

In-Year Budget Briefing

Report of the Chief Officer for Children's Services

1. Members will be aware from the most recent Cabinet report that the Council's projections for Children's Services are very challenging. Members will also be aware that the budget for Children's Services has been increased year on year; partly in response to the growth in demand/unit costs and partly to enable important developments. The latter has also been supported through the earmarking of Business Rates Retention reserve monies.
2. At the time of writing, the High Needs Block of the Dedicated Schools Grant is projecting a funding gap for the end of the financial year of £18.8m. The Council (and Government) recognises the national context of rapidly escalating demand and a legal framework that drives demand without the corresponding investment. In the Chancellor's 2019 one-year spending review, he commits to an additional allocation of £700 millions into Local Authorities for SEND nationally in 2020/21, the Authorities share of this funding is confirmed as £5.5 millions.

The Council has determined to hold the SEND funding gap on the balance sheet rather than showing it as an overspend. This treatment is in line with proposals currently being consulted on which are looking at clarifying the specific grant and ring-fenced status of the Dedicated Schools Grant. Subject to the outcome of this consultation the Department for Education is proposing that from the end of 2019/20 local authorities must carry forward the whole overspend to the schools budget in future years and that they may not fund any part of the overspend from its general resources unless permission is sought and granted from the Secretary of State. This consultation runs until 15 November 2019.

Many Authorities have already adopted this approach, it is not a solution, but it is a mechanism that is designed to allow national and local government time to tackle and resolve the fundamental drivers of demand. The outcome of the consultation will be closely scrutinised to ensure the impact of these changes are fully understood by the Council and its schools. Following the SEND inspection in December 2018, members are receiving regular updates on progress with SEND improvement plans

The Chancellor's review also commits to investment in schools, which is very welcome.

3. Children's Social Care has seen a sustained increase in the number of children in care. This relates more to the rate of children leaving care, than to the rate of children entering care. Nevertheless, adolescent care entry continues as a persistent challenge. **Members may want to see an update on the development of the Edge of Care Service**, which is designed to respond to the challenges of teenage care entry. Placement mix (the balance of children in higher, medium and lower cost provision) and the demand in the disabled children's service account for most of the reported pressure in the budget (£4.3m). Plans are in hand to ensure that children are in high quality,

value for money placements that are close to home where possible and all high cost placements are under review to test their continuing necessity and effectiveness.

Members may want to receive an update on the Sufficiency Strategy. School transport and legal disbursements also constitute areas of significant pressure.

Members have a good understanding of the challenges of delivering needs-led statutory services.

4. The Public Health Nursing Service (PHN) was in-sourced in 2019, a move that was warmly supported across the Council. The end of year forecast position for 19/20 is satisfactory but the cost of the service in future years exceeds the allocated budget, which is fully funded from the Public Health Grant. PHN is a crucial early help service. In preparation for re-commissioning, the previous provider, Virgin Care had severely curtailed new recruitment. In consequence, the service was somewhat depleted at in-source and the service offer had been pared back considerably. Active recruitment has been pursued and the service expects to be fully staffed early in 2020 and to be able to resume its more comprehensive offer. Work is underway, in partnership with colleagues in Public Health and Corporate Services, to explore how costs can be brought within budget without staffing reductions.
5. Leaders across the Council were tasked, over the Summer, to make proposals for a range of potential savings scenarios for 20/21 and 21/22. This was in advance of the Chancellor's one-year spending review. Colleagues in finance will be revisiting these scenarios in the context of the expected allocation to Local Government from the one-year spending review. At this stage it would be premature to indicate any plans for future budget rounds.
6. Members will be aware that any budget changes related to increasing effectiveness in the deployment of our resources (for example ensuring that children who don't need to enter care, don't enter care and that children, who can be helped in early help, are helped in early help rather than in the statutory service), are to be welcomed. Any budget savings that we propose will be very carefully risk assessed to secure, wherever possible, minimal impact on vulnerable families.

Electoral Divisions: All

Cabinet Member for [Children Services and Schools](#): Councillor James McInnes

LOCAL GOVERNMENT ACT 1972: LIST OF BACKGROUND PAPERS

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