

REPORT TITLE: Revenue Monitoring Report for Children's Services 2023/24

Scrutiny meeting	Children & Families Overview and Scrutiny Committee - 14 th September 2023
Chair	Cllr Dr Andrew Miller
Presenting Officer	
Item Type	Overview and Scrutiny of the financial forecast position for July 2023
Purpose of Report	To provide the forecast outturn figures for the 2023/24 revenue budgets based on the July 2023 forecast.
Recommendations / Action sought	No recommendations included in the report.
Forthcoming Decisions	Not applicable
Background Documents	This is the first forecast revenue report to the committee in 2023/24
Appendices	<ul style="list-style-type: none"> • Attachment 1 – Net Budget (Forecast Outturn) Children & Families • Attachment 2 – Net Budget (Forecast Outturn) – High Risk Analysis • Attachment 3 – Activity Analysis – External Placements
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1. Introduction

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 £589 million. Of this total, £453 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 underlying forecast revenue position as at July 2023 for non-DSG funded services is an over-spend of £11.17 million (7.1% of budget) but £6.2 million of this will be covered by the Children's Reserve giving a reported over-spend position of £4.97 million. External placements continue to be the most significant and enduring variance and other over-spends include disability services, commissioning activities and safeguarding staff costs.

Gloucestershire's number and rate of children in care (67 per 10,000 children in care (April 23)) is above the peer group average (59) but below the England average (70) based on the most recent published data (March 2022). Children in care activity at the end of June was 858, below the average of 2022/23 of 866.

The Dedicated Schools Grant (DSG) carry forward from 2022/23 was £28.58 million and included the high needs block at £30.85 million offset by early years and school balances. In setting the high needs budget for 2023/24, current trends have been reviewed to identify what a realistic budget would be, to reflect existing activity demands and growth trends in special school and independent provision and top up budgets. The modelling has identified a deficit budget of £12.82 million for 2023/24 with a further in-year pressure of £560k.

This position is analysed in the monitoring spreadsheet provided at attachment 1 to this report, based on actual expenditure to the end of June 2023 and forecasts input in July 2023.

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 £7.558 million (16.9% above budget), but this is the net position after forecast mitigations of £8 million have been taken into account. The gross expenditure forecast at the start of the year has reduced by £3.1 million due to the work across commissioning and operations to reduce costs. The overspend is due to the numbers of children in care and the cost of placements due to limited market availability, both of which are national issues. The placement variance is due to the number and cost of residential placements, support packages for young people and the cost of supported living placements. Within the overall position, the five most complex placements are forecast to cost over £6 million in 2023/24. At the end of June, there were 436 external placements, of which 111 were residential and 124 supported living placements.
- **Safeguarding** – against safeguarding staffing budgets there is a forecast over-spend of £609k (2.7% above budget). Turnover of staff has reduced over the last six months and has been between 20.9% and 17.1%. Agency staffing levels remain a challenge and at the end of June there were 128 agency workers in post across social care services compared to 85 agency workers in August 2021. Allocating newly qualified staff into established posts after their first six months of experience will reduce the number of agency workers as well as tighter management of agency approvals in line with case numbers in teams.

- **Services Disabled CYP** - are forecasting to over-spend by £1.465 million due to the cost of care packages, including s.76 contracts with Health, and disability service staffing costs.
- **Commissioning** - the over-spend forecast within the Commissioning hub of £770k reflects the capacity required to support the extensive agenda to develop services through a combination of capital projects and redesigned of services.

The major variances for DSG include:

- **Schools** – the deficit carry forward is £28.58 million with the high needs block being £30.85m. A further pressure of £560k has been identified in-year, due to secondary top-ups and education support outside school.
- **Education Outcomes and Intervention** – the deficit budget that was set for the high needs block totals £12.82 million and is included under this heading.

Gloucestershire's High Needs block, like most local authorities nationally, is in deficit. The increase in the allocated funding for 2023/24 of an additional £8.782 million has only partly offset the forecast demand pressures for additional special school places and to provide support to mainstream schools. The additional funding in the MTFs 23/24 to provide additional capacity within SEND teams will seek to reduce the pressure on the budget as well. The DfE programme, 'Delivering Better Value,' has reviewed Local Authority expenditure on SEND, assessed local processes and plans, carried out data analysis to identify the cost drivers and the causes for the pressure on budgets. The programme will result in an application for a grant to take forward actions to implement improvements to manage the use of DSG.

2.3 Other Key Financial Information

The senior leadership team continues to meet on a weekly basis to review the budget recovery position overseeing, in turn, the dedicated team within commissioning focused on providing support and challenge to the management of external placements.

Further impetus is being 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 involves 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.
- Reviewing all post 18 placements (including unaccompanied asylum seekers) to ensure all support and accommodation costs are appropriate and value for money.
- 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.

3. Detailed Analysis

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

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