

Somerset County Council  
Scrutiny for Policies, Children and Families  
Committee

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## 2020/21 Children's Service Budget - Impact of COVID-19

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Cabinet Member: Cllr M Chilcott, Cabinet Member for Resources

Division and Local Member: All

### 1. Summary

- 1.1. This report sets out the impact of COVID-19 on the Children's Services 2020/21 Budget, based on the position at month 3 which is the end of June 2020.
- 1.2. There has been significant additional expenditure and an adverse impact upon income in both the current and future years. The council has put in place robust processes to ensure that it maintains its tight financial controls with the latest forecast showing that the financial impact of COVID-19 on Children's Services to be £7.3m.
- 1.3. The government has recognised this and has paid funding totalling £29.1m towards the additional costs that the Council has faced. The government has also announced a scheme to help fund some of the Councils lost income from fees & charges with the 5% of the loss being borne by the council and then the Government supporting 75p in every £1 above this. We are still waiting for the full details of the scheme and will keep members updated on the impacts of this through the monthly Budget Monitoring Report.
- 1.4. The Chief Executive and Senior Leadership Team agreed to allocate £7.1m of the £29.1m to Children's Services.
- 1.5. The allocation of funding to Children's Services supports the County's priorities to direct resources to where they are needed most and in helping vulnerable people.

### 2. Issues for consideration / Recommendations

- 2.1. The Children & Families Scrutiny Committee is asked to consider the impact of COVID-19 on the Children's Services 2020/21 Budget in relation to the additional cost and loss of income to the service.
- 2.2. It is recommended that the committee receive a regular update on the impact of COVID-19 and consider the potential decisions the service may need to make to mitigate against significant financial impact on the Medium-Term Financial Plan (MTFP) for 2021/22 to 2025/26.

### 3. Background

- 3.1. The 2020/21 Children's Service Full Year Budget at the end of June 2020 is £86.5m. The full year projection is £89.5m, resulting in a £2.7m forecast year-

end variance.

- 3.2.** The £89.5m full year projection includes £7.3m of additional cost and loss of income as a result of COVID-19. At this point in time, £4.2m of government funding was allocated to Children's Services, leaving £3.1m of unfunded COVID-19 pressures.
- 3.3.** Since then, a further £3.0m of government funding has been allocated to Children's Services. Resulting in total funding of £7.1m and a residual unfunded pressure of £0.2m.
- 3.4.** It has also reduced the end of June forecast year-end variance to a £0.3m underspend. Please note that the end of July (month 4) position will be reported to Cabinet shortly and the forecast year-end position has been updated to reflect the allocation of the £3.0m and any other changes to business as usual service budgets.
- 3.5.** The residual £0.2m relates to loss of income and remains unfunded pending guidance on the Local Government income compensation scheme for lost sales, fees and charges.
- 3.6.** The table below shows the breakdown of the £7.3m estimated cost of COVID-19

Description	Cost £m
Support for Early Years settings to remain open to support key workers and vulnerable children	2.2
Children's Services - notional increase in placement and targeted/wrap around support costs to prevent family or placement breakdown, for highly vulnerable group of children as they return to school and referrals rise, coupled with likely increased provider costs	1.8
Home to School Transport - notional increase in route costs	1.1
Children's Social Care External Placements commissioned in advance to ensure sufficiency	0.8
Impact on achievement of transformation savings	0.8
Schools suspended redundancies	0.3
Additional Children's In House Fostering & Leaving Care allowances	0.1
Visual Impairment agency worker and PPE	0.0
Description	Loss of Income £m
SEND Traded Services loss of income	0.1
Home to School Transport refund of paid seats	0.1
KS1 & KS2 moderation contract (Summer term) - loss of income from academies	0.0
<b>TOTAL Cost of COVID-19 to Children's Services</b>	<b>7.3</b>

- 3.7.** Work on the MTFP for 2021/22 to 2025/26 is currently underway. The service is working with People too to begin to measure the impact of the pandemic on lagged and future demand which will further inform financial projections.

#### **4. Consultations undertaken**

- 4.1. This government funding is un-ringfenced on the basis that councils are best placed to determine the specific needs of their local communities.
- 4.2. The Senior Leadership Team endorsed the allocation of the funding from the Government. Consequently, in accordance with the Council's Constitution and Emergency Democratic Arrangements (as agreed on 28 March 2020) a decision was made by the Chief Executive to allocate funding towards the services / actions to support the COVID-19 emergency response.

#### **5. Implications**

- 5.1. Any adverse variance at the end of the financial year may have an impact on the level of the Council's reserves. There is a specific Budget Equalisation reserve to address any funding shortfalls and smooth out budget gaps in future years.

#### **6. Background papers**

- 6.1.
  - Cabinet Member Decision 14 August 2020: 2020/21 Revenue Budget Monitoring Report Month 3
  - Officer Decision 01 July 2020: Allocation of COVID-19 Funding
  - Officer Decision 04 August 2020: COVID-19 – Proposed Funding Allocations

**Note** For sight of individual background papers please contact the report author