

Gloucestershire County Council

2020/21 Revenue Budget Monitoring Report Commissioner Director: Children & Families Net Budget Analysis Year-End Forecast input in December 2020

1. Purpose

To provide the budget forecast outturn figures for the 2020/21 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 £479 million. Of this total, £374 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 for the year end revenue position as at December 2020 for non-DSG funded services is an over-spend of £13.764 million (10.57% of budget). Included within these figures is the forecast additional cost of the impact of COVID-19 on budgets which totals £7.128 million giving an underlying over-spend of £6.636 million, which includes a contingency of £1.776 million for new external placements.

Significant over-spends include external placements and home to school transport, both of which were identified as ongoing pressures at the end of 2019/20. The reduction in the over-spend is due to an additional grant of £300k for home to school transport COVID costs and a review of existing routes in place leading to a revision in the forecast. The impact of the work to stabilise the social care workforce is now being seen with falling costs due to less agency staff.

Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £14.415 million in 2020/21, which includes the deficit carry forward of £8.442 million and the deficit budget which was set for High Needs of £5.449 million. The deficit budget results from setting realistic budgets within high needs services considering growth trends and existing activity demands on special school and independent provision and top up budgets.

Additional forecast expenditure for the impact of COVID-19 covers five key areas which are external placement costs, home to school transport, transitions for care leavers, staffing and support to vulnerable pupils once schools recommenced. In some areas it is difficult to identify what costs are related to the impact of COVID-19 so a further £2 million is being used to offset forecast costs since there is likely to be a significant impact on social care and

education services when lockdown measures are eased. A specific grant of £558k is being used to fund essential food and services for children and families and a further winter grant of £1.507 million will continue this provision to the end of the financial year.

Activity levels within social care continue 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. At the end of November 2020 children in care numbers were 789 compared to 722 at the end of April 2019.

This position is analysed in the monitoring spreadsheet provided at attachment 1 to this report, based on actual expenditure to the end of November 2020 and forecasts input in December 2020.

2.2 Variance Summary

Significant non-DSG variances are as follows:-

- **Children in Care** – over-spend against the external placement budget of £9.3 million (34.9% above budget) is the significant part of the total over-spend of £9.128 million. This includes a contingency of £1.776 million for new cases in-year and also includes £4.186 million for the current and future impact of COVID-19 on placement numbers.
- **Safeguarding** – against the safeguarding staffing budgets there is a forecast over-spend of £1.211 million (6.2% above budget) which includes £0.4 million as a contingency for additional staffing capacity to respond to any spike in activity from September onwards.
- **Young People Support** – an over-spend of £0.536 million is being forecast due to the cost of agency staff covering vacancies in the youth support teams. COVID-19 costs account for £0.392 million of the variance.
- **Commissioning for Learning** - Home to school transport is reporting an over-spend of £1.775 million (which includes a £1.34 million estimate for the impact on service provision of COVID-19 from September onwards which has been offset by a specific grant of £1.015m).
- **Schools** – this includes a £0.5 million contingency to support vulnerable pupils as they returned to school in the autumn.
- **Other variances** – other over-spends include the cost of additional management capacity to continue with the safeguarding improvement journey through the COVID-19 period resulting in an over-spend of £0.701 million across social care and commissioning. To offset these cost pressures £1.52 million of funding from the MTF5 has been held back and released to offset the over-spend in year.

2.3 Underlying Financial Considerations

The outturn forecast summarised above includes the following financial information:

- The MTC targets for 2020/21 total £0.57 million, £0.55 million across education and £0.02 million against child arrangement orders. The over-spend against the home to school transport budget will result in these savings (£0.15 million) not being achieved. Also, it is forecast that part of the pensions savings will not be made (£0.065 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

Further analysis is set out under service areas:-

3.1 Education and Additional Needs

- **Schools** - The DSG deficit carry forward totals £8.442 million and there is a contingency of £0.5 million for SEN support into schools in the Autumn due to the impact of COVID-19.
- **Services for CYP with Additional Needs** – in year there is significant demand for special school provision and with special school places at capacity a £0.75 million pressure has been reported against independent special schools budget this month.
- **Education Outcomes and Intervention** – at the start of the year a deficit budget was set against the high needs block of £5.449 million and the deficit is included under this heading.
- **Commissioning for Learning** - Home to school transport is reporting an over-spend of £1.775 million (which includes a £1.34 million estimate for the impact on service provision of COVID-19 from September onwards which has been offset by a specific grant of £1.015 million). The underlying cost pressure is due to the rise in demand and cost of SEN provision, the number of solo journeys required and the increased cost of procuring new routes. An action plan is in place to address a range of issues and reduce costs wherever possible.
- **Early Years** - An underspend of £0.3 million has been declared against nursery education funding due to lack of uptake of placements within 3 & 4 year old budgets.

The DSG budget pressures that Gloucestershire is facing reflect the national picture with significant deficits in DSG high needs being held in many Local Authorities. The implementation of the High Needs Strategy will be essential to ensure the budget is balanced in future years and a spending review of services is in progress with a financial recovery plan being reviewed and developed alongside his review.

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 £9.3 million (34.9% above budget). This includes a contingency of £1.776 million for new cases in-year to allow for additional placements to replace existing care commitments or for higher number of placements due to increased activity; the forecast also includes £4.186 million for the current and future impact of COVID-19 on placement numbers. The current forecast average unit cost of a placement is £106,500 per annum, (residential/supported living average unit cost of £172,700). There are currently 377 external placements, of which 100 are residential and 81 supported living placements.
- The impact of COVID-19 on services is still uncertain therefore the forecast is based on a lot of assumptions in terms of growth in activity, delays in transitions, capacity in the fostering market both in-house and external and the impact of opening of Trevone House providing additional capacity for young people. Assumptions will be reviewed on a monthly basis and adjusted accordingly. 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. Activity information for the last few years is presented in attachment 3.

- **Safeguarding** - against safeguarding staffing budgets there is a forecast over-spend of £1.211 million (6.2% above budget) which includes £400k as a contingency for additional staffing capacity to respond to any spike in activity from September onwards. Improved processes for recruitment, more effective advertising and the support and training provided by the social work academy is improving the stability of the workforce. Between the reports there has been a reduction of £312k in the forecast. Turnover of staff has been between 13.2% and 15% over the last six months and at the end of November there were 91 agency workers in post, a significant reduction from over 180 two years ago. As the newly qualified staff that have been appointed over the last year gain experience, the number of agency staff is expected to reduce further.

3.3 Commissioning Function

- To offset the above cost pressures £1.52 million of funding from the MTFS has been held back and released to offset the over-spend in year.