of coronavirus (COVID-19) is affecting the UK in an unprecedented way. In its response to the crisis, the Council is faced with numerous unplanned, unbudgeted, but highly necessary, interventions.
- 3.2 The Children and Families portfolio supports relationship and strength-based practice, working collaboratively with children, young people and their families. During this time, additional measures are needed as families face new pressures to deal with through the pandemic. The measures proposed by this report include the following:
- Increasing the personal allowance rate for young people by £20 per week in line with the changes to universal credit.
 - Increasing support through Personal Assistants
 - Increased staffing, such as returning / retired social workers to support the front line
 - Costs of personal protective equipment (PPE), food vouchers, IT equipment
 - Reimbursement of extra costs incurred by social care placement providers.

Costs incurred by social care placement providers

- 3.3 Although the council would normally expect providers to absorb additional costs as they are best placed to manage these risks, in the current situation providers are incurring additional unforeseen costs. It will be important during the period of the COVID-19 response to sustain providers of social care placements to make sure that they are able to continue in business in the face of demand and workforce pressures. The Council is receiving concerns from providers of care placements around the increased costs they are facing mainly around personal protective equipment and also the additional use of agency staff. It is therefore proposed that the Council supports such claims, where appropriate.
- 3.4 Where claims are submitted by providers, they will be reviewed on a case by case basis between 19 March 2020 and 31 August 2020 to establish what funding could be made available to support them through this period. Any reasonable additional costs incurred in delivering care and support for children where Essex County Council is the corporate parent will be reimbursed with the following principles applying:
- We expect providers to act with integrity. An open book approach to cost and funding verification will underpin the process with ECC reserving the right to validate any claims.
 - We expect providers to forego their profit margin during this period.
 - Claims must relate to costs associated with the delivery of care to ECC funded children and young people placements

- Claims must be for costs over and above the financial flexibilities already extended to the market
- Claims are limited to 10% of the average payment to each provider for the equivalent period based on an average of December 2019 – February 2020 payments.

3.5 It is proposed that ECC agree to reimburse costs incurred between 19 March 2020 and 31 August 2020. The Government advice considers 19 March 2020 to be the start of the COVID-19 emergency period. It is reasonable to assume that additional COVID-related costs would have been incurred by some care placement providers from this date and that there is an expectation that the deployment of additional funding received should run from that date.

4. Issues for consideration

41 The authority has a statutory role in securing the provision of services which address the needs of all children and young people, including the most disadvantaged and vulnerable, and their families and carers in Essex. During this pandemic families may require additional support to help them through this time of uncertainty. There is a very real risk that should this support not be provided then the needs of families could significantly escalate at a later date, which will be at a higher cost.

4.2 If the Council does not provide funding to support the care market who are incurring additional costs at this time it is believed that some care placement providers in the market may not be able to sustain their increased cost base and will subsequently exit the market. Should this happen then this may create additional demand and sourcing pressures on the Council.

5.1 Financial implications

5.1.1 The anticipated cost of support for our most vulnerable young people and to also reimburse care placement providers for some of their additional costs could be up to £410,000. These costs do not reflect the possible impact of children and young people who may enter care at a later date due to safeguarding issues resulting from the impact of this pandemic.

5.1.2 The table below gives an analysis of the potential costs and the period they cover:

Type	£'000
Increased requirement for personal assistants for children with disabilities, additional staffing for front line, other one-off costs – 4 months	150

Personal Allowance rate – an increase of £20 per week for 12 months for young people	170
Providers – Where care placement providers may not be able to sustain their increased cost base – 4 months	90
Total	410

- 5.1.3 There will be an increased requirement for personal assistants supporting families with children with disabilities (CWD) who are sick and so additional support will need to be provided. Personal Assistants on low income will also continue to be paid where they are self-isolating. Children no longer in educational settings may also require extra support packages during this time to prevent family breakdown. Other costs reflect staffing where additional capacity in the front line is required plus the purchase of IT equipment and food vouchers. This is forecast to cost up to £150,000 over four months.
- 5.1.4 The personal allowance for approximately 160 qualifying young people in Essex has been increased in line with changes to Universal Credit. The standard rate for universal credit and tax credits both increased by £20 per week for one year from 6 April 2020 and so the same change has been made to the personal allowance. The financial impact of this over the full year is estimated at £170,000.
- 5.1.5 The forecast in respect of care placement providers is based on the commercial insight available on those establishments and reflects a potential uplift capped to 10% of the weekly fee to fund costs over and above their contracted fee. Clear principles have been set which will be applied to each claim submitted, which will be on an individual basis; a blanket approach will not be made.
- 5.1.6 Where providers do submit claims there will be the need for some additional staff resource to monitor and agree any values during this period. This will be undertaken through the Children and Young People's Placement Team, Finance and Procurement. Requests will be paid as soon as they are received from the supplier and validated by ECC.
- 5.1.7 It is essential that ECC makes emergency funds available pending clarity on the additional funding to be received and therefore the call on the General Balance is recommended. The expectation is that the General Balance will be replenished from the emergency funds made available by Government in the short term to ensure resilience for other areas. It is clear that there is a shortfall in funding overall from Government compared to total costs being incurred. The Council continues to look to ensure we receive fair funding for COVID costs incurred but any shortfall will need to be met from either reserves or revenue savings and income.
- 5.1.8 Guidance on funding streams suggests that this cost is to be supported by the £3.2bn provided nationally by MHCLG of which ECC has received £63.6m

5.1.9 The Council has spoken with its peers and where approaches have been made by providers for additional funding, they too are responding on an individual basis.

6.2 Legal implications

6.2.1 This recommendations in this report involves making additional payments to suppliers based on claims. These are voluntary payments to suppliers in order to defray additional expenditure they incur.

6.2.2 Such payments would normally be state aid but given that they are available to all suppliers to make good the damage caused by natural disasters or exceptional occurrence. This type of aid is therefore likely to be lawful under article 107(2)(b) of the Treaty on the Functioning of the European Union which still applies under the withdrawal agreement between the EU and the UK.

7. Equality and Diversity implications

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The recommendations in this report are designed to ensure that the Council meets the need of vulnerable young people. In view of the urgency of this decision a full equality impact assessment has not been undertaken but we do not believe that there will be a significant adverse impact on any people with a protected characteristic.

8. List of appendices

None

9. List of Background papers

None

I approve the above recommendations relating to my portfolio for the reasons set out in the report.	Date 27 August 2020
Councillor Chris Whitbread, Cabinet Member for Finance	
I approve the above recommendations relating to my portfolio for the reasons set out in the report.	24 August 2020
Councillor Louise McKinlay, Cabinet Member for Children and Families	

In consultation with:

Role	Date
Executive Director for Children and Families	23 July 2020
Helen Lincoln	
Executive Director for Finance and Technology (S151 Officer)	02 August 2020
Stephanie Mitchener on behalf of Nicole Wood	
Director, Legal and Assurance (Monitoring Officer)	22 July 2020
Paul Turner	