

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.

#### **1.1 KEY BUDGET ISSUES 2021/22**

As at September 2021 the forecast position for Children’s Services, including Public Health Nursing is an over spend of £43.3 million which includes the Dedicated Schools Grant deficit of £36 million.

The greatest cost pressures relate to the availability of suitable provision for children coming into care, the reliance on agency staff pending impact of the Recruitment and Retention Strategy and the SEND High Needs Block.

At the time of writing, the Dedicated Schools Grant is showing a deficit overspend of just over £36 million for this financial year after £2.8 million of management actions. This is a cumulative deficit of £85 million to March 2022. The Council (and Government) recognises the national context of rapidly escalating demand and a legal framework that drives demand without the corresponding investment.

The Government is yet to announce results of the SEND review that took place pre-pandemic. 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 deficit/funding gap.

The Council, per DfE guidance for 2021/22, has put in place a management plan to set out its strategy to reduce the demand on the High Needs Block and over future years reduce the deficit within the Dedicated Schools Grant. In August the DfE and Council met to discuss the plan and has identified that although having the 12<sup>th</sup> highest percentage deficit to overall Dedicated Schools Grant of all Local Authorities it remains outside the next tranche of Authorities to discuss ‘Safety Valve Arrangements’.

In order to bring the Dedicated Schools Grant and in particular the High Needs Block within the funding envelope the plan should improve parent’s and young

people's lived experience of Special Educational Needs (SEN) support in Devon. The plan aims to implement an integrated service, together with families, to ensure young people receive the right support at the right time. Meeting the child's need earlier and more effectively the authority should see a reduction in the demand for EHCPs.

Some of the Management Actions within the plan were expected to commence at the start of this financial year, however with the continued impact of COVID these have not progressed as originally intended and therefore slipped. In addition, the pressures on schools during COVID has seen the resources they would have used to support various strategies being fully committed to delivering the requirements of COVID secure education. The 0-25 team are continuing to see increased demands for children with SEND with requests at a high in July of nearly 200.

School transport continues to be an area of significant pressure due to marketplace failings driving up the costs above inflation and with the current pandemic it may place more pressure on contract providers in the long term. The current predicted overspend on the school transport budget for 2021-22 is £2.5 millions This budget sits within children's services but the operational delivery sits within Planning, Transport and Environment (PTE).

At month 6 Children's Social Care is forecast to overspend by just under £5 millions.

Operationally the staffing position remains challenging. However, Cabinet approved the Recruitment and Retention Strategy in September of this year and several measures, such as more competitive salaries for experienced social workers combined with a retention payment provide an immediate incentive. Following the summer period where the service was operating with 30 less qualified social workers than posts, we have reduced this down to 13 posts unfilled. The majority of this recruitment however is with agency staff at the present time. Additional senior manager capacity has been secured to focus on improvement and transformation including Early Help system review, Commissioning capacity and Corporate Parenting. Another positive development is confirmation from the DfE that our funding bid for transformation and improvement support has been successful and we expect formal notification shortly. The grant is worth £2.2 millions and will run from November 2021 to March 2023. The focus is on restorative practice and practice innovation.

The number of children in care has slightly reduced from a high of 840 down to just over 800. The greatest areas of concern continue to be the number and cost of children's placements. The Sufficiency Strategy 2022-2024 "Finding a place to call home" sets out the plan to address these issues.

Early intervention to prevent children entering care by the newly formed “Bridges” team (formerly known as “Edge of Care”) has contributed to the sustained reduction in care numbers. Quantifying cost avoidance is not an exact science, but based on current methodology, the impact of interventions to date could result in reduced costs of over £600,000 and this will grow as the service becomes ever more embedded.

The number of children in Special Guardianship arrangements continue to grow. Whilst this presents a pressure on this budget, it is a positive outcome for children who remain in the care of their extended family. This tends to have better outcomes for the children involved and has considerably lower financial costs than providing fostering or residential care for those children.

The budget for the Public Health Nursing Service is £10.5 million, of which £10.4 million is funded from the Public Health grant. The Service is forecast to underspend by £300,000 and whilst recruitment remains a nationally challenging issue, the vacancy position will improve in January when qualifying students will be recruited into permanent positions.

## **2. 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.

## **3. 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.

## **4. 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.

## **5. 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. This reflects a national context where demand for children’s social care is increasing and cost pressures rising. This has recently been reported in the national press for Cornwall, and the LGA has said ‘Soaring demand to help safeguard children and funding pressures meant councils in England had to overspend on children’s social care budgets by £832 million in 2019/20, Local Government Association analysis shows.’ This was reported in June 2021.

The Guardian reported in August 2021 the following ‘Some local authorities are expected to overspend by up to £12m on children’s services this year, and

leaders say they are “down to brass tacks” as they struggle to deal with the increase in demand.’ Examples given included Gateshead, Birmingham, North East Lincolnshire and Liverpool, all of whom were reporting significant cost increases due to numbers of children in care rising, cost of placements increasing, and social care demand soaring.

In June 2021 the LGA reported that 130 Councils (86%) overspent their children’s services budgets in 2019-20 and Cllr Antoinette Bramble, Chair of the LGA’s Children and Young People Board, said:

“Councils stand ready to work with government to ensure no child is left behind as we recover from the pandemic.

“The demand on children’s social care services is unsustainable. Councils have increased their budgets for children’s services by diverting funds from other areas but due to spiralling demand for support they are still overspending and fear this will continue as pent-up demand due to the pandemic becomes clearer.

“Supporting and protecting vulnerable children is one of the most important roles played by councils who want to ensure all children are safe, loved and thrive. It is vital that children’s services are fully funded to give children the right help at the right time, which includes providing the early intervention and prevention support that can stop children and families reaching crisis point in the first place.”

Melissa Caslake  
Chief Officer for Children’s Services

[Electoral Divisions: All]  
Cabinet Member for Children: Councillor Andrew Leadbetter  
Chief Officer for Children’s Services: Melissa Caslake