

Report of the Children's Scrutiny Committee: Children's Scrutiny Budget Monitoring Standing Overview Group report

Report of the Director of Legal and Democratic Services

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

1) Recommendation

1.1 That the Committee be asked to:

- 1) Accept this report as an accurate record of the issues explored in the meetings ensuring transparency in Scrutiny activities.
- 2) Evaluate the effectiveness of the Budget Monitoring Standing Overview Group in helping Members understand the Council's in year financial position and consider its continuation into future financial years.
- 3) Give regard and consideration of the learning and findings of this report in the item 2024/25 In Year Budget Position on the Committee's agenda.
- 4) Agree to action the following points:
 - a) Add a Masterclass on Education Traded Services to the Work Programme.
 - b) Consideration of visits to the In-House Children's Residential Homes as part of the Committee's work.

2) Background / Introduction

2.1 Standing Overview Group meetings of the Children's Scrutiny Committee are held with the purpose of bringing rigour and understanding to complex issues across different services. To promote transparency, a Report is brought to the Scrutiny Committee to highlight pertinent issues and take forward any actions or recommendations that have arisen.

2.2 The Children's Scrutiny Committee meeting, held on [Tuesday 14th November 2023](#), made a recommendation to set up a Budget Monitoring Standing Overview Group (SOG) that would consider and monitor the 2024/25 Children and Young People's Futures Budget and report back to the Children's Scrutiny Committee.

3) Key Findings

3.1 The sessions of the Budget Monitoring SOG were spilt into 2 areas: learning and understanding the Medium-Term Financial Plan and the Revenue Budget, and understanding the delivery of 2024/25 Budget.

Understanding the Medium-Term Financial Plan

- 3.2 Officers gave an overview of different elements of the Medium-Term Financial Plan (MTFP). The MTFP brings together the Council and Directorate's short to medium term strategies and expresses them in financial terms to provide an overview that covers projections of estimated costs and income based on assumptions; this enables the identification, mitigation and management of risks.
- 3.3 Securing best value and financial sustainability underpins the plan with key areas being: Economy (spending less), Efficiency (spending well), Effectiveness (spending wisely) and Equity (spending fairly).
- 3.4 As agreed by Cabinet in March 2024, the Council's new [Operating Principles and Change and Improvement Programmes](#) These operating principles included:
- Governance and Assurance
 - Financial Sustainability
 - People First
 - Partnerships
 - Digital Self-Service
 - Evidence Informed
- 3.5 For the Children and Young People's Futures Service, other service specific factors considered are:
- The ILACS rating (Inadequate) and the fact the Council has a DfE appointed Commissioner in Devon.
 - The Children's Services Improvement Plan – strengthening practice, performance and quality assurance and being aware of re-shapes and re-designs.
 - The SEND Transformation Programme and Safety Valve programme.
 - Market forces and accommodation sufficiency in Devon.
 - Hard to recruit roles e.g. Social Workers and Education roles leading to a higher reliance on agency staff.
- 3.6 Other considerations include general cost pressures (Inflation, Pay Awards, Demographic changes and demand for services) and mitigations (savings, alternative funding and additional income opportunities).
- 3.7 The MTFP for Children's Services (February 2024) is seen below, although this is with the caveat that Directorates are reviewing their plans, and the Council develops its 5 year MTFP. Officers highlighted that the figures for 2024/25 are robust, but later years are based on the best assumptions that could be made at the time.

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Inflation & NLW	9,795	6,930	7,067	5,546
Demand & other cost pressures	20,862	8,048	4,793	3,081
Total inflation & cost pressures	30,657	14,978	11,860	8,627
Planned savings	(9,150)	(3,450)	(262)	0
Net Total	21,507	11,528	11,598	8,627

(NLW: National Living Wage)

3.8 In Children's Social Care, planned savings in 2024/25 are £7.8 million and £3.1 million in 2025/26; these relate to 5 projects – Achieving Permanence, Children's Home Development, Fostering Recruitment and Retention, Staying Close and Family Hubs.

3.9 Planned savings in 2024/25 for Education, Learning and Inclusion Services are £1.3 million and £327,000 in 2025/26 and relate to 2 projects: Organisational design and School Transport.

Understanding the Revenue Budget

3.10 Officers presented on the overall Budget and specific elements of the Children's Services budget including:

- The Council's Revenue Budget for 2024/25 was £743 million, which was 6.3% higher than the previous year (£699 million) and made provision for £48.5 million of inflation and national living wage (NLW), £44.8 million for growth and other pressures and included savings, alternative funding or additional income of £49.5 million.
- For the Children and Young's People's Futures Directorate, the Budget was set at £227.7 million, an increase of 10.4%. This excludes the Dedicated Schools Grant which is allocated directly to schools.
- The Council receives funding for its services in a variety of ways. This includes general funding through local taxation including council tax and a share of business rates; general grants from Government through the annual finance settlement for example revenue support grant, rural services delivery grant, social care grant; and other grant funding specific to services such as the Dedicated Schools Grant. The Council also receives income directly from service users in some cases, for example in contributions towards social care.
- The additional £21.5 million investment in Children's Services was made up from £30.6 million in inflation, national living wage and other pressures, £8.5 million in savings and £564,000 in alternative sources of funding and additional income.
- Explanations of the analyses of change sections for Social Care, Health and Wellbeing and Education, Learning and Inclusion Services including investments, savings and alternative incomes.

2024 / 2025 Budget Monitoring

3.11 A key element of the Budget Monitoring SOG was for Members to be kept up to date with the in-year budget with Officers available to explain variances and, as appropriate, details of the mitigations in place.

3.12 At the June 2024 meeting of the Standing Overview Group the Deputy Director for Finance and Public Value and Head Accountants gave an overview of the key areas for the upcoming financial year including the reducing demand and number of children in care, the Council's sufficiency and placements mix, and recruitment and retention of staff.

3.13 At the July and October meetings of the Standing Overview Group, Members were given a detailed overview of the service's budget monitoring at Month 2 and [Month 4](#), the budget variations, and were able to ask questions about the mitigations in place.

	Month 2	Month 4
Children and Young People’s Futures overall	£5.4 million overspend	£6.6 million overspend
Children’s Social Care / Health and Wellbeing Services	£4.6 million overspend	£5.5 million overspend
Education, Learning, Transport and Inclusion Services	£800,000 overspend	£1.1 million overspend

3.14 Within the Children’s Social Care and Health and Wellbeing Services, budget variations were in relation to:

- The recruitment and retention of Foster Carers,
- The Staying Close initiative,
- Children’s Centres contract, and
- Corporate Parenting Teams.

3.15 The service has proposed £517,000 of new savings initiatives to support budget delivery, for example, a further reduction of agency workers. In addition, there is greater oversight of the Placements budget and Members heard how this happens in practice.

3.16 Within Education and Inclusion Services, the budget variations were in relation to:

- The need to engage Educational Psychologist associates within the SEND services support team and reductions in the number of schools trading with the service are creating pressures,
- Staffing,
- Education, Health and Care Plan (EHCP) pressures, and
- Home to School Transport.

3.17 Questions and discussion with Members relating to Budget monitoring included:

- The School Effectiveness team and the Council’s overall strategic direction of traded services - Whilst the service generates income for the Council, Officers reported that some academies/trusts provide their own services rather than buying into the Council’s services.
- Relationships with providers: Members also noted that Officers are continuing to build relationships with providers in Devon, improve commissioning arrangements, and increase the number of places for Children in Devon.
- Social Worker travel: Officers confirmed Social Workers make regular visits to see children and young people who are living out of county.
- Education Health and Care Plans (EHCPs) and progress to clear the backlog, the Council’s ability to issue EHCPs in line with DfE expectations, and the impact on the budget: The backlog is currently at 653 (September 2024) and due to be cleared by the end of the Financial Year. Officers highlighted the Council priority of Inclusion and Early Help and strengthening inclusion in mainstream schools.

Safety Valve Programme

3.18 As part of the Budget Monitoring SOG meetings, Members received updates on progress of the Council’s [SEND Safety Valve Programme](#), using the [Cabinet Month 4 Budget Monitoring Report](#) in the October meeting as background information. Key points across the two updates given to Members included:

- The Head Accountant provided an overview of the work strands with Members and their RAG (Red, Amber, Green) rating including: Improving Early Intervention (Green/Amber), Developing shared pathways in Adulthood (G), Appropriate Local Provision (G), Financial Management Systems (G), Ordinarily available provision in mainstream schools (G) and Multi-agency pathways (G/A).
- Successes and positives in the Safety Valve programme included:
 - Post 18 reviews have supported 70 Young People on to the next steps on their adult lives through joint working between Education and Health professionals,
 - 58 new places in Resource Bases have been opened, and
 - The [Independent Education Provision Commissioning and Procurement Strategy](#) was approved at Cabinet in August 2024.

3.19 Member questions and discussion with officers included:

- Clarification around the 'Top Out' figure of the Deficit.
- Clarification around where the contributions to reduce the deficit will come from:
 - Department for Education Safety Valve total £95m,
 - Dedicated Schools Grant,
 - DCC Contributions include £10 million from cross Council savings in 2023/24,
 - For each year 2024/25– 2031/2032, a further £5 million from cross Council budgets,
 - £20 million from Reserves in 2024/25 only, and
 - interest from investments and £12.9 million from capital receipts.
- Discussion on the Council's progress on meeting the conditions of the Safety Valve programme and reaching the gateway returns.
- Independent provision: the % of children and young people with SEND attending independent provision and how the Council might expand its own provision:
 - There are c.1200 children in independent settings; the Council aims to improve the commissioning of the independent sector special schools placement to meet the needs of Devon's population and ensure value for money. There is an opportunity with the change in Government policy to open new maintained school places and the Council is considering its own estate to see if satellite sites can be set up.

Key topics of interest

3.20 Members suggested three areas to consider in greater detail to help them understand more about the pressures and mitigations against budget delivery. These are as follows:

1. Education and Inclusion Services

3.21 Members invited the Deputy Director of Education to discuss the Education and Inclusion traded services and savings within the Education teams. The Deputy Director of Education reported that:

- Education and Inclusion Services returned to in-house delivery in 2022. This includes a range of teams including School Effectiveness, Curriculum Teams, Governance support, Inclusion and Attendance Advisors.
- Education and Inclusion traded services generate the Council c. £5 million a year.
- The Council's Education and Inclusion Traded Services offer is larger than most Councils. Other local authorities and school purchase the Council's services.

- The role of the Council's Attendance Improvement Officers (previously called Education Welfare Officers (EWO)) - a team of 13 staff working directly with schools to help improve attendance.
- [New statutory guidance \(Working together to improve school attendance\)](#): from September 2024 the Department for Education (DfE) will publish attendance data for all schools.
- The Elective Home Education (EHE) Cohort in Devon is now c.2600. The statutory guidance imposes additional responsibilities on the Council for children and young people who are electively home educated.

3.22 Questions and discussion with Officers included:

- A request from Members to have a Masterclass on Traded Services.
- Discussion around the EHE Cohort, funding to help these children return to schools and the Council's work to help promote school attendance.

2. Home to School Transport

3.23 The Deputy Director for Transport Operations, Environment and Waste reported that the Home to School Transport service were reporting to be on budget in Month 2, forecast remain on budget at month 4.

3.24 In addition, it was reported that:

- Mainstream school transport has delivered £390,000 of savings through a route reviews and efficiencies. Key risks were noted.
- The service is working with other local authorities to consider transport options.
- The Transport Coordination Service is part of the SEND Transformation Programme. A co-ordinated approach is taken for a child or young person's EHCP, with transport a consideration.
- The transport team are planning ahead for the next academic year.

3.25 Questions and discussion with Members related to:

- What has made a difference to controlling overspends: Joined up, cross council working having a positive impact on the Council's commissioning of home to school transport and consideration of the child's whole package of support.
- Safety checks on vehicles with contractors: Operators have to be an approved supplier for the Council, meeting quality standards which includes a safe and legal vehicle.
- Exploration of an in-house transport company: The Council is working with other local authorities to understand their transport offer.

3. Placements

3.26 The Deputy Director and Head of Children's Health and Wellbeing, supported by the Principal Account, presented on the Council's Placements budgets.

3.27 The Deputy Director and Principal Accountant reported that:

- Whilst volumes of children in care are reducing (856 children in care in October 2024), the types of placements are higher cost such as residential.
- Officers highlighted that improvements in unregistered placements commissioning has improved their value for money.

- Homes for Children: The Council is expecting to grow this service and have 6 new beds open in 2024/2025. Members were informed that 2 beds have opened with the additional beds expected to open before the end of the 2024/25 financial year. The service is reviewing proposals to increase the number of beds in line with the Sufficiency Strategy.
- The first Staying Close placements (18+ care leavers) have opened and other sites are being developed. 24 placements will be opened as part of the DfE Staying Close grant.

3.28 Questions and discussion with Members relating to Placements included:

- The price of Placements, and Framework agreements with providers,
- Improving relationships with Providers,
- The Fostering Budget and the Council's plans to recruit and retain more in house foster carers,
- Oversight of Devon's Children's Homes and Placements and their Ofsted ratings: Officers outlined that the Atkinson Secure Children's Home is rated Outstanding and all of our registered Children's Homes are rated Good (Barnes, Hillcrest, Meadow Park, and Welland). All homes have a frequent external regulation 44 report outside of Ofsted visits – a monthly visit by an independent person.

Evaluation of the effectiveness of the Budget Monitoring SOG meetings

3.29 The initial driver for holding the Budget Monitoring SOG meetings and monitoring the key budget lines within the Children and Young People's Futures Directorate was brought about by the increase in the 2023/24 Budget and the desire for Members to ensure best value and efficient use of public money.

3.30 Applying the overview function of overview and scrutiny to the Budget throughout the year is good practice defined by the [Centre for Governance and Scrutiny](#); these meetings also acted as trial for the Council's Scrutiny function to inform future practice of budget scrutiny across all three Scrutiny Committees, building on current practice.

3.31 Reflecting on the effectiveness of the Budget Monitoring SOG, Members reported that:

- The SOG enhanced their understanding of complex areas of the service by exploring them in depth with service leads and officers.
- The meetings supported Member awareness and kept them informed of key service areas plans, delivery, and budget progress.
- The meetings helped Members apply their knowledge learnt to other meetings and support their Scrutiny of the service.

3.32 In a time of increasing budget pressures on the Council, and the need to ensure financial sustainability and best value Members welcomed the ability to be kept abreast of key pressures, the reasons for budget variations and the mitigations in place.

3.33 As such, Members recommend a continuation of the process into the 2025/26 year, with final details to be determined and discussed with Finance colleagues, Directorates and the Chairs and Vice Chairs of Scrutiny to ensure there is alignment across Scrutiny.

4) Options / Alternatives

4.1 The report is the summary of Scrutiny Standing Overview Group meetings. Scrutiny does not make decisions, and this report does not propose any alternatives.

5) Consultations / Representations / Technical Data

5.1 There are no specific considerations in regard to consultations, representations and technical data in this report.

6) Strategic Plan

6.1 The alignment of all Scrutiny activity with the strategic plan is detailed on the Scrutiny work programme. The issues raised in the report and the benefit of developing member knowledge, and the 'critical friend' challenge of Scrutiny contribute to the Council achieving its strategic plan.

6.2 Improving Member knowledge on key issues contributes to the Council's commitment to being a trusted, inclusive and innovative Council. It ensures good decision making and that the Council listens and learns.

7) Financial Considerations

7.1 There are no specific financial considerations in this report.

8) Legal Considerations

8.1 There are no specific legal considerations in this report.

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

9.1 There are no specific environmental impact considerations in this report.

10) Equality Considerations

10.1 There are no specific equality considerations in this report.

11) Risk Management Considerations

11.1 The activity of Scrutiny Standing Overview Groups contributes to the mitigations for:

- Ineffective Member Scrutiny defined as: 'Due to ineffective scrutiny, the level and quality of service management may drop, leading to financial mismanagement or harm to staff and/or citizens and reputational damage e.g. Grenfell.'

- Member Effectiveness defined as: 'Inadequate member effectiveness due to a lack of training, support and knowledge leads to a lack of challenge to corporate officers and/or poor decision making, resulting in a negative effect on the County's citizens (poor value for money, poor service delivery, harm, etc).'

11.2 The findings of this Report do have regard to some risks identified in the Children and Young Peoples Futures risk register including but not limited to:

- Children and Young People's Futures: Savings and cost management strategies

12) Summary / Conclusions / Reasons for Recommendations

12.1 The Report outlines the topic(s) covered at meetings of the Children's Scrutiny Budget Monitoring SOG meetings, highlights the key points raised during discussion and details any agreed actions.

12.2 The Report is formally reported to the Children's Scrutiny Committee in the interests of openness, transparency and good decision making.

Maria Price

Director of Legal and Democratic Services

Electoral Divisions: All

Cabinet Member for Organisational Development, Workforce & Digital Transformation:
Councillor Andrew Saywell

Local Government Act 1972: List of background papers

Background Paper – nil

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Appendix – Children’s Scrutiny Budget Monitoring SOG Meetings held.

Meeting	Topic(s)	Members attending
Tuesday 12 th December 2023	1. Initial scoping and draft terms of reference.	<ul style="list-style-type: none"> • Cllr Philip Sanders (Chair)
Monday 8 th April 2024	1. The Medium-Term Financial Plan	<ul style="list-style-type: none"> • Cllr Philip Sanders (Chair) • Cllr Linda Hellyer • Cllr Frank Letch MBE • Cllr Pru Maskell • Cllr Jeff Trail BEM
Thursday 9 th May 2024	1. Director / Cabinet Member engagement – 2023/24 Outturn and budget planning.	<ul style="list-style-type: none"> • Cllr Philip Sanders (Chair) • Cllr Tracy Adams • Cllr Frank Letch MBE • Cllr Pru Maskell • Cllr Margaret Squires • Cllr Jeff Trail BEM
Monday 20 th May 2024	1. The Revenue Budget	<ul style="list-style-type: none"> • Cllr Philip Sanders (Chair) • Cllr Julian Brazil • Cllr Linda Hellyer • Cllr Frank Letch MBE • Cllr Jeff Trail BEM
Wednesday 12 th June 2024	<ol style="list-style-type: none"> 1. Early 2024/25 Budget Monitoring 2. Education and Inclusion Services and Education savings 3. SEND Safety Valve update 	<ul style="list-style-type: none"> • Cllr Tracy Adams (Chair) • Cllr Alistair Dewhurst • Cllr Linda Hellyer • Cllr Ron Peart • Cllr Philip Sanders • Cllr Colin Slade • Cllr Jeff Trail BEM
Monday 15 th July 2024	<ol style="list-style-type: none"> 1. Early 2024/25 Budget Monitoring 2. Home to School Transport 	<ul style="list-style-type: none"> • Cllr Tracy Adams (Chair) • Cllr Janet Bradford • Cllr Julian Brazil • Cllr Alistair Dewhurst • Cllr Linda Hellyer • Cllr Ron Peart • Cllr Jeff Trail BEM
7 th October 2024	<ol style="list-style-type: none"> 1. Budget Monitoring Update 2. Placements 3. SEND Safety Valve Update 4. Final report outline and overview 	<ul style="list-style-type: none"> • Cllr Tracy Adams (Chair) • Cllr Janet Bradford • Cllr Julian Brazil • Cllr Alistair Dewhurst • Cllr Linda Hellyer • Cllr Ron Peart • Cllr Ray Radford • Cllr Margaret Squires • Cllr Jeff Trail BEM