

In Year Budget Position – Children's Services Report of the Chief Officer for Children's Services

Report of the Chief Officer for Children's Services

Recommendation: that Scrutiny Committee members note the service update, and note the work already done to identify and realise savings; and the potential levels of risk to the service delivering against its improvement plans arising from further possible required spending reductions. Month 6 (September).

1. SUMMARY

The report sets out the key budget issues for Children's Services, identifies risks and actions to mitigate. At month 2, it was reported that the council faced a financial pressure of £30.5 million with a further risk linked to inflation volatility of around £10 million. At month 6, the Council is facing a comparable in year deficit of £ 33 million. At the end of the summer, the Council's leadership team created a cross - organisational Financial Sustainability Programme (FSP) who were detailed to work together to identify and deliver savings to address the in-year overspend and identify ways to stabilise financial sustainability. The impact of this work has identified £26.5 million of further savings and additional income that revises the total forecast overspend down to £6.3 million.

2. KEY BUDGET ISSUES 2022/23

2.1 As at September 2022 Children's services have a budget of £177.9 million and are forecasting an overspend of approximately £21 million. This position excludes the dedicated schools grant funding and the pressures being experienced within the high needs block. Overspends within school transport continue and are forecast to be £7.7 million. The rest of the pressure is made up of mostly the cost of children in care placements (approx. £10.5 million) and pressures associated with staffing. The Dedicated Schools Grant deficit is projected to be £37 million.

2.2. £3.5 million of savings have already been identified through the Financial Sustainability Programme of work (FSP) which, when factored into the position, reduce the forecast overspend within Children's Services to £17.4 million, excluding the dedicated schools' grant.

3. SPECIFIC AREAS OF PRESSURE

3.1 The greatest cost pressures continue to be associated with the availability of suitable provision for children coming into care, school transport and a reliance on agency staff. As part of budget preparation for this year within children's social care full Council agreed a savings target of approximately £3 million that related to children in care placements and containment of growth pressures associated with

special guardianship orders. As a result of continuing cost pressures being experienced from our external placement providers for children in care, this has proved unachievable this year. The DSG is overspent because of the continuing cost pressures within the Special Educational Needs and Disability (SEND) High Needs Block. Members will be aware that since the last Budget update, the service has been subjected to revised directions from the Secretary of State to improve in both Social Care and SEND.

3.2. Children in Care Placements

We are undertaking targeted work on our placements which has already delivered savings. However, for children in our care, an increase in complexity of those requiring specialist care, market sufficiency and general price rises are all driving up costs. This is not just a local issue. Councils across the country are reporting similar experiences. In 2020/21 the average cost of a residential placement in England and Wales was £4,153 per week. For Devon this was £4,844 per week. By September 2022, this figure has risen to £5,608 per week, +16%. One authority has reported a 29% increase in the total cost of their top 10 residential placements between June 2021 and June 2022.

3.3. Recruitment and retention (Social Care)

It is imperative for our continued improvement to establish a stable, permanent workforce and to reduce dependency on agency staff. An investment of £3.4m was allocated for this purpose and although there has been some slippage in appointments to some roles, agency social work recruitment activity has continued at pace.

- The number of social work vacancies across the front-line teams is at the lowest rate so far this year at 23.
- 17 over-seas workers recruited; 5 of whom started in September with 5 more due to start in November, the rest are due in January 2023.
- 144 social workers received retention payments in June, and a further 125 are expected to qualify for payment in December.

3.4. Children's Social Care Reshape

The reshape is designed to transform the organisational structure and leadership arrangements for services provided by the Children's Social Care and Health & Wellbeing Services. When fully implemented the proposed changes will increase capacity and capability to deliver the scale of change required.

The proposal seeks to deliver the organisational "reshape" in two phases. Phase 1 reconfigures tier 3 and 4 leadership arrangements and is progressing at pace.

3.5. Dedicated Schools Grant

At month 6, the Dedicated Schools Grant is £307.6 million. Included within this is the High Needs Block allocation of £90 million against which an overspend of just over

£37 million for this financial year is forecast. Savings of £8.4 million are expected to be delivered against a plan which totalled £10 million. When combined with the accumulated deficit from previous years of £86.5 million the deficit is forecast to be just under £124 million to March 2023. The Council (and Government) recognises the national context of rapidly escalating demand and a legal framework that drives demand without the required corresponding investment.

At present, the government has a statutory instrument in place that sets the Dedicated Schools Grant Deficit outside of the council's accounts. This was originally planned to end in March 2023, but Government is consulting on the need to extend this. The current political landscape has had an impact and as yet there has been no Government decision.

As per Department for Education (DfE) guidance, the Council has put in place a management plan to set out its strategy to reduce the demand on the High Needs Block and over future years reduce the deficit within the Dedicated Schools Grant. In February 2022, the DfE and Council met to discuss entering the Safety Valve Intervention Programme and at that point had the 12th highest percentage deficit to overall Dedicated Schools Grant of all Local Authorities at 8.07% or £43.6 million.

We were initially advised by the DfE in March 2022, that they were required to discuss the potential for a capitalisation direction (to allow the authority to capitalise, and therefore borrow, to meet its contribution to the deficit) with the Treasury. This has been further delayed further due to the result of the national political landscape.

We continue to work to bring the High Needs Block within the funding envelope. Meeting children's needs earlier and more effectively will deliver better outcomes for families. A new SEND Improvement Board has been established and the new plan reflects the joint commitment of us and our health colleagues to deliver better integrated services, together with families, to ensure young people receive the right support, from the right person, at the right time.

The Interim Director for SEND presented a detailed report to Scrutiny on 6 September 2022 about the immediate steps that have been implemented to instigate immediate improvement.

3.6. School transport

The School Transport budget of £34.3 million sits within children's services with operational delivery sitting with Climate Change, Environment & Transport (CCET). School transport continues to be an area of significant pressure. As part of budget setting, full Council agreed a saving target of £5.6 million for School Transport to fund their own growth pressures in 2022/23. Demand and price pressures have meant this has not been achievable

In recognition of the rising costs £700,000 had been committed to fund a 4% inflationary award to all operators to mitigate the high level of early contract terminations at the start of this financial year. However, contract relinquishing is continuing, with inflation rising to an average of 30% in both Home to School and personalised transport as a result of fuel inflation and a failing market reducing

competition. This has resulted in an additional £2.3 million pressure for the year. This budget sits within children's services. Work is continuing to review the highest cost routes and to investigate where we know there is poor or no attendance.

3.7 In-housing of Babcock

The in-housing of Babcock staff and services has now been fully implemented with staff joining Devon County Council on 1 August 2022. This is of course very recent, and any potential savings are currently being met through holding vacancies as unfilled where the risk is currently manageable.

3.8 Transformational work

As part of the FSP work, colleagues were asked to identify both immediate transactional savings and transformative opportunities looking immediately forward and over the longer term at how, as a council, we can continue to reduce the financial burden and deliver better, more efficient services. The Transformational Organisation team are supporting work looking at the SEND front door. We will continue a longer-term focus on the underlying conditions that lead to high-cost child in care placements which is a complex area with many contributory factors. The same principle applies to high-cost school transport. In addition to this, we are continuing to review the direct payment process as part of the wider short breaks offer, reviewing the policy and introducing a more rigorous process so that families retain choice but receive a better quality of support. We are working with Adults Social Care to improve how our young people who require on-going support into adulthood, transition between children's services and adult's services. As part of our cross-organisational strands of work we are working with corporate colleagues to see how the estate can be better utilised and understand the wholes council's place-based delivery so that together with service delivery partners, we deliver the right service from the right person or provider at the right time.

4. OPTIONS/ALTERNATIVES

This paper is designed to set out the issues for Children's Overview and Scrutiny, it isn't making firm proposals at this stage, hence options and alternatives are still under active consideration. Members should be mindful of the potential risk of further pressure to make savings.

5. LEGAL CONSIDERATIONS

The vast majority of Children's Services are statutory and those, where the associated costs are escalating and/or projected to increase most, are the most highly regulated. Should the Council want to consider any changes to services, the legal implications and risks will need to be very clearly spelled out and public consultation undertaken where necessary.

6. EQUALITY CONSIDERATIONS

Children's Services are very strongly correlated to deprivation. The public sector duty to promote equality and eliminate inequality is fundamental. Proposals will need to consider the Council's responsibilities under the Equality Act 2010.

7. SUMMARY/CONCLUSIONS

The combined pressures on the service of demand in SEND, the increase in high-cost placements for children in care and school transport costs are significant but consistent with the national context where demand for children's social care is increasing and cost pressures rising. In a recent piece of work commissioned by the Council from Impower to compare our Children's Services spend against other local authorities, children's social care spend is average nationally, while spend on children with additional needs (SEND) is higher than average.

In June 2021, the Local Government Association (LGA), reported that *'More than eight in 10 councils in England responsible for children's social care overspent in the year to 2019/20. This comes despite councils increasing their budgets by £535 million that year and by £1.1 billion in the past two years.'*

On SEN, in June this year, the LGA also reported that *'The number of children in England approaching councils for special needs support has increased by almost a quarter in a year, latest figures reveal, with 170 young people now starting support plans each day.'*

A just published report from the County Councils Network [Final Report - The Independent Review of Children's Social Care \(childrensocialcare.independent-review.uk\)](https://childrensocialcare.independent-review.uk) sets out the anticipated cost pressures on local authorities over the next period, largely concentrated in adults and children's services. In 2022-23, the anticipated cost pressures for county councils in children's services are £667 million, 20% of the overall council cost pressures. These statistics clearly illustrate, that the level of demand continues to stretch and apply pressure across all services. With the current cost of living crisis, we can expect this trend to escalate further.

The priority for Children's Services at Devon County Council continues to be to ensure that we support and protect vulnerable children. We are committed to creating a future in a Child Friendly Devon where all children and young people are safe, loved and thrive and have equal access to opportunities to meet their full potential.

Melissa Caslake Chief Officer for Children's Services

[Electoral Divisions: All]

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