

In Year Budget Position

Report of the Chief Officer for Children and Young People's Futures

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

Recommendation:

Scrutiny Committee members are asked to note the service update, the work in place to identify and realise savings, and the potential levels of risk for service delivery on the improvement plans arising from the required spending reductions outlined at Month 6 October 2023.

1) Background / Introduction

- 1.1 The report sets out the key budget issues for Children and Young People's Futures (CYPF), identifies risks and actions to mitigate.

2) Main Body / Proposal

KEY BUDGET ISSUES 2023/24

- 2.1 In September 2023 Cabinet considered the report of the Strategic Leadership Team "Working Well Together for a Sustainable and Stronger Council". The report set out the challenges being faced by the authority and the steps being taken to secure financial sustainability and Best Value. It is a time of significant change, increased complexity as a result of Covid, increasing challenges relating to placement availability and suitability for children in care and care experienced children and a national crisis in the recruitment and retention of experienced social workers. Allied to this a combination of high inflation and rising demand has left local authorities facing some of their toughest budgetary decisions to date. This includes approving a further in-year savings target of £10 million across the Council.
- 2.2 As at September 2023 CYPF have a budget of £206.2 million. This position excludes the Dedicated Schools Grant funding and the pressures being experienced within the High Needs Block. The budget stated does include the additional in-year savings target of £2.9 million, of which £2.1 million is against Social Care and £819,000 against Education. The forecast position is an overspend of £9.3 million.
- 2.3 Overspends within Education relate to agency costs in SEN and Education Psychology (approx. £940,000), lost revenue from non-trading (£666,000) and interim

cost for senior management (£141,000). The remainder of the increase reflects the risk of non-delivery of the in year savings target of £819,000 but works continues to develop in year savings to meet this target. At year end the in-year Dedicated Schools Grant deficit is projected to be **£37.1** million.

There are however emerging risks within Children and Young People's Futures with increasing numbers of complex placements and continued pressure associated with excessive agency costs. In response additional intensive work and the establishment of a cross council placement taskforce is seeking to address this issue at pace. There has been significant progress in stabilising management tiers with the level of interim managers reducing by 70% since February 2023 and agency levels by 11% since May, these activities will be subject to weekly support and intervention by the Chief Executive and Director of Finance and Public Value

- 2.4** For Children' Social Care and Health & Wellbeing, the forecast overspend is just over £7 million. The pressure is made up mostly of the cost of children in care placements and agency staffing costs. £3.7 million of savings has been achieved, but there is a risk to the delivery of £2.4 million of planned budget savings relating to reductions in agency staffing, direct payments and incidental support for children in need, looked after children and care leavers. In addition, plans to meet the in-year savings target of £2.1million, agreed by Cabinet in September 2023, have not been finalised. Work continues to develop in-year mitigations. However, the volatility in the staffing and placement landscape means that there are risks in achieving the full savings target.
- 2.5** For Education, Learning, School Transport and Inclusion, £3.2 million of an initial £3.4 million savings target has been achieved. The remaining savings are planned to be achieved from route reviews within Home to School transport. There continues to be a high element of risk from the continued demand for SEN transport through backlog and similarly to the social care risk, across higher cost placements.

SPECIFIC AREAS OF PRESSURE

2.6 Children in Care and Care Experienced Young People

- 2.6.1** The greatest financial pressures are largely a result of increased demand across social care and SEND. The number of children in care has risen by 115 (15%) September 2022 to September 2023. Within this number there has been growth in the number of Separated Migrant Children (SMC) (previously referred to as Unaccompanied Asylum-Seeking Children). In September 2023 Devon had 72 SMC in our care, compared to 25 in September 2022 and 14 in April 2022. Although these children have funding attached to their status, the increase by 47 in the last 12 months and in total by 58 since April 2022, does have an impact on placement availability as well as an impact on services for Care Experienced People's (CEP) SMC services which are not funded in the same way.
- 2.6.2** The number of Care Experienced Young People has also risen. At the end of September 2023, the number had risen to 523 compared to 467 at the same time last year, an increase of 56 (12%). This number only relates to care leavers aged over 18 who are currently receiving a service from the council. Part of the increase is as a result of a change to the Ofsted definition for CEP the total number of care leavers is

856 (aged 16 to 24, including eligible, relevant, former relevant and qualifying young people).

2.6.3 Research undertaken by the ISOS Partnership and published in October 2023 ¹ identifies a changing profile of need. Missed opportunities for wider socialisation and early intervention, increased anxiety and mental health issues and poverty are all having an impact leading to more children and families needing additional support.

2.6.4 Although a national issue, an increase in complexity for children requiring specialist care, inadequate market sufficiency of placements and general price rises are driving up costs. The increasing numbers of out of area children being placed in Devon has further compounded the issue, particularly in the residential market making it significantly more difficult to find appropriate accommodation than it was pre-pandemic.

Following the pandemic increasingly complex safeguarding issues, pressure on the availability of foster care, the impact of inspection on residential placement providers and a greater focus on enforcement by Ofsted on the use of unregistered placements for those under 16 are all having an adverse effect.

It is unclear whether the changes for supported accommodation providers for 16- and 17-year-olds, who will be required to register with Ofsted by the end of October 2023 will further increase costs and lead to a further reduction in the availability of places.

2.6.5 To address this we are working on the development of three new residential settings to accommodate children and young people. The intention is for phase one of the first home to be available in November '23 and phase two of that home together with a second to be available by the end of February '24. We are in discussion with the ICB regarding a third which is currently being used by them and consideration to the possibility of bringing forward the development of another site using the DfE match funding as an alternative. Three further opportunities are being explored with DCC Estates colleagues. All of these provisions would be specifically to meet the needs of some of our more complex children providing between 15 and 19 beds to help address the sufficiency challenges described above.

2.6.6 The Council has also secured £1.14 million of funding over two years from the Department for Education for the Wave 3 Staying Close initiative. This is a national initiative which provides an enhanced support package for young people leaving care. Our strategy is to identify up to 6 buildings to accommodate a minimum of 24 care experienced young people. The bespoke support provided to these young people as they move-on will help develop confidence and skills for independent living, emotional health and wellbeing and will result in better outcomes for them, better value for money and cost savings.

¹ [lga.pdf \(localgov.co.uk\)](#)

2.7 Recruitment and retention (Social workers and other social care professionals)

2.7.1 Recruitment and retention of social workers and other relevant key professionals remains a national challenge which is identified in the ISOS Partnership report ¹

“Local areas report persistent shortages in social workers, residential care home managers, educational psychologists, school nurses, speech and language therapists, health visitors, early years practitioners and family support workers. The chronic vacancies in the children’s services workforce have led, in social care in particular, to unparalleled dependency on workers supplied by agencies, for which costs have risen steeply.”

It is imperative for our continued improvement to establish a stable, permanent workforce and to reduce dependency on agency staff. While there remains much to do all Heads of Service and most Service Managers have now been permanently recruited to. In addition, we are actively recruiting to key front-line roles and have had some success in attracting agency workers into permanent roles.

2.7.2 In June '23 DCC children’s services were operating with 53% agency social workers; September that had reduced to 51%. All agency workers are now expected to work within the Memorandum of Understanding framework which is shared across the S-W peninsular and sets out expectations in terms of rates of pay and recruitment processes. We have also seen some reasonable success in the numbers of staff either returning to work in Devon or transferring from agency to permanent status.

- There are currently 121 permanent social work vacancies across frontline teams (which include Assessment, MASH, Children & Families, Corporate Parenting and Disabled Childrens Social Work teams). 19 of these are “unfilled” and 102 are currently being covered by agency staff. In addition there are 24 Team Manager posts held by agency workers in these teams.
- There are 102 (51%) of front-line agency social workers compared to 111 (53%) in June.
- More permanent social workers have been recruited in the last 2 months (15) than the entire period Jan – Aug 23 (14).
- 11 over-seas workers recruited to in the last 12 months; There are a further 8 due to start by the end of Jan 24.
- 141 social workers received retention payments in June, and a further 15 are expected to qualify for payment in December.

2.8 Dedicated Schools Grant

2.8.1 At month 6, the Dedicated Schools Grant is £310.5 million. Included within this is the High Needs Block allocation of £107 million against which an overspend of just over £37.1 million is forecast for this financial year. Savings of £8.4 million are expected to be delivered against a plan which totalled £20 million. When combined with the accumulated deficit from previous years of £125.4 million the deficit is forecast to be just over £162.6 million to March 2024. The Council (and Government) recognises the national context of rapidly escalating demand and a legal framework that drives demand without the required corresponding investment.

2.8.2 At present, the government has a statutory instrument in place, due to end March 2026, that sets the Dedicated Schools Grant Deficit outside of the council’s accounts. 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.

2.8.3 In May 2023 we were advised by the DfE that we were to be invited into conversations for tranche 4 of the Safety Valve Intervention Programme due to the discussions over capitalisation redirection not being progressed. At the end of the financial year 2022/23 we had the highest percentage deficit to overall Dedicated Schools Grant of all Local Authorities at 20.21% or £125.4 million.

2.8.4 The SEND Improvement Director has been in place since August 2023, and 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. The SEND Transformation Programme 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, in the right place, at the right time.

2.9 School transport

2.9.1 The School Transport budget of £45.1 million sits within CYPF with operational delivery sitting with Climate Change, Environment & Transport (CCET). We are still seeing some contracts being relinquished and operators leaving the market reducing competition. School transport is currently showing to be stable for this financial year.

2.9.2 However, the outturn position is subject to several areas of concern: -

1. Route reviews expected to meet proposed in-year savings.
2. The level of the back log in the 0-25 team is unclear.
3. The level of exclusions and use of Alternative Provision (AP) Other placements requiring transport remains high.
4. Safety Valve targets stabilising demand on the personalised transport budget and planned route review savings, are yet to be achieved.
5. Work is continuing to review the highest cost routes and to investigate where we know there is poor or no attendance.

2.10 Education - Core Services

2.10.1 The in-housing of Babcock staff and services has now been in place for a year and in this time increased statutory work for the Educational Psychologists has impacted on their ability to trade. The cost of agency staff, whilst now reducing, to meet SEN casework has outweighed the staff vacancies creating pressures with team.

2.10.2 During this time, we have continued to trade well with our maintained schools and academies in a number of other services such as: attendance, safeguarding, social, emotional and mental health, school effectiveness and governance. Our conferences have seen some of the highest numbers of attendees and we have an active professional development (CPD) offer which is well used by schools and governors. We deliver the schools' library service, run outdoor centres, and deliver the music education hub for Devon and Torbay. These three services are fully funded through either traded work or grants. Our predicted traded income for 2023-2024 is £2.8 million.

2.11 Transformational work

- 2.11.1 In order to make best use of our services available to support schools, avoid duplication and provide an improved early help to schools offer, we are reviewing how we deliver our educational services. We have explored models within other LAs and aim to move towards a place-based model of working, across 2 geographical areas. It is proposed that in each area, we will have multidisciplinary teams who will work strategically across a dedicated cohort of schools to help improve attendance and inclusion. Improved understanding and relationships with schools and wider communities would help to promote a school led improvement system. Considering how we structure the delivery of our services is being managed under the SEND Transformation Programme so we can align the education and SEND services around our schools and settings.
- 2.11.2 The Transformational Organisation team are undertaking a complete review of SEN statutory assessment and planning processes. The development of a robust Early Help offer to support schools and families earlier and change the focus to allow children and young people to receive support before they reach a statutory threshold is in progress.
- 2.11.3 We will continue a longer-term focus on the underlying conditions that lead to high-cost child in care placements and high-cost school transport. We are working with Adults Social Care to improve how our young people who require on-going support into adulthood, transition between children's 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 whole 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.

3) Options / Alternatives

- 3.1 This paper sets out the issues for Children's Overview and Scrutiny Committee. It does not make firm proposals at this stage. All options and alternatives are still under active consideration. Members are asked to be mindful of the potential risk of further pressure to make savings.

4) Consultations / Representations / Technical Data

- 4.1 There are no consultations and representations.

5) Strategic Plan

- 5.1 There are no additional proposes in this report, however these policies align with the visions and priorities with the strategic plan, it also follows requirements within the Children's Social Care Improvement Plan and SEND Improvement Plan.

6) Financial Considerations

6.1 There are no financial considerations as this is an update report.

7) Legal Considerations

7.1 A significant proportion of the services within CYPF are statutory. The ones which are not statutory are frequently grant funded and are in place to support a reduction in escalation into statutory services. Those areas where the associated costs are escalating and/or projected to increase most, are also the most highly regulated. Should the Council want to consider any changes to services, the legal implications and risks will need to be fully developed and mitigated and may become subject to wider consultations, and DfE Commissioner scrutiny.

8) Environmental Impact Considerations (Including Climate Change, Sustainability and Socio-economic)

8.1 There is no environmental impact as this is an update report.

9) Equality Considerations

9.1 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.

10) Risk Management Considerations

10.1 No new risks have been identified as an outcome of this update report, all risks for Children's Services are identified within the risk register.

11) Summary / Conclusions / Reasons for Recommendations

11.1 This is clearly a challenging time for the council and for Children and Young People's Futures. Within children's social care, health and wellbeing, budget pressures arising out of increased demand and costs, together with planned and in year savings have to be balanced against the need to implement service improvements.

11.2 The underlying principles of our DSG management plan is to ensure that the needs of children and young people with SEND are met earlier and that we have sufficient provision to meet the current and future demands. The SEND Transformation Programme 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, in the right place, at the right time.

11.3 Schools and settings continue to see increased levels of need in our children and young people, and this is placing greater demands on our education services. Our priority is to ensure that children are safe and regularly attending a school or setting.

Ensuring we use our resources effectively by improving our multi-disciplinary approach is our priority.

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