

# Gloucestershire County Council

## 2018/19 Revenue Budget Monitoring Report Commissioner Director: Children & Families Net Budget Analysis Year-End Forecast input in November 2018

### **1. Purpose**

To provide the budget forecast outturn figures for the 2018/19 revenue budgets.

The structure of the report reflects the commissioning view of children and families services. Services are grouped by Service Areas with DSG (Dedicated Schools Grant) and non-DSG variances identified.

DSG is the grant allocated by the Department for Education to fund all education services including schools and the total for Gloucestershire is over £442 million. Of this total, £346 million is delegated to schools and academies with the remainder relating to early years, high needs and a small number of central support services which are the responsibility of the Local Authority. High needs includes the funding for special schools, pupil referral service, additional SEN support for pupils in mainstream schools and post 16 support to colleges.

### **2. Executive Summary**

#### **2.1 Overall Position**

The current forecast of the year end revenue position as at November 2018 for non-DSG funded services is an over-spend position of £7.23 million (6.81% of budget). The underlying over-spend is £9.83 million, £5.98 million being external placement costs, which reduces to £7.23 million when offset by £2.6 million of Business Rates Retention pilot income. Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £4.22 million in-year and this exceeds uncommitted balances resulting in an over-spend of £1.92 million.

At the end of October 2018 children in care numbers had risen to 678 from 549 at the end of March 2016 and although nationally the trend is increasing (circa 3% p.a.) other factors will include the improvement in social work practice through catching up on drift and delay in casework. The ongoing rise in children coming into care continues to cause significant pressures on children's services and in particular against the external placement and safeguarding staff budgets resulting in the over-spend.

This position is analysed in the monitoring spreadsheet provided at attachment 1 to this report, based on actual expenditure to the end of October 2018 and forecasts input in November 2018.

#### **2.2 Variance Summary**

Significant non-DSG variances are as follows:-

- **Children in Care** – over-spend against the external placement budget of £5.98 million (34.7% of budget) is the significant part of the total over-spend of £6.11 million.

- **Safeguarding** – staffing budgets are forecasting to be £2.61 million over-spent. Recruitment and retention of social workers continues to be challenging with a significant number of agency staff continuing to cover staff vacancies or where caseloads remain high. Section 17 and Children in Care payment budgets are forecasting a £0.71 million over-spend.
- **Quality** – additional Conference Chairs are resulting in a forecast over-spend of £0.42 million.
- **Young People Support** – young people’s expenses are forecasting a £0.75 million over-spend due to the cost of supporting a number of complex cases and the additional cost of agency staff.
- **Regulated Services** – a net over-spend of £0.07 million includes a number of offsetting variances on allowances and in-house fostering staffing costs.
- **Disabled Children & Young People** – forecast under-spend of £0.32 million reflecting lower staffing costs.
- **Commissioning Function** - £2.6 million reflects the business rate retention rate pilot income and £0.26 million from the release of contingencies.
- **Other variances** – under-spends totalling £0.26 million across a number of areas.

Significant DSG variances are as follows:-

- **Schools DSG balances** brought forward from 2017/18 which are uncommitted total £2.3 million. Dedicated Schools Grant (DSG) funded services are forecast to over-spend by £4.22 million in-year, causing an overall DSG over-spend of £1.92 million against the ring-fenced grant.
- Education, Health and Care Plan (EHCP) top ups are over-spending by £1.3 million mostly within primary schools. Special school places are forecasting to over-spend by £1 million.
- **Services for CYP with Additional Needs** – Independent Special Schools are forecasting to over-spend by £1.15 million due to increased activity.
- **Education Outcomes and Intervention** – EHCP top ups are over-spending by £0.63 million within alternative provision schools as a result of the high levels of exclusions from mainstream schools and DSG balances of £0.5 are being used to fund known in-year commitments.
- **Other variances** – there are a number of other smaller under-spends totalling £0.36 million across a range of services.

### **2.3 Underlying Financial Considerations**

The outturn forecast summarised above includes the following financial information:

- The MTC targets for 2018/19 total £0.35 million and are forecasting to underachieve by £0.06 million due to pensions savings where commitments have not reduced as expected.

### **3. Detailed Analysis**

An analysis of the financial figures is contained in the following attachments:

- Attachment 1 – Net Budget (Forecast Outturn) Commissioning Director: Children & Families – SLA format
- Attachment 2 – Net Budget (Forecast Outturn) – High Risk Analysis
- Attachment 3 – Activity Analysis – External Agency Placements

The detailed analysis is set out under service areas:-

### 3.1 Education and Additional Needs

- **Schools** - balances brought forward from 2017/18 total £2.3 million. DSG funded services are forecast to over-spend by £4.22 million in-year, causing an overall DSG over-spend of £1.92 million against the ring-fenced grant. Top ups are over-spending by £1.2 million within mainstream primary schools due to increase in the number of children with education, health and care plans. This is likely to increase as the year progresses. Special school places are forecasting to over-spend by £1 million.
- **Services for CYP with Additional Needs** – Independent Special Schools are forecasting to over-spend by £1.15 million due to increased activity.
- **Education Outcomes and Intervention** - top ups are over-spending by £0.63 million within alternative provision schools due to the number of exclusions. A pilot project to seek to reduce exclusions will address some of the additional costs. DSG balances of £0.5 million are being used to fund known in-year commitments within high needs services.
- **Disabled Children & Young People** – forecast under-spend of £0.32 million reflecting lower staffing costs in fieldwork and residential provision.

The High Needs Programme is focussing on addressing this financial pressure. Whilst it was planned that balances brought forward should cover the pressure in year, this is no longer the case and reflects the national picture. Changes to funding arrangements are currently being discussed with the Schools Forum to bring the DSG back into balance. Any potential over-spend in future years which could not be addressed through the DSG ring-fenced grant may result in a future financial risk to the Council.

### 3.2 Children and Families

There are significant pressures on budgets related to operational social care services. This relates to the demand for child protection services and the number of children in care. Details include:-

- **Children in Care** – as part of the 2018/19 budget, additional investment of £7.6 million was approved for external placements. This investment was based on a maximum number of 280 external placements with a unit cost of £61,600 per annum using an 80:20 fostering to residential weighting. The current forecast over-spend against the external placement budget of £5.98 million (34.1% above budget) is due to a higher number of external placements than anticipated, within which the number of residential placements has increased in both absolute and proportionate terms. Many of the residential placements are required to meet the needs of highly complex children resulting in a current average unit cost of £86,700 per annum. There are currently 294 external placements, of which 69 are residential. The forecast includes contingencies of £2.4 million for new cases in-year to allow for additional placements to replace existing care commitments or allow for high number of placements.
- The Director of Children's Service's is leading a review of all high cost placements on a regular basis as part of the wider improvement work on permanence planning. The aim is to reduce the cost of external placements where appropriate, given the higher unit costs outlined above, ensure decisions around placement change and permanence are executed in timely child centred manner, and ultimately bring down the forecast over-spend. It is estimated that these reviews will result in approximately £1 million of cost avoidance in 2018/19, which has been built into the forecast. To date the reviews have resulted in estimated cost avoidance of £0.77 million in the current financial year. Improving social care practice to divert children from care at an earlier point and achieve

permanence at the earliest opportunity will reduce costs in the longer term. Activity information for the last few years is presented in attachment 3.

- **Safeguarding** - Safeguarding staffing budgets have received £4.01 million of investment in 2018/19 to reduce caseloads and improve practice within teams. Recruitment of social workers especially experienced staff continues to be a challenge and agency staff have continued to cover staff vacancies or where caseloads remain high. Due to the number of agency staff, budgets are forecasted to be £2.61 million over-spent. To address the issue of recruitment and retention it has been agreed that a number of changes are to be made to social work pay scales and allowances in year to make Gloucestershire competitive with neighbouring authorities. Section 17 and Children in Care payment budgets are forecasting a £0.71 million over-spend due to the higher level of activity. Procedures are being put in place to review all significant payments to ensure consistency across teams.
- **Quality** - The increase in child protection cases has resulted in additional Child Protection Chairs being employed on a temporarily basis resulting in a £0.42 million over-spend.
- **Regulated services** – a net over-spend of £0.07 million includes adoption, child arrangement and special guardianship orders forecast under-spend of £0.23 million due to lower than expected number of orders/allowances being made. This is offset by the in-house fostering service which is forecasting to over-spend by £0.2 million due to staffing costs.

### **3.3 Commissioned Children's Services**

- **Young People Support** – young people's expenses are forecasting a £0.75 million over-spend due to the cost of supporting a number of complex cases and the additional cost of agency staff covering staff vacancies.

### **3.4 Commissioning Function**

- The July 2018 Cabinet approved that £2.6 million of business rates pilot income should be allocated to demand pressures within Children's services. The allocation is set against this heading. Unallocated one off monies totalling £0.26 million have been released to help offset the over-spend.