

In Year Budget Position – Children's Services

Report of the Chief Officer for Children's Services

Recommendation: that the Scrutiny Committee is asked to note the service update and financial forecast as at month 6 (September).

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### **1. SUMMARY**

The report sets out the key budget issues for Children's Services, identifies risks and actions to mitigate.

### **2. KEY BUDGET ISSUES 2020/21**

- 2.1 As at September 2020 the forecast position for Children's Services, including PHN is an over spend of £30.9m which includes a funding shortfall for the Dedicated Schools Grant of £27.8m.

Pressures from the impact of COVID lockdown on children coupled with the need to deliver accelerated improvement following ILACS 2020 inspection are anticipated. The greatest cost pressures relate to more children coming into care, placement mix and the SEND High Needs Block.

Members know that the budget for Children's Services has been increased year on year; partly in response to the growth in demand/unit costs and partly to enable important developments. The adverse Ofsted outcome in March 2020 led the Council to allocate a further £2.2m in 2020/21 (£1.1m one off and £1.1m recurrent) to support improvement. Scrutiny has been examining the recruitment and retention of social workers, and is recommending action to make us competitive with neighbouring authorities, to reduce our dependency on agency staff, to build a permanent workforce which is both cost effective and will deliver improved service quality and improved outcomes for children.

- 2.2 At the time of writing, the High Needs Block of the Dedicated Schools Grant is projecting a cumulative funding gap for the end of the financial year of £47.7m. The Council (and Government) recognises the national context of rapidly escalating demand and a legal framework that drives demand without the corresponding investment

The Council, per DfE guidance for 2020/21, held the SEND funding gap on the balance sheet rather than showing it as an overspend. This is in recognition that the Dedicated Schools Grant (DSG) is not part of the

Council's revenue budget and therefore should be dealt with differently. We have had sight of a draft Statutory Instrument which suggests that the deficit is held until April 2023 within the balance sheet separate to the Local Authority's budget. It is also designed to allow national and local government time to tackle and resolve the fundamental drivers of SEND demand. The risk for the Council is that national government decision making could leave Devon County Council holding responsibility to close at least part of the funding gap.

There are multiple activities designed to reduce the pressure on SEND costs in Devon, not least capital investment to increase special school places and the transformation plans for SEND. Following the SEND inspection in December 2018, members are receiving regular updates on progress with SEND improvement plans.

The risks in the area of SEND are very significant. Historically schools in Devon, while not contributing to the Early Help budget, have discharged their responsibility for the delivery of the Early Help offer for children and families, very fully. The pressures on schools in this phase of COVID are profound and the resource they would have used in Early Help is fully committed delivering the requirements of COVID secure education. The Early Help system is showing the highest level of demand and unmet need relates to families struggling with ASD related challenges. If, as a system, we are unable to respond to these needs at an Early Help level, we will almost certainly find that demand is directed into the statutory SEND system. Early Help using a model of graduated response, is absolutely the right solution for most families.

School transport continues to be an area of significant pressure.

2.3 Children's Social Care has seen a sustained increase in the number of children in care. This builds on increases in 2019/20 and adolescent care entry continues as a persistent challenge. There are three main reasons for the increase

- Improvement work has driven a firmer and more timely practice response in neglect cases, eliminating the drift identified by Ofsted in ILACS 2020
- COVID lockdown has increased pressure on families and reduced their resilience particularly where adult mental health is a factor
- Courts in COVID have delayed hearings, including final hearings, leading to a delay in those children exiting care through Adoption, Special Guardianship or other family-based outcome.

In response to the budget pressure in 2019/20, Children's Services delayed the implementation of the Edge of Care project. Implementation is underway now and **Members may want to see an update on its progress.** The increase in the number of children in care coupled with placement mix (the balance of children in higher, medium and lower cost provision) account for most of the reported pressure in the in-year budget. Residential and supported accommodation is forecast to be over by £1.1m although favourable variances across other placement types mean this is being managed back to just over £250,000. The full year cost of children who have come into care as a result of the effect of the Pandemic is £1.6m -these costs

are recorded against the COVID budget held corporately. Plans to ensure that children are in high quality, value for money placements that are close to home where possible continue and all high cost placements are under review to test their continuing necessity and effectiveness. **Members may want to receive an update on the Sufficiency Strategy.** Legal disbursements in care proceedings continues to be an area of significant pressure, though management actions to reduce are underway.

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

- 2.4 The Public Health Nursing Service (PHN) was in-sourced in 2019, a move that was warmly supported across the Council. The Council last year supplemented the Public Health Grant allocation to PHN with an additional £1m. The challenges of recruitment in PHN have not been fully resolved in 2020 though we can report an improving position, and we expect that this will be resolved in 2021/22.

ILACS 2020 reported positively on our approach to and our outcomes from Early Help. PHN is a key component of Early Help and strategic leadership rests with the Head of PHN. The end of year budget forecast position for PHN in 2020/21 is satisfactory. The £10m grant allocation is ring-fenced but a contribution from the £1m additional allocation is likely to be considered as a saving if the pressures in Children's Services, as currently projected continue.

- 2.5 The Early Help budget make up is complex: there is grant income of £1.7m supplemented by matched revenue funding and previous years carry forward giving an overall budget of almost £5m. This does not include the Local Authority's investment in Children's Centres, Education's Early Help Services and Early Help Services for disabled children.

Trouble Families grant income has not yet been confirmed for 2021/22 posing a risk to current service delivery.

- 2.6 Members will be mindful that any budget changes related to increasing effectiveness in the deployment of our resources (for example ensuring that children who don't need to enter care, don't enter care and that children, who can be helped in early help, are helped in early help rather than in the statutory services, SEND and social care), are to be welcomed.

### **3 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

### **4. 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.

## **5. EQUALITY CONSIDERATIONS**

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

## **6. SUMMARY/CONCLUSIONS**

Children's Services has very significant pressures in SEND and in social care in relation to increased number of children in care and a higher cost placement mix.

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[Electoral Divisions: All]

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