

REPORT ON BEHALF OF THE CHIEF FINANCIAL OFFICER

TO CHILDREN'S SCRUTINY COMMITTEE
ON
9th SEPTEMBER 2020

TITLE: REVENUE MONITORING 2020/21

RECOMMENDATIONS:

It is recommended that Children's Scrutiny Panel:-

- Consider the current position and forecast year-end position for the service group's revenue budget, Dedicated Schools Grant budget and Children's element of the Integrated Fund.
 - Request further information as necessary to help to ensure good governance.
-

EXECUTIVE SUMMARY:

(a) Revenue Budget

The service group's budget for 2020/21 is £92.701m and the forecast expenditure for the year is £93.204m giving a forecast adverse variation of £0.503m for the financial year.

(b) Dedicated Schools Grant

The DSG allocation for central services in 2020/21 is £44.700m and the forecast expenditure for the year is £47.120m, a forecast adverse variation of £2.420m.

(c) Integrated Fund (Children's)

The current position for the council element of the Children's element of the integrated fund is a projected overspend of £0.928m.

BACKGROUND DOCUMENTS:

- SAP general ledger and BI reports
- Various documents held on the accountancy team

KEY DECISION: NO

DETAILS:

1 Introduction

1.1 This report is set out in four main sections.

- Section 2 sets out the current position of the 2020/21 revenue budget and forecasts the year end position, highlighting any risks/sensitivities
- Section 35 sets out the current position of the Dedicated Schools Grant (DSG) and forecasts the year end position, highlighting any risks/sensitivities.

2 Revenue Budget 2020/21

2.1 The current position and year end forecast for the Revenue Budget is set out in **Table A** below. Agreed savings have been built into the budget figures. Expenditure data reflects salaries, wages and other expenditure up to 30th June 2020, but excludes financial implications of Covid.

2.2 **Table A: Revenue Budget 2020/21**

Division of service	Annual budget £000	Forecast outturn expend £000	Variance £000	Budget Pressure – Integrated Fund £000	Risk assessment
Leadership & Safeguarding	2,149	2,148	1	(17)	● (GREEN)
Specialist Services	33,897	34,384	(487)	(6,161)	● (RED)
SEN, Access & Inclusion	27,689	27,764	(75)	(838)	● (AMBER)
Education & Helping Families	28,966	28,908	60	6,088	● (GREEN)
Total	92,701	93,204	(501)	(928)	● (RED)

2.3 As detailed above, the above position does not include any financial implications / pressures from the impact of Covid, which are provided separately in appendix 1 attached and reflect latest Covid impact return information provided to MHCLG. The areas identified are a mix of both core (including integrated fund) and DSG budget

pressures which are calculated up to the end of September only at present. Further work will be required to understand cost implications / pressures for the remainder of this financial year and beyond for the medium / long term impact of Covid on services.

- 2.4 In 2019/20 the Council and Salford CCG expanded its pooled budget arrangements through the creation of an integrated fund covering a range of Children’s, Adults and Primary Care services. Under the terms of the associated risk share agreement each partner would contribute to the cost of budget pressures in proportion to the contributions made to the pool for each service area. This means that rather than the budget pressures falling directly upon the council, the council will instead contribute its share of any budget pressures within Children’s and Adults Services to the integrated fund.
- 2.5 It should be noted that the underlying pressure included for the Children’s integrated fund of £0.928m is after the 100% utilisation of the £5.8m contingency built into the fund in 20/21. This contingency has not yet been allocated to any specific service area pressures, which as in previous years are mainly within the Looked After Children, Child Protection and SEN Transport areas. There are a range of factors that will significantly influence expenditure in relation to the integrated fund in 2020/21. The partners of the fund are working to quantify the immediate impact on expenditure and funding as a result of Covid-19, whilst also trying to model the financial impact of how services will continue to be delivered as part of planning for recovery, with a high level estimate of cost / income loss pressures of approximately £6.2m. This pressure would be on top of the underlying (non-covid) pressure of circa £0.9m. The forecast position for the integrated fund for children’s will continue to be reported through the Children’s Commissioning Committee.
- 2.6 Members will however be aware of the work being undertaken to address some of these pressures via the Best Value programme established jointly by the council and the CCG in the following areas :-
- Route 29 (No Wrong Door)
 - Achieving Change Together (ACT)
 - Transforming Care
 - Domestic Abuse & Trauma Informed Response to Adversity
- 2.7 The Route 29 (No Wrong Door model) element of this programme was officially launched in January. Prior to this launch, work has been undertaken to review all placements with a resulting reduction in original base cohorts of 21 outside placements (OP’s) (48 to 27) and 31 independent foster agency (IFA’s) (63 to 32), which have in part been offset by new placements (15 OP’s and 13 IFA’s) to the end of June 2020. Overall financial impact on placement budget of these net reductions are detailed in the table below.

	£m
Full-year benefit as a result of ending 21 original baseline cohort of 48 placements	+4.8
Cost of the 15 “net” new placements	-3.2
Full-year benefit as a result of ending 31 of original baseline cohort of 63 IFAs	+1.3
Cost of the 10 “net” new IFAs	-0.6
Net Benefit to end June 2020 – Full-Year Impact	2.3

2.8 In addition there has been significant cost avoidance through the ACT programme work which to date has prevented 10 young people from going into an outside placement.

2.9 There was an overall reduction in the LAC pressure of £0.728m during 2019/20 from that reported in the first monitoring report (May 19) and further full year impact savings are included within the above position in table A (further £0.4m).

3 Dedicated Schools Grant (DSG) Outturn 2020/21

3.1 The year-end forecast for centrally held Dedicated Schools Grant budgets is set out in **Table B** below.

3.2 **Table B: DSG dedicated schools grant forecast**

DSG funding block	2020/21 Allocation £000	Forecast outturn expend £000	Forecast variance £000	Risk	Forecast balance 31st Mar 20 £000
High needs	25,264	27,599	(2,335)	● (RED)	(18,477)
Early years	15,464	15,490	(26)	● (AMBER)	(64)
Schools	3,972	4,031	(59)	● (GREEN)	(530)
Total	44,700	47,120	(2,420)	● (RED)	(19,071)

3.3 The current position within the Non Delegated Schools Budget for 2020/21 is a projected overspend of £2.420m. This is due in the main to an overspend on the High Needs block and is a continuation of the pressures experienced in the previous year’s offset in part by the impact of the increase High Needs block funding and the implementation of some of the savings identified within the DSG recovery plan.

3.4 The prevalence of children and young people with Education Health & Care Plans continues to increase. (January 2020 – 2155; July – 2325). There are still a combination of factors which are contributing to these rising numbers. These include population growth, advances in medicine which mean that children born prematurely or with disabilities survive and live longer than before (this also means that the types of additional needs are more complex than ever before), increased diagnosis of some conditions (e.g. autism), increased parental expectations about the support their child should receive, increasing levels of poverty and the extension of services for children and young people with SEND up until the age of 25.

As well as providing top-up funding for support in mainstream schools, the majority of the high needs block also funds places in special schools including non-maintained special schools as well as places in alternative provision. These places are funded at £10k per place, plus additional top up funding depending on the needs of the pupil. Numbers in this area continue to increase as parents often express a choice for a special school based upon reputation. In addition, Salford commissions places for pupils with SEND in Independent Special Schools which are typically significantly more expensive than placements in mainstream schools. The average cost of placements is £52,000 per year. The development of the new special school in Salford providing 50 places for young people with complex autism/behaviour will mitigate the costs attributed to the independent sector. So, in Salford, what we are experiencing is that:

- For a range of reasons (including relating to funding), mainstream schools are struggling to provide support for pupils with SEND
- As a result of that and also because of increased parental preference, more pupils with SEND are being placed in special schools, including those outside of the state sector
- Those placements are more expensive and costs are increasing, but there is limited leverage over pricing in the independent and non-maintained sectors in particular

4 Issues/Risks

As identified above, further work will be required to assess the cost impact of Covid both in the short term and the medium/long term impact on services.

5 Recommendations

It is recommended that Children's Scrutiny Panel:-

- Consider the current position and forecast year-end position for the service group's revenue budget, Dedicated Schools Grant budget and Children's element of the Integrated Fund.
- Request further information as necessary to help to ensure good governance.

KEY COUNCIL POLICIES:

2020/21 Revenue Budget

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

Equality impact assessments are assessed at an individual savings level by the service group responsible

ASSESSMENT OF RISK:

Key risks to budgetary control and savings are identified in this report

LEGAL IMPLICATIONS Supplied by:

Not applicable

FINANCIAL IMPLICATIONS Supplied by:

This report concerns key aspects of the Council’s revenue finances and has been produced by the Finance Division.

PROCUREMENT IMPLICATIONS Supplied by:

Not applicable

HR IMPLICATIONS Supplied by:

Not applicable

CLIMATE CHANGE IMPLICATIONS Supplied by:

Not applicable

OTHER DIRECTORATES CONSULTED:

Not applicable

CONTACT OFFICER: Chris Mee, tel. 0161 778 0434, chris.mee@salford.gov.uk, Dave Cope 0161 778 0213 dave.cope@salford.gov.uk

WARDS TO WHICH REPORT RELATES:

All