

Joint Report of the County Treasurer and the Chief Officer for Children's Services

2020/21 Budget

Recommendation: that the Scrutiny Committee consider whether it wishes to draw to the attention of the Cabinet any observations on the proposals contained within the draft Revenue Budget 2020/21 and Capital Programme for 2020/21 to 2024/25.

1. Introduction and Commentary

- 1.1 At its meeting of 15th January 2020, Cabinet set updated Revenue Budget targets for 2020/21. In December Cabinet set initial Target Budgets but due to the national political uncertainty at that time these were set at a cautious level. The Provisional Settlement has now been announced and the risk of significant change is now greatly reduced, this has allowed additional resources to be added to the final Target Budgets for 2020/21.
- 1.2 At this stage, the final outcome of the Local Government Finance Settlement is awaited and details of the council tax base, collection fund surpluses and tax base yield have yet to be confirmed along with the local element of Business Rates. Information should be available by the time that County Council considers final budget proposals for 2020/21 on 20th February 2020. However, given the late notification of the provisional settlement and in line with arrangements from previous years, 25th February 2020 has been set aside for a second County Council budget meeting if required.
- 1.3 The draft budget attached to this report complies with the targets set by Cabinet on 15th January which total £541.2 millions. The total includes funding for budget pressures of £50.6 millions that mainly relates to additional expenditure to allow for service growth to cater for demographic changes such as increased children and adult service users and unavoidable cost pressures. Savings and income initiatives of £7.5 millions are required to set a balanced budget.
- 1.4 The targets set for each service area have been subject to different pressures and influences. The table below shows the 2020/21 Budget Targets by Chief Officer.

	2019/20 Adjusted Budget *	Inflation & Pressures	Savings & additional Income	2020/21 Budget	Net change	
	£000	£000	£000	£000	£000	%
1 Adult Care & Health	236,544	28,772	(5,058)	260,258	23,714	10.0%
2 Childrens Services	135,307	12,709	(1,171)	146,845	11,538	8.5%
3 Community Health, Environment & Prosperity	38,788	1,075	(150)	39,713	925	2.4%
4 Corporate Services	34,681	2,649	(170)	37,160	2,479	7.1%
5 Cross Council Savings Strategies	(1,941)	1,691	0	(250)	1,691	-87.1%
6 Highways, Infrastructure Development & Waste	54,718	3,740	(950)	57,508	2,790	5.1%
	498,097	50,636	(7,499)	541,234	43,137	8.7%

* Adjusted for permanent virements

- 1.5 This report provides detailed budget proposals in respect of all Services, in line with the targets outlined above.

2. The Provisional Local Government Finance Settlement 2020/21

- 2.1 The state opening of Parliament took place on Thursday 19th December and on the 20th December, the Secretary of State for the Ministry for Housing, Communities and Local Government, Rt. Hon. Robert Jenrick MP, made a written statement to Parliament on the Provisional Local Government Finance Settlement 2020/21.
- 2.2 The 2020/21 local government finance settlement is for one year only. It is, as expected, based on the Spending Round 2019 funding levels announced in September and the subsequent Consultation.
- 2.3 The main points are set out below:
- 2.3.1 **Council Tax** – As previously announced at Spending Round 2019, the council tax referendum limit will be 2% for local authorities with social care authorities allowed a 2% social care precept. The provisional settlement confirmed districts will be allowed to apply the higher of the referendum limit or £5;
- 2.3.2 **Business Rates Retention** – The three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) have all increased by 1.63%, in line with the September 2019 CPI inflation figure;
- 2.3.3 **Revenue Support Grant** - As outlined in the technical consultation, RSG (for those authorities that still receive RSG in 2019/20) has increased in line with the Business Rates Retention system (+1.63%);
- 2.3.4 **Social Care Support Grant and Improved Better Care Fund** – Originally announced at Spending Round 2019, with further details provided in the technical consultation, the provisional settlement confirms the previously proposed national amounts and allocation methodologies;
- 2.3.5 **Rural Services Delivery Grant** – The 2020/21 national allocation of £81m and the methodology for distribution remain unchanged from 2019/20;
- 2.3.6 **Business Rates Pilots** – As expected, no new business rates pilots were announced for 2020/21, with all areas apart from the original 2017/18 pilot areas reverting to the 50% scheme. The 2017/18 pilot areas are to remain at 100%, or 37% for the Greater London Authority.
- 2.4 The Provisional Settlement for the County Council is:

	£000
Revenue Support Grant	546
Business Rates Central Government Top Up	80,654
Business Rates assumed Local Element	21,997
New Homes Bonus	3,526
Rural Services Delivery Grant	7,455
Social Care Support Grant	20,160
Improved Better Care Fund	28,271

3. Service Specific Budget Issues - Children's Social Care

- 3.1 In Children's Social Care one of the greatest pressures continues to be the rising cost of residential and supported accommodation for looked after children. This is largely driven by the ongoing lack of sufficiency in the market at local and national levels, particularly for those meeting the increasingly complex needs of children and adolescents.
- 3.2 The number of looked after children rose sharply in the early part of 2019 reflecting national trends but has since stabilised.
- 3.3 In recognition of this and other changes in the types of packages of care children and young people need access to, across the service £2.5 millions has been provided in the budget to meet growth in demand in addition to £2.4 millions for inflationary pressures.
- 3.4 An additional £1.4 millions has been allocated for short breaks and community-based packages for disabled children to better meet increasing demand and complexity.
- 3.5 Transitions into adulthood can be a major challenge for young people and their families. Investment of £247,000 has been provided to fund an additional team of social workers who will ensure effective and timely intervention for all young people who will need support, including those with autistic spectrum conditions and complex needs, so that they are supported to be independent, resilient and thrive into adulthood.
- 3.6 Additional funding of £155,000 has been provided to boost capacity to ensure greater communication, participation and engagement of children, young people and their families and carers. Focus will be on Special Educational Needs and Disabilities and Children's Social Care.
- 3.7 Planned savings total £1.1 millions. Acceleration of plans to step children down from exceptional or high cost placements is expected to save £520,000. A review of non-statutory services and joint funding arrangements with partner agencies is expected to realise savings of just under £650,000.

4. Service Specific Budget Issues - Public Health Nursing

- 4.1 The Public Health Nursing Service transferred into DCC's Children's Services in April 2019. The service is funded by Public Health Grant of £10.1 millions and other income of £400,000.
- 4.2 A national shortfall in trained Health Visitors and School Nurses and the non-filling of vacancies has resulted in high case-loads that exceed national guidance. The budget for 2020/21 allows for additional funding of £1 million to increase front line capacity to meet demand. The Service is actively recruiting to the vacant posts which are critical to the delivery of an effective Public Health Nursing service across Devon. Better use of IT and accommodation will also ensure the service is fit for purpose.
- 4.3 Risk assessments are included within the budget pages and cover more detail around the risks and mitigations for the services.

5. Service Specific Budget Issues - Schools Funding

- 5.1 In 2020/21 the Dedicated Schools Grant (DSG) is increasing by £29.1 millions within the schools and early year settings. This relates, in the main, to the rise in pupil numbers within schools and the additional funding for DSG announced by the Education Secretary in October 2019.
- 5.2 Within the DSG the significant cost pressure continues to relate to the SEND High Needs service. This is largely due to continued increases in the number of children with an Education Health and Care Plan (EHCP). Whilst Devon supports a higher than average number of children in our mainstream settings, the cost of educating pupils with complex educational and physical needs can be significant and volatile. In addition, the number of students remaining in Education post 16 is rising.
- 5.3 The deliverability of a balanced budget is to a large extent reliant on supporting children in mainstream schools; reducing the costs through better value for money in the independent sector and working with the Devon schools to explore options that may stem the flow of expenditure within the High Needs Block.
- 5.4 In addition, we are increasing the capacity in our maintained and academy special schools with a capital investment, subject to budget ratification, of £19.1 millions falling under the Community Health Environment and Prosperity portfolio and part of the Corporate Infrastructure and Regulatory Services Scrutiny. This along with a special free school bid will secure 300 additional places and further reduce reliance on in the independent sector. There is a lead in time for opening a new school through the DfE Free school programme and therefore the benefits will be achieved over a number of years.
- 5.5 Councils including Devon have raised concerns with the Department of Education over the rising costs and demand of special educational needs, and although government has responded with £780 millions nationally for 2020/21 this is not sufficient to deal with the demand on the High Needs Block.
- 5.6 The Department of Education recently consulted on proposals to ring fence overspending on DSG. This ring fence would prevent Local Authorities using their General Fund resources to fund any overspending without the prior written approval of the Secretary of State.
- 5.7 During 2019/20 it is proving very difficult to contain the costs of SEND within the High Needs Block funding being received from Government. The current projection is an overspend of £21.5 millions and when the 2020/21 projected funding shortfall of £23.8 millions is added to this the cumulative deficit is over £45 millions. Department of Education procedures will require the authority to submit to them a recovery plan at the end of the current financial year; the plan will need to set out the authority's strategy to recover the deficit within the DSG in future years. To facilitate this, the balance to be recovered will be held on the Balance Sheet effectively as a negative reserve, that should, in theory, reduce over time.

6. Service Specific Budget Issues - General Fund

- 6.1 Devon operates a very cost-effective school transport service that, by having an integrated approach with social care and health this has kept spending at a rate below inflation of 2%; Devon is one of a few Local Authorities to achieve this. However, the regulatory and operational pressures continue to grow, and this is putting pressure on bus and coach operators. The consequence of this is that early contract termination has resulted in a 15% increase in the costs re-tendered contracts.

- 6.2 The cost of Personalised School Transport continues to rise due to a continued increase in the number of children requiring complex transport arrangements. This has increased costs by approximately 15% over the past 12 months
- 6.3 Risk assessments are included within the budget pages and cover more detail around the risks and mitigations for the services.

7. Capital Programme

- 7.1 The Council's capital programme has been produced to maximise investment in the County's infrastructure and assets and to support service delivery and priorities.
- 7.2 There is currently no service need within Children's Services for new projects funded from capital resources, but this will be kept under review in the coming year. Within the existing programme there is funding to support Children's Social Care for adaptations to disabled children's houses and continued investment in grants for adaptation to foster carer houses. There is continued funding available for vehicle and equipment loans to schools, as well as anticipated devolved budgets to school led projects.

8. Equality Impact Assessment

- 8.1 Under the Equality Act 2010, the County Council has a legal duty to give due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations when making decisions about services. This duty applies to the eight 'protected characteristics' of age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation. Where relevant, Impact Assessments are carried out to consider how best to meet this duty, which includes mitigating against the negative impact of service reductions.
- 8.2 The Equality Act 2010 and other relevant legislation does not prevent the Council from taking difficult decisions which result in service reductions or closures for example, it does however require the Council to ensure that such decisions are:
- Informed and properly considered with a rigorous, conscious approach and open mind.
 - Taking due regard of the effects on the protected characteristics with the need to ensure nothing results in unlawful discrimination in terms of access to, or standards of, services or employment as well as considering any opportunities to advance equality and foster good relations.
 - Proportionate (negative impacts are proportionate to the aims of the policy decision).
 - Fair
 - Necessary
 - Reasonable, and
 - Those affected have been adequately consulted.
- 8.3 The impact assessment for the 2020/21 budget is published at <https://www.devon.gov.uk/impact/budget-2020-2021/>

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Electoral Divisions : All
Local Government Act 1972

List of Background Papers

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Background Paper Date File Ref
Nil
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Leadership Group Commentary

2019 – a year dominated by Brexit and political unease, culminating in December's General Election - have all added to an unprecedented level of financial uncertainty for local government.

The Provisional Local Government Settlement, announced in December, marked the end of a four-year settlement to a one-year spending round, which will potentially make longer term financial planning trickier for local government.

Adult and children's service in particular are experiencing significant financial pressures, with a shortfall in grant funding related to Special Educational Needs and Disabilities a major concern for this year and into the future.

Against this backdrop of financial uncertainty coupled with growing demand for services, our Cabinet has agreed a budget that will see a rise of 8.7 per cent in spending on children's services, adult care, health and roads.

In total, our spending is due to rise by £43.1 million from £498 million in 2019/20 to nearly £541 million in 2020/21.

The Council remains the largest local authority in the south west, working with our partners and communities to ensure the people of Devon live their lives well and receive the support they need, at the right time and in the right way.

Our politicians continue to fight Devon's corner, to get the voice of residents heard at a national level as we strive for fairer funding for Devon, the south west and the local government community.

And with the UK due to leave the EU this year, the Council is doing everything it can to make sure we as ready as we can be, together with our partners, to respond to the outcomes and ensure our communities and businesses are supported and continue to thrive, and make the most of any opportunities presented by Brexit.

It's a complex financial situation but by making the most of our experience, professionalism, dedication, initiative and care, we are determined to ensure the very best for the people of Devon.

Children's Services

How the 2020/21 Budget has been built up

	2019/20 Adjusted Budget	Changes	2020/21 Outturn Budget
	£'000	£'000	£'000
Children's Social Care	94,842	6,618	101,460
Education and Learning - General Fund	40,465	4,920	45,385
Education and Learning - School Funding	0	0	0
Total	135,307	11,538	146,845

Reasons for changes in Revenue Budget	Change £' 000
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Technical and Service Changes

Inflation	3,775
Demographic and demand pressures	8,293
Special Educational Needs and Disabilities increased staffing	641
	<u>12,709</u>

Savings Requirements

Children's Social Care	
Review high cost placements	(520)
Additional Continuing Care contributions from Health	(274)
Review of non-statutory services	(377)
	<u>(1,171)</u>

Total	11,538
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Analysis of Total Expenditure 2020/21

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Children's Social Care	124,086	(8,077)	(1,306)	(13,243)	101,460
Education and Learning - General Fund	47,700	(928)	(669)	(718)	45,385
Education and Learning - School Funding	603,320	(602,305)	(59)	(956)	0
Total	775,106	(611,310)	(2,034)	(14,917)	146,845

The following services (which are not included above) are wholly self-funded and do not directly impact on Council Tax.

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Children's Social Care					
Atkinson	3,962	(405)	(3,104)	(453)	0
Total	3,962	(405)	(3,104)	(453)	0
Grand total	779,068	(611,715)	(5,138)	(15,370)	146,845

Children's Social Care

2019/20 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2020/21 Outturn Budget £'000	2020/21 Net Changes £'000
Corporate Parenting Service					
1,746	Adopt South West	1,807	0	1,807	61
921	Adoption Allowances and Fees	852	0	852	(69)
308	Child Arrangements and Private Kinship	295	0	295	(13)
1,101	Contracts	1,158	0	1,158	57
2,570	Corporate Parenting Teams	3,070	(79)	2,991	421
4,016	Fostering Team	4,101	0	4,101	85
2,821	Special Guardianship Orders	3,278	0	3,278	457
13,483		14,561	(79)	14,482	999
Disabled Children's Services					
7,649	Children In Need Short-Break Services	10,273	(1,508)	8,765	1,116
2,072	Contracts	2,244	(23)	2,221	149
3,167	Social Work Area Teams	3,438	(156)	3,282	115
12,888		15,955	(1,687)	14,268	1,380
Early Help (Access)					
861	Emergency Duty Team	1,053	(154)	899	38
981	Multi Agency Safeguarding Hub	1,007	0	1,007	26
539	Reach	534	0	534	(5)
2,381		2,594	(154)	2,440	59
Early Help (Provision)					
1,696	Early Help Co-Ordination	4,895	(3,124)	1,771	75
697	Youth Offending - Statutory and Prevention	1,728	(1,027)	701	4
2,393		6,623	(4,151)	2,472	79
Placements					
5,196	Disabled Children's Placements	6,178	(1,705)	4,473	(723)
7,329	Independent Fostering	7,899	0	7,899	570
1,596	Independent Post 18 Placements	1,616	0	1,616	20
14,356	Independent Residential Care	16,311	(1,584)	14,727	371
3,449	Independent Supported Accommodation	5,411	(173)	5,238	1,789
9,959	Internal Fostering	9,888	0	9,888	(71)
441	Internal Post 18 Placements	864	(171)	693	252
560	Secure Accommodation	653	(26)	627	67
461	Unaccompanied Asylum Seeking Children	2,085	(1,609)	476	15
43,347		50,905	(5,268)	45,637	2,290
0	Public Health Nursing	11,585	(10,585)	1,000	1,000
1,677	Quality Assurance Reviewing Safeguarding	1,425	0	1,425	(252)
Social Work Teams					
13,431	Social Work Teams	13,839	0	13,839	408
1,072	Supervised Contact Service	1,077	0	1,077	5
14,503		14,916	0	14,916	413
4,170	Strategic Management and Legal Costs	5,522	(702)	4,820	650
94,842		124,086	(22,626)	101,460	6,618

Analysis of changes:	£'000
Technical and Service Changes	
Inflation, including National Living Wage	2,433
Demographic and other growth in demand	
Placement demand and other growth pressures	3,500
Short breaks for Disabled Children demand pressures	1,454
Special Educational Needs and Disabilities increased staffing	402
	<u>7,789</u>
Savings Strategies	
Review high cost placements	(520)
Additional Continuing Care contributions from Health	(274)
Review of non-statutory services	(377)
	<u>(1,171)</u>
Total	<u>6,618</u>

Service Commentary

Children's Social Care

This service brings together the statutory duties of the Council in relation to children in need, child protection and looked after children. It includes a range of services targeted to support families and thus help to avoid the need for children to come into care. It also provides short breaks and respite care services for disabled children and their families.

These services deliver our guiding principles which are:

- Children are best brought up in families, with local, place based support when needed.
- We support families to find their own solutions, building on their strengths and finding solutions to whatever difficulties they are confronting to be resilient, improve family life and increase opportunities for their children.
- Children who need protection will receive it; wherever possible, early help will prevent the need for statutory intervention in family life.
- Timely permanent arrangements will be secured for children who can't be brought up in their birth family.

The budget for 2020/21 reflects significant investment in support for families and children with Special Educational Needs and Disabilities, particularly in the provision of community and short break services. The budget also recognises the rising cost base of residential provision for some of our most complex children. There is a strong focus on developing intensive support services, particularly for adolescents, to prevent care and improve outcomes with families at home.

0-19 Public Health Nursing Service

This service contributes to the improvement in health and wellbeing that support all children and young people, to keep families safe, and to reduce health related risks across the life-course.

The budget for 2020/21 reflects increased front line capacity to meet demand; more efficient ways of working are planned through better use of IT and accommodation.

Service Statistics

		Number of people budgeted to receive service		
Children's Social Care		Average through Year		
	Unit of Measurement	2019/20	Change	2020/21
Looked After Children				
External Residential	Service Users	102	(12)	90
Internal Fostering Placements	Service Users	387	9	396
External Fostering Placements	Service Users	157	7	164
Foster to Adopt	Service Users	6	0	6
External Supported Lodgings/Housing	Service Users	40	10	50
Internal Residential Special School	Service Users	3	1	4
Medical Establishment	Service Users	2	(1)	1
Placed For Adoption	Service Users	17	6	23
Placed with Parents/ awaiting assessment	Service Users	20	(2)	18
Other Placements	Service Users	0	5	5
Secure Welfare	Service Users	2	0	2
Remand / Custody	Service Users	1	0	1
Unaccompanied Asylum Seeking Children	Service Users	25	9	34
Total Looked After Children		762	32	794
		2019/20	Change	2020/21
Other Children's Services				
Staying Put/Care Leavers	Service Users	81	26	107
Adoption Allowances	Service Users	98	(11)	87
Special Guardianship Order Allowances	Service Users	336	54	390
Residence/Child Arrangement Order Allowances	Service Users	43	(5)	38
Shortbreak Services and Direct Payments	Service Users	1,564	221	1,785

Education and Learning (General Fund)

2019/20 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2020/21 Outturn Budget £'000	2020/21 Net Changes £'000
Infrastructure					
641	Admissions, Data and Strategic Management	874	(202)	672	31
45	Legal Disbursements	45	0	45	0
1,201	Teachers Pension - Historic Enhancements	1,201	0	1,201	0
1,887		2,120	(202)	1,918	31
School Improvement Inclusion and Safeguard					
2,283	Closing The Gap	2,284	(19)	2,265	(18)
3,006	Inclusion	3,907	(610)	3,297	291
1,215	Quality Service and Provision	2,189	(974)	1,215	0
707	Safeguarding Every Learner	707	0	707	0
7,211		9,087	(1,603)	7,484	273
School Transport					
(27)	Home to College	81	(81)	0	27
13,401	Home to School	13,609	(131)	13,478	77
10,838	Personalised Transport	15,412	(85)	15,327	4,489
24,212		29,102	(297)	28,805	4,593
499	Vulnerable Groups and Virtual School	561	(54)	507	8
6,656	Children's Centres and Early Years Servs	6,830	(159)	6,671	15
40,465		47,700	(2,315)	45,385	4,920

Analysis of changes: **£'000**

Technical and Service Changes

Inflation, including National Living Wage	1,342
Demographic and other growth in demand	
Demographic and other growth in demand - Transport	3,339
Special Educational Needs and Disabilities increased staffing	239
	<u>3,578</u>

Total	4,920
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Service Commentary

This service budget represents the Council's responsibilities for education and learning other than those funded by the Dedicated Schools Grant and Post 16 funding which are shown separately. It includes infrastructure and support to ensure the delivery of more than 200 statutory duties in education and learning and to deliver a range of specialist support for inclusion services, admissions, home to school transport as well as education support for children with special needs and vulnerable groups of children.

Devon operates a very cost-effective school transport service that, by having an integrated approach with social care and health has kept spend at a rate below inflation; Devon is one of a few Local Authorities to achieve this. However, the regulatory and operational pressures continue to grow, and this is putting pressure on bus and coach operators. The consequence of this is that Early contract termination has resulted in a 15% increase in costs when re-tendered.

The cost of Personalised School Transport continues to rise due to a continued increase in the number of children requiring complex transport arrangements. This has increased costs by approximately 15% over the past 12 months

Service Statistics

Transport	Unit of Measurement	2019/20	Change	2020/21
School/College Transport	Pupil Numbers p.a.	12,441	(120)	12,321
Personalised Transport	Pupil Numbers p.a.	1,657	207	1,864

Education and Learning (School Funding)

2019/20 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2020/21 Outturn Budget £'000	2020/21 Net Changes £'000
Schools					
20,029	Academy and Independents	31,629	0	31,629	11,600
235,546	Primary Schools	250,057	0	250,057	14,511
181,697	Secondary Schools	192,680	0	192,680	10,983
437,272		474,366	0	474,366	37,094
De-Delegated Schools Budget					
117	Facilitation and Representation	125	(8)	117	0
534	Licences and Subscriptions	534	0	534	0
971	Maternity	971	0	971	0
107	School Intervention Fund	107	0	107	0
926	Schools and DSG Contingency	926	0	926	0
1,189	Targeted Specialist Services	1,189	0	1,189	0
3,844		3,852	(8)	3,844	0
Central Provision Within Schools Budget					
476	Admissions	550	(74)	476	0
1,683	Other DSG Services	1,708	(17)	1,691	8
292	Phase Associations	314	(22)	292	0
1,445	Pupil Growth	2,825	0	2,825	1,380
848	Support Services	940	(85)	855	7
873	Termination of Employment Costs	873	0	873	0
5,617		7,210	(198)	7,012	1,395
High Needs Budget					
5,963	Alternative Provision	6,550	(150)	6,400	437
1,428	Children In Care and Inclusion	1,428	0	1,428	0
1,500	Closing The Gap	1,500	0	1,500	0
292	Hospital Education Services	318	0	318	26
334	Inclusion	334	0	334	0
29,344	Maintained Special Schools	34,146	(228)	33,918	4,574
1,164	Nursery Plus	1,164	0	1,164	0
15,152	Other Special School Fees	36,924	(438)	36,486	21,334
486	Recoupment	1,740	(722)	1,018	532
144	Safeguarding Every Learner	144	0	144	0
10,825	SEN Mainstream	16,189	0	16,189	5,364
924	SEN Services	871	0	871	(53)
1,481	Support Centre Funding	1,606	0	1,606	125
69,037		102,914	(1,538)	101,376	32,339
37,965	Early Years Budget	38,802	(113)	38,689	724
0	Funded From Recovery Plan	(23,824)	0	(23,824)	(23,824)
Schools Funding					
(510,203)	Dedicated Schools Grant (DSG)	0	(539,350)	(539,350)	(29,147)
(17,838)	Other School Grants	0	(36,854)	(36,854)	(19,016)
(1,599)	Post 16 Funding	0	(1,164)	(1,164)	435
(24,095)	Pupil Premium	0	(24,095)	(24,095)	0
(553,735)		0	(601,463)	(601,463)	(47,728)
0		603,320	(603,320)	0	0

Analysis of changes:	£'000
Pupil Growth - Realignment of Growth funding	1,380
Other Central Provision adjustments	15
Increase in Early Years hourly rate	724
Additional investment for children with complex needs	31,876
Additional investment for children in Alternative Provision including Hospital School	463
Net changes to mainstream school budgets due to increase in Schools Funding Block and demographic changes	37,094
Funding shortfall to be funded through a DSG Recovery Plan	(23,824)
Increase in Dedicated Schools Grant and other grants arising from National Funding Formula changes and demographic changes.	(22,260)
Increase in Dedicated Schools Grant due to baseline changes to the High Needs block and demographic changes.	(6,887)
Increase in Other School Grants due to new Teacher's Pay and Pensions Grant	(19,016)
Decrease in Post 16 funding	435
Total	0

Service Commentary

Services funded by the Dedicated Schools Grant include high needs funding, Post 16 Funding, Early years funding Pupil Premium and other school grants. Most funding in the Dedicated schools grant is delegated directly to schools or early years settings.

It should be noted that the staffing data does not include the 4,847 staff employed by Devon County Council working in Maintained schools. Funding for these staff is delegated to and managed by the individual schools, in the same way as Academies.

Within the DSG the significant cost pressure continues to relate to the High Needs service. This is largely due to continued increases in the number of children with and Education Health and Care plan. Whilst Devon supports a higher than average number of children in our mainstream settings, the cost of educating pupils with complex educational and physical needs can be significant and volatile.

The deliverability of a balanced budget is to a large extent reliant on continuing to successfully support children in mainstream schools and increasing the capacity in our maintained special schools; reducing the costs through better value for money in the independent sector and working with the Devon Inclusion Partnership to reduce the number of Alternative Provision placements needed.

The opening of new schools is now dependent on the Free school programme, (or free school presumption if funded by the Local Authority). We have been successful in increasing our maintained special school capacity by almost 20% over the past 3 years and want to continue to develop this provision with the corporate budget investment of £19.1 millions which, subject to budget ratification, along with a special free school bid will secure 300 additional places and further reduce demand in the independent sector.

Service Statistics

Number of local authority maintained schools and academies

	Number of organisations	Number of Schools
Local Authority Maintained Schools		184
Federations	31	83
Management Partnerships	9	28
% of schools actively collaborating		60%
Free Schools		9
Academies		176
Number of schools in multi-academy trusts/collaborations		158
% of academies in multi academy trusts / collaborations		85%

Total all schools and academies

	Unit of Measurement	Oct-2018	Change	Oct-2019
Number of pupils in LA maintained schools				
Nursery Schools (Universal Entitlement 15 hours)	Pupil Numbers PTE	140	(3)	137
Maintained Nurseries within Primary Schools (Universal Entitlement 15 hours)	Pupil Numbers PTE	1,427	(31)	1,396
		1,567	(34)	1,533
Primary	Numbers on Roll	33,704	(1,939)	31,765
Secondary	Numbers on Roll	8,086	(1,906)	6,180
Post 16	Numbers on Roll	345	(70)	275
		42,135	(3,915)	38,220
Number of pupils in academy schools				
Primary	Numbers on Roll	21,573	1580	23,153
Secondary	Numbers on Roll	26,716	2518	29,234
		48,289	4,098	52,387
Number of pupils in Free schools				
Primary	Numbers on Roll	626	130	756
Secondary	Numbers on Roll	540	(219)	321
		1,166	(89)	1,077
Total number of pupils in LA maintained schools, academies and free schools				
Nursery Schools	Pupil Numbers PTE	2,348	(52)	2,296
Primary	Numbers on Roll	55,903	(229)	55,674
Secondary	Numbers on Roll	35,342	393	35,735
Post 16 (maintained only)	Numbers on Roll	345	(70)	275
		93,938	42	93,980
Percentage of pupils in academy schools				
Primary	Numbers on Roll	39.7%	3.2%	42.9%
Secondary	Numbers on Roll	77.1%	5.6%	82.7%
Early Years Education Provision		2019/20	Change	2020/21
Early Years Independent Provision (Universal entitlement 15 hours)	Pupil Numbers PTE	7,495	(166)	7,329
Early Years Entitlement Take up	Percentage of eligible children	100.0%	-3.2%	96.8%
3 and 4 Year old additional 15 hours for all sectors	Pupil Numbers PTE	3,385	248	3,633
Disadvantaged two year olds	Pupil Numbers PTE	1,658	(155)	1,503
Young People with Additional Needs		2019/20	Change	2020/21
Pupils with Education Health Care Plans in Mainstream provision (pre 16)	Number of young people	2,223	473	2,696
Educated Other Than At School	Number of young people	0	117	117
Maintained and Academy Special Schools (pre 16 and post 16)	Number of budgeted Places	1,216	165	1,381
Independent Special Schools (pre 16 and post 16)	Number of budgeted Places	446	274	720
Further Education	Number of Budgeted Places	436	138	574
Inter-Authority recoupment	Net number of Exported Pupils	61	41	102
Import / export adjustments for local authorities	Net number of Exported Pupils	360	58	418
Alternative Provision	Number of Planned Places	260	20	280

Grants Paid to External Organisations

2019/20 £000	Service and Grant Title	2020/21 £000
Children's Social Work and Child Protection		
190	University Bursary Grants	137
120	Facilitating Access to Mainstream Activities for Disabled Children's Services	120
310 TOTAL		257

Staffing Data 2020/21

	2019/20		2020/21		
	Adjusted Total FTEs	Changes FTEs	Revenue Funded FTEs	Externally Funded FTEs	Total FTEs
Children's Social Care	1,064	35	830	269	1,099
Education and Learning - General Fund	114	5	119	0	119
Education and Learning - School Funding	43	1	0	44	44
Children's Services	1,221	41	949	313	1,262
Total	1,221	41	949	313	1,262

Explanation of Movements

Children's Social Work and Child Protection

Externally funded by Grant or Partnership	22
Increased capacity - SEND and service transformation	11
Increased capacity - support for Special Guardianship arrangements and Disabled Children's Services	7
Review of non-statutory services	(5)
	35

Education and Learning

General Fund

Review of Support for Inclusion and Infrastructure	2
Increased capacity - SEND and service transformation	6
Recommissioning escorts under external contracts for pupils with additional needs	(3)

Dedicated Schools Grant

Review of Support for Admissions and Phase Associations	1
	6

Total	41
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Children's Services - Risk Assessment

Service	Budget 2020/21 £'000	Risk and Impact	Mitigation
Looked after children placements	45,637 (net)	<p>Continuing lack of sufficiency of appropriate placements for children and young people with high levels of complex need (including mental ill-health) remains challenging, which in turn drives up costs.</p> <p>It is unlikely that these issues will be resolved in the short term the result of which is the potential for more children in very high cost placements at distance from home.</p>	<p>The budget has been set recognising the current pressures on sufficiency and costs; it assumes active management and cost control.</p> <p>Targeted commissioning and market management. Improved social work practice leading to more assessments completed in the community and early interventions.</p> <p>Introduce measures to reduce the number of adolescents entering care and reduce the length of time adolescents spend in care.</p>
Social work staff	13,839 (net)	<p>The recruitment and retention of experienced social workers remains difficult leading to high levels of agency staffing. Compounding this is an increasing inability to attract and recruit good agency social workers leading to high caseloads and significant under staffing in some areas.</p>	<p>Plans are underway to develop a workforce strategy that includes career progression pathways. The expectation is that with the opportunity for career progression more agency staff will be persuaded to become permanent staff.</p>
Public Health Nursing	10,170 (gross)	<p>Following the in-sourcing of the Public Health Service in April 2019 the Service is undergoing a full review.</p> <p>High levels of vacancies and a shortage of trained Health Visitors and School Nurses nationally leading to high case-loads and detrimental impact on service delivery.</p> <p>The service review covers Accommodation, IT (including Clinical Systems) and business support. The financial effects of</p>	<p>The Public Health Nursing Service Review Project Board maintain a clear line of sight on costs of options appraisals and put in place actions to manage within the existing funding envelope.</p> <p>A concerted recruitment drive is underway to increase front line capacity, critical to the delivery of an effective service.</p>

		the eventual recommendations are not yet quantified	
Special Guardianship Order Allowances	3,278 (net)	The number of Special Guardianship Orders continues to increase at a steady rate. Growing pressure from the Courts regarding parity with foster carer allowances may lead to a full review of allowances.	Identify resource to undertake a thorough review of existing cases to contain the operational and financial impact.
Education and Learning – General Fund	45,385 (net)	Devon's schools continue to academise, particularly secondary. Changes to the local authority's statutory responsibilities may reduce the influence of the Council and affect some of the central support functions it provides.	Ensure strong and effective collaborative working and information sharing to set out clearly the council's role and relationship with maintained schools, partnerships and academies. The Council will continue to ensure that statutory responsibilities within a diverse educational landscape are secured through a range of protocol and stakeholder agreements. Continue to encourage Academies to buy back Traded Services where possible.
School/College Transport	28,805 (net)	The number of pupils requiring home to school transport is increasing with limited operators causing costs to rise. 7% Growth on SEN Transport currently with above inflation price increases	In this area it is now difficult as there is a market breakdown as costs are increasing due to a shortage of taxi/bus operators willing to run routes as they are not viable or ceasing to trade. This means we have to place more contracts further away from the routes they serve with the impact of increased costs. Number of children with EHCPs continues to rise. We continue work to manage demand for

			special educational needs (as below for High Needs DSG spending) but whilst slowing the increase this will not reduce numbers. Increase access to Independent Travel Training
Education and Learning – Schools Funding	603,320 (gross)	<p>Funding deficit from 2019/20 of £21.5m and the projected funding shortfall in 2020/21 of £23.8m sees an overall pressure of £45.3m that needs to be met from the DSG.</p> <p>This will impact on the schools funding available to meet demand to support the education of children within the authority.</p>	<p>Requirement of a Recovery Plan to deal with the DSG deficit.</p> <p>Service to review processes and services engaging with school representatives to set an agreed direction to reduce pressures on the service.</p> <p>Increasing the Special School capacity in Devon through corporate capital investment and opening a new school through the DfE Free School Programme.</p>
Education and Learning – Schools budgets	603,320 (gross)	<p>As delegation to schools budgets and the number of academy conversions increase there is less resource to provide central services with the risk of loss of economies of scale which may impact on smaller schools in particular.</p> <p>This risk is further exacerbated by the impact of the national funding formula and changes to employee costs adding to pressure on school budgets. This could lead to schools prioritising spend which may in turn impact on traded services and de-delegation decisions</p>	<p>Ensure a clear and well understood approach to robust commissioning negotiations with providers.</p> <p>Continue to engage with national reviews of schools funding arrangements.</p> <p>Continue to develop partnership working to maximise effect of collaborative approaches between statutory and purchased service delivery.</p>

Central Schools Services Block	7,012 (net)	DfE propose to reduce the Historic commitment funding by 20% from 2020/21 irrespective of the need by the LA for this funding.	The LA have submitted a disapplication to the DfE to overturn the decision as the funding in question is linked to the Termination of Employment and these costs remain a burden on the LA for the foreseeable future.
High Needs budgets	101,376 (net)	Continued growth of EHC plans with no facility to reduce external demand.	Identify the growing needs and provide central support to enable schools to hold onto those pupils that would normally pass into the special school system offset by reduced funding support to the school here possible. Build capacity to meet the designations and possibly build above demand to reduce or net export costs.
High Needs budgets	101,376 (net)	The cost of educating pupils with complex educational and physical needs can be significant and volatile. In particular the number of students remaining in Education post 16 is rising. The deliverability of a balanced budget depends to a large extent on successfully increasing capacity in our maintained special schools and disinvesting from the more expensive independent sector. Risk of more exclusions and increase in harder to admit children.	Continue active engagement with Devon Education Forum to ensure funding is appropriately distributed and targeted to achieve the best educational outcomes for all children across all ages and levels of need. Agree processes that effectively manage demand and ensure effective use of funding across all blocks of spending, Schools, Early Years and High Needs. Undertake service reviews including that of students currently in 3rd-5th years of post-16 education and block contracts in Independent Special Schools.

Capital Programme

The following table details the medium term capital programme for this service and how that programme is being funded.

Project	*Total Scheme Approval £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Children's Social Care						
Grants to adapt foster carers houses		40	40	40	40	40
Children's Social Care Total		40	40	40	40	40
Education & Learning						
Vehicle Equipment Loans Pool (VELP) - Schools		200	200	200	200	200
Devolved Formula Capital (DFC)		1,487	1,455	1,455	1,155	1,054
External contribution to school projects		150	150	150	150	150
External Grants to school projects		50	50	50	50	50
School budget share contribution to school projects		500	500	500	500	500
Orchard Manor School - Additional accommodation FF&E	10	1	0	0	0	0
Education & Learning Total		2,388	2,355	2,355	2,055	1,954
Childrens Services Total		2,428	2,395	2,395	2,095	1,994
Financed by:						
Borrowing - VELP		200	200	200	200	200
Capital Receipts - General		40	40	40	40	40
Direct Revenue Funds - Services		500	500	500	500	500
External Funding - Contributions		150	150	150	150	150
External Funding - Grants		1,538	1,505	1,505	1,205	1,104
Total		2,428	2,395	2,395	2,095	1,994

* Scheme Approvals have been included for individual projects.

This table does not show expenditure on capital projects currently programmed in financial year 2019/20 which may be deferred to 2020/21 or future years owing to changes in project delivery timescales.

Abbreviations

Abbreviations used within the budget for all Scrutiny reports:

ADASS	Association of Directors of Adult Social Services
AMHP	Approved Mental Health Professional
AONB	Area of Outstanding Nature Beauty
ASW RAA	Adopt South West Regional Adoption Agency
BACS	Bankers automated clearing services (electronic processing of financial transactions)
BCF	Better Care Fund - formerly known as the Integration Transformation Fund, a national arrangement to pool existing NHS and Local Government funding starting in
BDUK	Broadband delivery UK
Blk	Block
CCG	Clinical Commissioning Group
CCLA	Churches, Charities and Local Authorities
CIL	Community Infrastructure Levy
CIPFA	The Chartered Institute of Public Finance & Accountancy
CO	Carbon Monoxide
C of E	Church of England
CVS	Council of Voluntary Services
DAF	Devon Assessment Framework
DC	District Council
DCC	Devon County Council
DDA	Disability Discrimination Act
DEFRA	Department for Environmental Food & Rural Affairs
DFC	Devolved Formula Capital
DoLS	Deprivation of Liberty Safeguards
DPLS	Devon Personalised Learning Service
DSG	Dedicated Schools Grant
DYS	Devon Youth Services
EFA	Education Funding Agency
EH4MH	Early Help 4 Mental Health
EHCP	Education & Health Care Plans
ERDF	European Regional Development Fund
ESPL	Exeter Science Park Ltd
EU	European Union
FF&E	Fixtures, Fittings & Equipment
FTE	Full Time Equivalent
HIV	Human Immunodeficiency Virus
HMRC	Her Majesty's Revenue & Customs
HR	Human Resources
HRMS	Human Resources Management System

IBCF	Improved Better Care Fund - Additional grant funding to supplement the Better Care Fund
ICE	Integrated Care Exeter
ICT	Information & Communications Technology
IID	Investing in Devon funds
INNOVASUMP	Innovations in Sustainable Urban Mobility plans for low carbon urban transport
ICT	Information Communications Technology
IVC	In Vessel Composting
LAG	Local Action Group
LEP	Local Enterprise Partnership
LGA	Local Government Association
LMC	Local Medical Committee
LTP	Local Transport Plan
MH	Mental Health
MRP	Minimum Revenue Provision
MTCP	Medium Term Capital Programme
MTFS	Medium Term Financial Strategy
MUMIS	Major Unforeseen Maintenance Indemnity Scheme
NEWDCCG	Northern, Eastern and Western Devon Clinical Commissioning Group
NFF	National Funding Formula
NHS	National Health Service
NLW	National Living Wage
NPIF	National Productivity Investment Fund
OP&D	Older People & Disability
OT	Occupational Therapist
PFI	Private Finance Initiative
PH	Public Health
PHN	Public Health Nursing
PSPB	Priority School Building Project
PTE	Part-time Equivalent (15 hours)
PWLB	Public Works Loans Board
REACH	Reducing Exploitation and Absence from Care or Home
ROVICs	Rehabilitation Officers for Visually Impaired Children services
RD&E	Royal Devon & Exeter Hospital
RPA	Rural Payments Agency
RSG	Revenue Support Grant
S106	Funding from developers resulting from planning obligations authorised by section 106 of the Town and Country Planning Act 1990
SCF	Southern Construction Framework - delivers construction capital projects to around 50 public sector clients
ScoMIS	Schools Management Information Service

SEND	Special Education Needs and Disability
SGO	Special Guardianship Order
TBC	To be confirmed
TUPE	Transfer of Undertakings (Protection of Employment)
UASC	Unaccompanied Asylum Seeking Children
UK	United Kingdom
VAWG	Violence against Women and Girls
VELP	Vehicle Equipment Loan Pool