

Gloucestershire County Council
2022/23 Revenue Budget Monitoring Report
Children & Families Services
Net Budget Analysis
Forecast Outturn Position September 2022

1. Purpose

To provide the forecast outturn figures for the 2022/23 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 £551 million. Of this total, £428 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 September 2022 for non-DSG funded services is an over-spend of £14.992 million (10.49% of budget). Included within these figures is the forecast additional cost of the impact of COVID-19 on budgets which totals £3.35 million giving an underlying over-spend of £11.642 million. The over-spend continues to be primarily against the external placements budget, due to increasing numbers of children in care and the cost of placements due to limited market availability, both of which are national issues. The forecast also includes an estimate for the additional cost of contract uplifts for home to school transport providers to support the sustainability of the market due to rising costs.

Additional forecast expenditure linked to the impact of Covid-19 covers two areas including the additional cost of accommodation for care leavers, with the majority of care leavers planned to be moved to more appropriate accommodation by the end of September, and support to vulnerable pupils.

Activity levels within social care continue to cause significant budgetary pressures, in particular for external placements and social care staffing. Referrals so far in 2022/23 are in-line with the 2021/22 average whilst children in care numbers in August were 872, compared to 2021/22 average of 830. Gloucestershire's number and rate of children in care (67 per 10,000 children in care) is above statistical neighbours (54) and the same as the England average (67).

Dedicated Schools Grant (DSG) funded services are forecast to be over-spent by £27.072 million in 2022/23, which includes the deficit carry forward on high needs of £20.8 million and

the in-year deficit budget which was set for High Needs of £6.347 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.

This position is analysed in the monitoring spreadsheet provided at attachment 1 to this report, based on actual expenditure to the end of August 2022 and forecasts input in September 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 £9.737 million (24.5% above budget). The forecast also includes the impact of Covid-19 on care leavers which totals £3 million, resulting in an underlying over-spend of £6.737 million. The underlying over-spend is due to the number and cost of residential placements (58 FTEs) and support packages for young people. The forecast includes the need to accommodate a number of young people with complex needs. There are currently 491 external placements, of which 126 are residential and 140 supported living placements.
- **Safeguarding** – against safeguarding staffing budgets, there is a forecast over-spend of £2.6 million (12.3% above budget). Turnover of staff continues to rise and has been between 24% and 28.7% over the last six months. At the end of August there were 126 agency workers in post, and this compares to 85 agency workers in August 2021. To reduce costs action has already been taken to replace interims with permanent appointments and increase the number of newly qualified staff.
- **Regulated Services** - in-house fostering and adoption services are under-spent by £694k due to activity being below budgeted assumptions at the beginning of the year.
- **Services Disabled CYP** - are forecasting to over-spend by £1.124 million due to the increased cost and number of care packages and agency costs within disability service staffing.
- **Commissioning** - funding allocated for commissioning development is being released to offset placements costs (£700k).
- **Home to School transport** is reported as £1.2 million overspent which is due to the estimate for the additional cost of contract uplifts for providers to support the sustainability of the market due to rising costs and ensure the availability of provision.

The major variances for DSG include:

- **Schools** – the deficit carry forward is £20.2 million with the high needs block being £20.8m
- **Education Outcomes and Intervention** – the deficit budget that was set for the high needs block totals £6.347 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.

Gloucestershire's high needs block, like most LAs nationally, is currently in deficit and in the Autumn, we will be participating in the second tranche of the DfE programme of reviewing Local Authority expenditure on SEND 'Delivering Better Value'. The review will assess local processes and plans, carry out data analysis leading to identifying the cost drivers and the cause of the pressure on budgets and look at what action can be taken to resolve the deficit position setting out improvement and DSG management plans.

2.3 Other Key Financial Information

To address the significant over-spend position the senior leadership team has established a budget working group which is meeting weekly to review the budget recovery position. Further impetus will be provided by a Financial Recovery Oversight Group comprising of the Council Leader, Chief Executive and Section 151 Officer, along with children's services senior leadership. The financial recovery strategy aligns with the improvement strategy by focussing on early intervention to avoid the need for a costly social care response and bringing the child in care population more in line with statistical neighbours over the coming years. This will involve a range of workstreams, each with a designated lead, which aim to impact on both numbers and associated costs, including:

- Further developing our edge of care offer to support children at home and avoid entry into care, linking with youth support and early help teams.
- Continuing to develop our permanence planning to reduce drift and delay by achieving permanence or reunification as appropriate in a timely manner.
- Reviewing the entire children in care population to ensure care packages continue to reflect needs, ensuring value for money and taking advantage of where costs can be reduced while continuing to deliver the right outcomes for the young person. This will include work with partners around their contributions.
- Transformation of the in-house fostering service to drive up capacity, improve matching and increase family/connected carers.
- Continuing to develop our own placement capacity with providers to exert a greater influence on the market and control costs.
- Detailed review of staffing establishment, supply lines for practitioners and use of agency workers.

To continue to support vulnerable families during this year, Gloucestershire has been awarded £5.286 million from the DfE to provide holiday activities, food provision and essential items and a further grant of £3.692m for the Household Support Fund has just been awarded for the period October to March 2023.

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