

## CHILDREN'S SCRUTINY COMMITTEE

28 January 2025

### Present:-

Councillors T Adams (Chair), P Sanders, S Aves, J Bradford, J Brazil, A Dewhirst, L Hellyer, P Maskell, M Squires, R Peart, R Radford and C Slade

### Apologies:-

Councillors J Wilton-Love and C Mabin (Church of England Diocesan representative)

### Members attending in accordance with Standing Order 25

Councillor J McInnes, A Leadbetter and L Samuel

#### \* 186 **Declarations of Interest**

The Chair reminded Members they should declare any interests they may have in any item to be considered, prior to any discussion taking place on that item. [A list of county councillors who are also district, borough, city, parish or town councillors.](#)

#### \* 187 **Items Requiring Urgent Attention**

There was no matter raised as a matter of urgency.

#### \* 188 **Public Participation**

There were no oral representations from members of the public.

#### \* 189 **Budget 2025/26 and Capital Programme for 2025/26 to 2029/30**

The Committee noted that the proposed budget for the 2025/26 financial year would be scrutinised by individual Scrutiny Committees.

The Chairs of the Children's Scrutiny Committee and the Health and Adult Care Scrutiny Committee would present an overview of resolutions to the Corporate Infrastructure and Regulatory Services Committee. This Committee would also consider the draft budget proposals within its own remit, providing an opportunity for Scrutiny Members to comment on proposals for the Council's Budget in its entirety. The resulting resolutions from Scrutiny will be reported to Cabinet and Council.

This would follow the opportunity for individual Scrutiny Committees, at this meeting, to have an initial overview of the budget proposals and examine them to identify any specific issues or areas of interest that might be

considered at the Corporate Infrastructure and Regulatory Services Committee for incorporation into any recommendations to Cabinet and Council.

The Committee then considered the joint Report of the Director of Finance and Public Value and the Director for Children and Young People's Futures (DFP/2503) on the provisional financial settlement made by Government and the spending targets set by the Cabinet for each service area which included inflation, commitments and any savings. The Report also detailed the proposed medium-term capital programme for the Children's Services and how it was funded.

The Cabinet, at its meeting on 8 January 2025, had set Revenue Budget targets for 2025/26. That Report had presented the proposed service budget targets for 2025/26 totalling £784.1 million, a net increase of £44 million or 5.9% compared to the 2024/25 adjusted budget.

The preparation of the Budget for 2025/26 recognised that inflationary pressures continued to be felt across the economy, local government and partners. Social care was particularly impacted by increases to the national living wage and the increases to National Insurance. MHCLG was due to provide additional funding towards national insurance costs for local authorities own employees but details are yet to be confirmed. Within the Target Budgets for services it was proposed to allow for £14.2 million for inflationary pressures. The Target Budgets for services reflected an estimated inflationary pressure of £17.7 million due to National Living Wage impacts.

To enable the authority to set a balanced budget, savings, alternative funding and additional income of £21.7 million had been identified. Overall, there was additional funding of £44 million or 5.9% for services next year.

It was not currently planned to support the proposed budget targets by using general reserve balances, reflecting a strategy of 'living within our means'.

The Capital Programme for 2025/26 to 2029/30 would be presented to Cabinet at the February Budget meeting.

The new Government's first Autumn Statement was published on 30 October 2024 and the Local Government Finance Policy Statement was published on 28 November 2024. Of particular importance was the Government's plans to repurpose existing funding, for the extra costs of delivering services in rural areas, to support a change in funding distribution based on deprivation as a proxy for need. This resulted in the discontinuation of the Rural Services Delivery Grant (RSDG) funding of £110 million, of which the Council received £10.124 million in 2024/25.

Details of the Provisional Local Government Finance Settlement 2025/26 were published on 18 December 2024, which provided a one year settlement only. The Final Settlement would follow in late January/early February.

For Devon, the core spending power was set to increase by 4.66% and the Government assumed the Authority would implement the full allowed increase in Council Tax up to the referendum threshold of 5%.

The proposed service revenue budget targets for the 2025/26 financial year were set out in the table below.

**Table 1 – Service Target Budgets 2025/26**

	<b>2024/25 Adjusted Base Budget £000</b>	<b>Inflation and National Living Wage £000</b>	<b>Other Growth and Pressures £000</b>	<b>Savings, Alternative Funding and Additional Income £000</b>	<b>2025/26 Target Budget £000</b>	<b>Net Change 2024/25 to 2025/26 £000 %</b>	
Integrated Adult Social Care	354,322	19,120	18,190	(8,185)	383,447	29,125	8.2%
Children and Young People's Futures	224,970	7,834	11,054	(6,530)	237,328	12,358	5.5%
Public Health & Communities	13,931	225	365	(1,450)	13,071	(860)	-6.2%
Performance & Partnerships	7,431	121	75	(447)	7,180	(251)	-3.4%
Corporate Services	54,709	1,251	2,822	(3,319)	55,463	754	1.4%
Climate Change, Environment & Transport	84,753	3,346	1,312	(1,808)	87,603	2,850	3.4%
<b>Totals</b>	<b>740,116</b>	<b>31,897</b>	<b>33,818</b>	<b>(21,739)</b>	<b>784,092</b>	<b>43,976</b>	<b>5.9%</b>

The Committee were reminded that its consideration of the draft Children's Services budget was just part of the process of setting the County Council's budget which, following this meeting, would culminate in the Cabinet meeting on 14 February 2025 formulating a budget for consideration by the County Council on 20 February 2025.

The Cabinet Member, Chief Executive and Director of Children & Young People's Service each spoke and highlighted significant challenges in rural areas, particularly in Devon and other rural authorities. These challenges included dealing with rural poverty and improving mobility and outcomes for children. It was emphasized that these issues were not fully understood at national level. Importance was stressed of partnerships with head teachers, police, NHS, and district councils to tackle these challenges. Also mentioned was the need to communicate these rural challenges to the Department for Education and Central Government, hoping that ongoing consultations would help raise awareness and support for these issues.

The Strategic Leadership Team commentary in the Report stated that the setting of the 2025/26 budget had been a complex exercise demanding difficult decisions. The budget recognised the inflationary pressures that continued to be felt across the economy, local government and partners. Social care was particularly impacted by increases to the national living wage and the increase to NI announced in the Autumn Budget. During the year ahead, the Council would continue to make savings by reducing costs, maximising the value of commissioned service and streamlining staff structures.

The Director of Children and Young People's Futures referred to service specific issues as outlined in the Report, relating to Children's Social Care and Health & Wellbeing; Education Learning and Inclusion Services; and Schools Funding.

The Report also contained the detailed budget proposals for Children's Services, prepared in line with the targets referred to above, reflecting the different pressures and influences faced by services. The Children's Services base budget was £237,328 millions (a net increase of 5.5% from 2024/25), and included inflation, National Living Wage and other pressures of £7,834 millions and £11,054 millions respectively, and required savings and additional income of £6,530 millions.

Under the Equality Act 2010, the County Council had 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. Where relevant, Impact Assessments were carried out to consider how best to meet this duty, which included mitigating against the negative impact of service reductions.

The Report before the Committee referred to the [Budget Impact Assessment 2025-26](#) circulated prior to the meeting, giving an overview of the impact assessments for all service areas for the attention of Members so they were aware of the equality impact assessments undertaken as part of the budget's preparation, that any risk assessments and projections were adequate and the evidence supported the assumptions made in the formulation of the budget. Also bearing in mind that the preparation of Impact Assessments were a dynamic process and that individual assessments for specific proposals may need to be updated with time, Members of the Council must have full regard to and consider the impact of any proposals in relation to equalities prior to making any decisions and any identified significant risks and mitigating action required.

Observations and questions arising from the current budget proposals raised at the meeting included the following:

Children Social Care:

- That Government required all regions to adopt a regional agency cap by October 2025, raising concerns about its impact on agency staff cost reduction targets.

- Welcome the additional investment of £800,000 to Early Help services, with plans to increase targeted Early Help staff to support families with complex needs.
- Positive that Devon was developing a small number of in-house children's homes.
- The potential benefits of family hubs in reducing travel costs and improving support for rural families was highlighted.
- The importance of continued collaboration among staff across Districts and County was highlighted, leading to positive changes and cost impacts.
- The importance of collaboration with charitable organisations in Devon to ensure stability for young people, and the need for national reform to address profit-making placements was also highlighted.
- Noted that while the Government provided some funding for Young Asylum Seekers, it did not cover all expenses, and the net cost to Devon was £3.6 million.
- As to the increase in costs for independent residential care, it was explained that budget pressures were as a result of not just the numbers but also the types of placements, with higher-cost residential placements driving up costs.

#### Education Learning and Inclusion Services:

- The £14.7 million included in the budget as per the safety valve agreement was being revisited due to a significant increase in education and healthcare plans. The Department for Education had asked for a review of the cost modelling, but the figure would remain the same until the review had been completed.
- National funding for SEND had significantly changed; additional funds were expected next year; and the national safety valve programme was currently under review. The overall approach to funding and support was welcomed, with no immediate risk foreseen for the year ahead.
- Managing cashflow was crucial due to the projected deficit. The statutory override allowing this was due to end in March 2026, and the Government's next steps were uncertain. It remained a national issue. The focus was on maintaining cashflow and ensuring the override continued.
- The redesign across Education aimed to release £1.6 million by working more effectively with partners and improving service delivery.
- The annual school transport cost of £51 million was comparable to other rural counties, and efforts were made to coordinate transport needs for best value.

It was **MOVED** by Councillor Adams, **SECONDED** by Councillor Sanders and

**RESOLVED** that the Committee

#### **Welcomes and supports:**

1. The overall 5.5% increase in the Children and Young People's Futures Budget, specifically the uplift in National Minimum Allowance uplift for

foster carers, and investment in Special Guardianship or adoption arrangements, including improvements to the Regional Adoption Agency service, and Early Help.

2. The efforts and work of the Council and staff to develop a comprehensive draft 2025/2026 budget.
3. The investment, improvements and delivery of Targeted Early Help, including the opportunities this provides to support the recruitment of staff locally, career development, as well as improved outcomes for children, young people and families in Devon.
4. The recognition of the recommendations of the Fostering Task Group and work underway to implement a number of them within the 2025/2026 budget such as investing in Mockingbird or similar programmes.
5. The work undertaken by the Council to work earlier with young people to improve their outcomes, access to appropriate accommodation settings, and the resultant budget reductions in Independent Post 18 Placements.
6. The opening of 64 Support Base places for children and young people with SEND and the resultant budget reductions.
7. The success of network efficiencies within Home to School Transport, working holistically as a service to include transport when making decisions about a child or young person's placement.
8. The Council's focus and prioritisation of the DSG High Needs Block; work with Government on Devon's SEND Safety Valve; improvements to the overall system and processes to meet children and young people's needs; and continued engagement with Government on national reforms to Children's Social Care.
9. Welcome the introduction of block contracting with Independent Schools and the resultant budget reductions.

**Record concern:**

10. The Committee welcome plans to support the implementation of the agency pay cap, although there are concerns on the realism of achieving the £1.7m agency staff cost savings, considering that the regional agency pay cap has not yet been agreed.
11. The deliverability of the £14.7 million transfer to the DSG Deficit in light of the cost pressures arising from clearing the backlog of EHCP assessments, and the increase in applications for an EHCP, however, recognises the work of the Council with Government to improve the financial position.

**Cabinet be asked to:**

12. Following the final Local Government settlement, where possible, consider further investment in early help and intervention services to continue to support and build the Council's enhanced early help offer.
13. Work with the Overview and Scrutiny Committees to support conversations and policy development to implement the National Government Reforms to Children's Social Care.
14. As part of the implementation of the Reforms to Children's Social Care, specifically reforms to the Children's Social Care Market, Cabinet work closer with charitable and not-for-profit organisations within the Independent Provision to support longer-term sufficiency and local provision.
15. Lobby government to increase the funding the Council receives to support Young Asylum Seekers.
16. Take account of the raft of Government reforms work as one Council and with partners to build a case for Devon that illustrates the needs of Devon's Children and Young People highlighting the challenges of rural poverty, social mobility and the resultant impact on achieving improved outcomes for children, young people and families to be shared with the Government and the Department for Education. For Devon this includes the relatively low levels of funding the Council receives including in Education, transport costs, the impact of the removal of the Rural Services Delivery Grant and the challenges within the SEND budget.

**\*DENOTES DELEGATED MATTER WITH POWER TO ACT**

The Meeting started at 10.00 am and finished at 12.22 pm