

Gloucestershire County Council

2019/20 Revenue Budget Monitoring Report Commissioner Director: Children & Families Net Budget Analysis Year-End Forecast input in September 2019

1. Purpose

To provide the budget forecast outturn figures for the 2019/20 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 £451 million. Of this total, £356 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 September 2019 for non-DSG funded services is an over-spend of £9.78 million (8.6% of budget) with the significant part of the variance due to the cost of external placements (£5.498 million over-spend). Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £7.201 million in 2019/20 which includes the deficit carry forward of £2.884 million in the high needs block. As reported last year the cost pressures are in the high needs block (forecast over-spend for the block in 2019/20 is £4.639 million).

At the end of August 2019 children in care numbers were 723 compared to 669 at the end of May 2018. This continues to cause significant budgetary pressures on children's services and in particular against the external placement and safeguarding staff budgets resulting in the over-spend. An efficiency plan is in place to reduce the forecast over-spend but the target of below £5 million by the year end is very challenging due to the latest external placement forecast. Further scrutiny of the budget by external challenge is planned in September by the LGA and Peopletoo. Cost pressures and proposals to achieve this reduction in over-spend are set out in the report below.

This position is analysed in the monitoring spreadsheet provided at attachment 1 to this report, based on actual expenditure to the end of August 2019 and forecasts input in September 2019.

2.2 Variance Summary

Significant non-DSG variances are as follows:-

- **Children in Care** – over-spend against the external placement budget of £5.498 million (25.3% above budget) is the significant part of the total over-spend of £5.661 million.
- **Safeguarding** – against safeguarding staffing budgets there is a forecast over-spend of £2.794 million which is due to the use of agency staff covering for staff vacancies or where caseloads remain high. Section 17 and Children in Care payment budgets are forecasting a £0.757 million over-spend.
- **Young People Support** – an over-spend of £0.719 million is being forecast due to the cost of agency staff covering vacancies in the youth support teams and young people's expenses due to a number of complex cases.
- **Other variances** – under-spends totalling £0.151 million across a number of areas.

Significant DSG variances are as follows:-

- **Schools** – the deficit carry forward in the high needs block totals £2.884 million but is offset by de-delegated balances of £0.411 million. Top ups for EHC plans are forecast to over-spend by £2.082 million.
- **Additional Needs** - Independent Special Schools and recoupment charges are forecasting to over-spend by £1.366 million due to increased activity.
- **Education Outcomes and Intervention** – the deficit balance set against the high needs block of £1.192 million is included under this heading.
- **Other variances** – there are a number of other smaller over-spends totalling £0.088 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 2019/20 total £2.25 million, £1.7 million against external placements and £0.55 million across education. The over-spend against external placements will result in those savings not being achieved and it is forecast that part of the pensions savings will not be made (£0.06 million).

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 Placements

The detailed analysis is set out under service areas:-

3.1 Education and Additional Needs

- **Schools** - the deficit carry forward from 2018/19 in the high needs block totals £2.884 million but is offset by de-delegated balances of £0.411 million.
- Within Schools, top up and place funding budgets for young people with additional needs are over-spending by £2.082 million with significant over-spends against top ups for colleges and special schools which are all caused by increases to activity, many of which have been unanticipated and above forecast trends.
- **Services for CYP with Additional Needs** – Independent special school fees and recoupment budgets are forecasting to over-spend by £1.366 million due to increases in activity with the number of placements above forecast trends.

- **Education Outcomes and Intervention** - the deficit balance set against the high needs block of £1.192 million is included under this heading.

The High Needs Strategy approved by Cabinet in January 2019 includes eight core activities to address the continuing cost pressures. Working with schools and the School Forum, these activities will include focusing on a new approach to exclusions and improvement of the graduated pathway and EHCP process. Forecast models of expenditure and activity trends are in place and the assumptions used are challenged on a monthly basis to ensure robust forecasting. Over-spends in month have been caused by increases to activity, many of which have been unanticipated and above forecast trends. The specialist commissioning team are also continuing to work to reduce the cost of placements where appropriate.

The budget pressures that Gloucestershire is facing reflects the national picture with significant deficits in DSG high needs being held in many Local Authorities. The recent funding announcements identified nationally £700 million additional funding for special needs in 2020/21. It is unclear at present how this will be allocated and what proportion will come into the High Needs block so the implementation of the High Needs Strategy will be essential to ensure the budget is balanced in future years.

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** – The current forecast over-spend against the external placement budget is £5.498 million (25.3% above budget) which includes a contingency of £1.49 million for new cases in-year allowing for additional placements to replace existing care commitments or allowing for higher number of placements. The over-spend is due to a higher number of external placements than anticipated with a current average unit cost of £95,800 per annum. There are currently 321 external placements, of which 86 are residential and 66 supported living placements. Activity information for the last few years is presented in attachment 3.
- The review of all high cost placements is continuing on a regular basis as part of the wider improvement work ensuring decisions around placement change and permanence are executed in timely child centred manner. This will continue to reduce the cost of external placements where appropriate including reducing unit costs. Improving social care practice to divert children from care at an earlier point and achieve permanence at the earliest opportunity will reduce numbers of children in care costs in the longer term.
- **Safeguarding** - against safeguarding staffing budgets there is a forecast over-spend of £2.794 million which is due to the use of agency staff covering for staff vacancies or where caseloads remain high. Changes have been made to improve processes for recruitment, put in place more effective advertising as well as the launch of the social work academy to support the training and development of social workers and to improve retention. Turnover of staff has stayed between 15 to 17% over the last few months and at the end of August there were 129 agency workers in post compared to over 180 at times in 2018/19. As newly qualified staff start over the next few months and gain experience the number of agency staff is expected to reduce by the end of March.
- A higher level of activity is also causing an over-spend of £0.757 million in section 17 and discretionary payments for foster carers. A resource panel is now in place to review and agree all significant payments and ensure consistency across teams and signpost to other services.

- **Young People Support** – young peoples support are forecasting a £0.719 million over-spend due to a number of complex cases and the additional cost of agency staff covering vacancies where the cost will reduce as permanent staff are recruited.