

Gloucestershire County Council
2021/22 Revenue Budget Monitoring Report
Children & Families Services
Net Budget Analysis
Forecast Outturn Position February 2022

1. Purpose

To provide the forecast outturn figures for the 2021/22 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 £524 million. Of this total, £413 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 February 2022 for non-DSG funded services is an over-spend of £19.147 million (15.19% of budget). Included within these figures is the forecast additional cost of the impact of Covid-19 on budgets which totals £10.482 million giving an underlying over-spend of £8.665 million. The significant over-spend continues to be against the external placements budget due to increasing numbers of children in care partly linked to the pandemic but also the number and cost of placements. Social care staffing, disability services and home to school transport are also over-spending.

Additional forecast expenditure for the impact of Covid-19 covers three key areas which are external placement costs including the additional cost of accommodation for care leavers, cost of social care staff and support to vulnerable pupils. A significant part of this forecast includes the continuing impact on social care and education services even though lockdown measures have eased. Covid-19 grants totalling £8 million are forecast to be spent including the Winter Grant, Local Support Grant, Holiday Activities Fund and Household Support Fund.

Activity levels within social care continue to cause significant budgetary pressures on children's services and in particular against external placements resulting in the over-spend. At the end of January 2022 children in care numbers were 836 compared to 754 at the end of April 2020. Gloucestershire's number and rate of children in care is above statistical neighbours, but remains below the England average.

Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £19.967 million in 2021/22, which includes the deficit carry forward of £13.67 million and the deficit budget for High Needs of £4.093 million including adjustments between Local Authorities. 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. High needs top-up budgets for colleges, special schools, primary and secondary schools are forecasting a £2.718 million overspend due to increased demand.

This position is analysed in the monitoring spreadsheet provided at attachment 1 to this report, based on actual expenditure to the end of January 2022 and forecasts input in February 2022.

2.2 Variance Summary

The major variances for non-DSG, with summary explanations are:

- **Children in Care** – the current forecast over-spend against the external placement budget is £15.373 million (49.4% above budget) and includes a contingency of £450k 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 the current and future impact of Covid-19 on placement numbers which totals £8.42 million resulting in an underlying over-spend of £6.953 million. The underlying over-spend is due to the number of residential, fostering and supported living placements and also the cost of complex residential placements. The current forecast average unit cost of a placement is £114,800 per annum, (residential/supported living average unit cost of £183,500). There are currently 474 external placements, of which 111 are residential and 139 supported living placements.
- **Safeguarding** – against safeguarding staffing budgets there is a forecast over-spend of £963k (5.1% above budget) with an underlying position net of COVID of £517k. Effective management of the workforce, improved processes for recruitment, more effective advertising and the support and training provided by the social work academy should address the current cost pressure. Turnover of staff is rising and has been between 20.3% and 22.4% over the last six months and at the end of January there were 118 agency workers in post which is an increase on previous months.
- **Regulated Services** - in-house fostering and adoption services are under-spent by £766k due to activity at the start of the year being below budgeted assumptions.
- **Commissioning for learning** - Home to School transport is reported as £803k overspent and is due to the number and cost of the transport for SEN pupils, increased cost of procuring new routes and the number of solo journeys required.
- **Services for CYP with Additional Needs** - services for children with disabilities are forecasting to over-spend by £1.445 million due to the increased cost of care packages, including s.76 contracts with Health, and disability service staffing costs.

The major variances for DSG include:

- **Schools** – the deficit carry forward is £13.67 million and relates to the high needs block.
- **Education Outcomes and Intervention** – the deficit budget that was set for the high needs block totals £4.093 million and is included under this heading. 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.
- **High Needs Top-up Budgets** – forecasting a £2.718 million overspend due to increased demand.

Gloucestershire's high needs block, like most LAs nationally is in deficit. The increase in the allocated funding for 2022/23 of an additional £6.968 million and a further £2.989 million Supplementary Grant will be required to meet forecast demand pressures for additional special school places and support to mainstream schools. The LA and Schools Forum are looking at proposals on how to resolve this deficit, and initiatives to tackle need more

effectively and reduce costs in the long run. A financial recovery plan is being developed alongside this review.

2.3 Other Key Financial Information

To address this position the strategy is to bring the child in care population more in line with statistical neighbours over the coming years. This will involve a range of measures, aimed to impact on both numbers and associated costs, including

- further developing our edge of care offer to support children at home and to prevent their escalation and entry into care;
- increasing the number and proportion of children placed with in house foster care;
- continuing to develop our own placement provision with providers to exert a greater influence on the market and control costs;
- continuing to develop our permanence planning to reduce drift and delay and ensure children can leave our care in a timely manner by achieving permanence or reunification as appropriate.

3. Detailed Analysis

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

- Attachment 1 – Net Budget (Forecast Outturn) Children & Families – SLA format
- Attachment 2 – Net Budget (Forecast Outturn) – High Risk Analysis
- Attachment 3 – Activity Analysis – External Placements
- Attachment 4 – Net Covid-19 Analysis