

## **Medium Term Financial Plan for Children and Families Services**

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Cabinet Member: Cllr Mandy Chilcott

Division and Local Member: All

### **1. Summary**

This report summarises the key areas of specific interest within the Medium-Term Financial Plan to the Scrutiny Committee for Children and Families. It outlines the key points that were included within the reports made to Cabinet on the 20<sup>th</sup> January 2021. It includes an overall narrative from the Director of Children's Services to provide assurances around the changes made to funding and spend. A review of this detail through Scrutiny will be presented as part of the overall challenge and assurance process to Cabinet on the 8<sup>th</sup> February and Council on the 17<sup>th</sup> February in setting the final budget for 2021/22.

The MTFP will link pressures, growth, and savings to the delivery of the Council's key priorities within the Council's vision to create:

- A thriving and productive County that is ambitious, confident and focussed on improving people's lives;
- A county of resilient, well-connected and compassionate communities working to reduce inequalities;
- A county where all partners actively work together for the benefit of residents, communities and businesses and the environment, and;
- A county that provides the right information, advice and guidance to enable residents to help themselves and targets support to those who need it most.

### **2. Issues for consideration / Recommendations**

The Committee is requested to consider the proposed budget for 2021/22 and indicative budgets for 2022/23 and 2023/24 for Children and Family Services budgets. The Committee is asked to review specific proposals for changes from previous years, so that they can comment on them, offer assurance to Cabinet and/or identify any matters for consideration that they would like to highlight to the Cabinet.

### 3. Background

Preparations for the 2021/22 budget were reported to Cabinet in December 2020 and highlighted the unique difficulty with producing the 2021/22 budget against the backdrop of the Covid-19 pandemic and the significant uncertainty that it brings. Uncertainty around Government funding and the review of Fairer Funding and Business Rates has been delayed. In addition to this the Comprehensive Spending Review was delayed and only one year of funding was announced which continues the uncertainty for funding in future years.

The full report and Appendices were presented to Cabinet on the 20<sup>th</sup> January 2021.

The proposed budget for Children's 2021/22 and projections for a further two years is shown below:

**Table 1: Proposed and Indicative Budgets for Children's Services**

<b>Children's Services</b>	<b>Proposed Budget 2021/22 £m</b>	<b>Indicative Budget 2022/23 £m</b>	<b>Indicative Budget 2023/24 £m</b>
Early Help	4.812	5.458	5.642
Fostering & Permanence	12.062	12.492	12.797
External Placements	24.858	26.115	28.182
Fieldwork	8.526	8.785	8.969
Disabilities	3.023	3.117	3.198
Partnership, Audit & Quality	1.826	1.646	1.674
Business Support	3.490	3.636	3.774
Children Looked After	4.336	4.416	4.473
Leaving Care	1.943	1.976	1.996
Central	1.189	1.554	1.557
Commissioning	9.170	8.580	9.107
Safeguarding	0.136	0.141	0.145
Improving Outcomes & Sufficiency	0.692	0.628	0.627
Inclusion	4.891	3.251	3.268
Home to School Transport	9.812	10.004	10.147
SEND Transport	5.240	5.475	5.675
<b>Total</b>	<b>96.005</b>	<b>97.275</b>	<b>101.229</b>

The following table shows the breakdown of the changes between 2020/21 and 2021/22:

**Table 2: Changes to the Children’s Services Budget**

Children's Services	£m	£m
<b>2020/21 Original Budget</b>		<b>86.600</b>
<b>Permanent Virements</b>		
National Living Wage Provider inflation	0.730	
Other Permanent Virements	0.015	
		<b>0.745</b>
		<b>87.345</b>
Removal of once-off budgets for 2020/21		<b>(0.317)</b>
<b>Base Budget</b>		<b>87.028</b>
<b>Additional Funding Requirements:</b>		
Inflation (Contractual, General, and Pay)	3.287	
Demographic and other Demand Increases	3.127	
Other Funding Requirements	0.370	
<b>Total Additional Funding Requirements</b>		<b>6.783</b>
<b>Savings Previously Agreed</b>		<b>(0.868)</b>
<b>Prior Year Saving Not Delivered</b>		<b>0.385</b>
<b>Total New Savings Proposals</b>		<b>(0.636)</b>
<b>Total Once Off - Use of Reserves</b>		<b>3.211</b>
<b>Technical Adjustments</b>		<b>0.100</b>
<b>2021/22 Proposed Budget</b>		<b>96.005</b>
<b>Change £m</b>		<b>8.976</b>
<b>Change %</b>		<b>10.31%</b>

The draft proposals recognise the importance of Children’s Services and the budget make a further investment of £8.976m which is a 10.31% increase on the adjusted budget into this key frontline service. Similar to Adults, predicting future years Demand in Children’s is always difficult and Covid-19 has further increased this difficulty. One of the key challenges around this is identifying what is on-going demand and what is temporary demand. The budget proposals have therefore tried to strike the balance between the two and to ensure that budget proposals are robust.

A £6m Contingency budget is proposed as part of the overall budget for 2021/22, and in addition to this the £10.8m of the Tranche 5 Covid-19 funding, announced as part of provisional Finance Settlement, is recommended to be allocated to a specific Covid-19

Contingency Fund to deal with any once off Covid-19 costs within SCC services.

Inflation includes contractual inflation for existing contracts for Home to School transport, Pathway to Independence and care placements as well as several smaller contracts across Children's Services. Pay inflation has also been included at 1% but is subject to change following the announcement of a national pay freeze and pending local negotiations.

Demographic and other demand changes include projected increased demand for care placements offset by the anticipated impact of the Family Safeguarding Model. Increasing numbers of EHCPs have also been modelled to project anticipated demand increases for Local Authority funded SEND services including the Educational Psychology Service and SEND Transport.

Other funding requirements are £0.050m for Educational Psychology Locums, Community Fund (£0.200m) to mitigate the impact of reducing Early Help services in 2019/20 and funding to continue the Safe Families commissioned service (£0.120m) previously funded through the Prevention Fund.

Transformation, savings, and income generation plans new and existing are shown below:

**Table 3: New Savings Proposals for Approval and Existing Savings Proposals**

Name of Proposal	Description	2021/22	2022/23	2023/24	Total	New/ Existing
		£m	£m	£m	£m	
New Ways of Working/ establishment Control	Savings in travel, printing, and venue hire	(0.166)	0.000	0.000	(0.166)	New
Staffing Savings	Reduce staffing budgets for permanent and locum staff through a combination of savings from predicted recruitment timescales and reduced use of locums where possible. This is a one year saving due to the unknown impact of the pandemic.	(0.470)	0.470	0.000	0.000	New
Family Safeguarding	Family Safeguarding transformation	(0.388)	(0.984)	0.000	(1.371)	Existing

SENDIAS	SENDIAS restructure	(0.240)	(0.240)	0.000	(0.480)	Existing
Travel Plans	Independent Travel Training (note this saving has been removed as undeliverable)	(0.240)	(0.210)	0.000	(0.450)	Existing
		(1.504)	(0.964)	0.000	(2.467)	

New transformation, savings, and income generation plans for 2021/22 include £0.470m one-off staff savings from predicted recruitment timescales and reduced use of locums. A cross-cutting saving of £0.166m is linked to new ways of working adopted during the pandemic and assumed to continue on an ongoing basis. The Travel Plan saving is not considered deliverable and has therefore been removed.

The new plans have been reviewed and do not have any specific Equalities impacts for members to review and comment on.

The requests for use of reserves is shown below:

**Table 4 – Use of Reserve Requests for Approval**

Reserve	Description of Use	2021/22 £'m	2022/23 £'m	2023/24 £'m	Total £'m
<b>Budget Equalisation</b>	School reorganisation project	(0.100)	(0.015)	0.000	(0.115)
<b>Social Care Volatility</b>	SEND Improvement plan	(2.000)	0.000	0.000	(2.000)
<b>SEN Reform Grant</b>	SEN Reform Grant	(0.011)	0.000	0.000	(0.011)
<b>Social Care Transformation</b>	Social Care Transformation Reserve (Family Safeguarding Model)	(1.000)	0.000	0.000	(1.000)
<b>Prevention Fund</b>	Pause - Prevention Fund	(0.100)	0.000	0.000	(0.100)
<b>Total</b>		(3.211)	(0.015)	0.000	(3.226)

Use of reserves have been included for the SEND improvement plan following the area inspection by Ofsted and the CQC in March 2020. This £2m funding is one-off but work being undertaken on the improvement priorities with partners and key stakeholders will enable us to better understand the ongoing investment needed to support sustained improvement in future years. Other use of reserves includes a drawdown of previously

agreed reserves for the second year of the Family Safeguarding transformation programme of £1m and the Pause project through the Prevention Fund of £0.1m. Funding for the school's reorganisation project for the Crewkerne/Ilminster area of £0.1m is also included to meet one-off costs of the project.

The Service includes the following indicative grants within the budget:

**Table 5 – Specific Grants**

Name of Grant	Grantor	2021/22 (indicative)	2022/23 (indicative)	2023/24 (indicative)
		£m	£m	£m
Troubled Families	MHCLG	0.702	0.000	0.000
Youth Justice	Youth Justice Board	0.467	0.467	0.467
Staying Put	DfE	0.219	0.219	0.219
Personal Adviser Duty Implementation	DfE	0.074	0.074	0.074
School Improvement Brokering and Monitoring Grant	DfE	0.570	0.541	0.513
		<b>2.032</b>	<b>1.301</b>	<b>1.273</b>

### **Schools and Dedicated Schools Grant (DSG)**

Schools are funded by the Dedicated Schools Grant (DSG) which is initially allocated to the Council by the Department for Education (DfE). The DSG supports all expenditure in schools (who set their own budgets) and the activities that the Council carries out directly for schools. It does not cover the statutory responsibilities the Council has towards parents. These responsibilities are funded through the Councils main revenue funding and included as part of the proposed Budget.

In July 2020, the DfE published provisional allocations for the schools, high needs and central services blocks. Final allocations based on pupil numbers from the October 2020 school census have now been made.

The DfE calculate the Schools Block 2021-22 PUFs and SUFs for each local authority using the July 2020 provisional allocation which is based on the October 2019 census. These are final units of funding for 2021-22 and are not updated at any later point. The PUFs and SUFs are used to allocate schools block funding to local authorities in December 2020, using pupil numbers from the October 2020 census.

The Table below shows how the Somerset PUFs and SUFs have increased over time<sup>1</sup> and in comparison, to the England averages (including and excluding London authorities) and the South West average. It also shows that Somerset continues to move up the ranking for both PUFs and SUFs.

£ Values per pupil	Somerset		England		England (exc LDN)		South West		Ranking	
	PUF	SUF	PUF	SUF	PUF	SUF	PUF	SUF	PUF	SUF
2019/20	3,917	4,909	4,099	5,295	3,990	5,143	3,891	4,990	102/149	140/149
2020/21	4,153	5,164	4,279	5,496	4,179	5,343	4,109	5,201	95/149	129/149
2021/22	4,330	5,341	4,431	5,670	4,336	5,514	4,288	5,369	88/150	127/150
Change 19/20 - 20/21	6.0%	5.2%	4.4%	3.8%	4.7%	3.9%	5.6%	4.2%	7	11
Change 20/21 - 21/22	4.3%	3.4%	3.5%	3.2%	3.8%	3.2%	4.4%	3.2%	7	2

The allocation for Somerset Schools is an increase of £12.7m<sup>2</sup>. The Schools Forum supported the approach to delegation of the Schools Block in line with the National Funding Formula (NFF) at their meeting on the 25<sup>th</sup> November 2020 and will consider the final Individual Schools Budget (ISB) proposal at their meeting on the 13<sup>th</sup> January 2021. The report is attached at Appendix 6.

High needs funding to support children with Special Education Needs and Disabilities (SEND) is increasing by £730m nationally, with an increase in High Needs Block allocation for Somerset of £7.5m<sup>3</sup>. Nationally central schools services funding has increased for ongoing responsibilities but will decrease by 20% for historic commitments.

The Early Years hourly rate for 3-4-year-old entitlement has increased by 6p and by 8p for the 2-year-old entitlement. The total 2021-22 Early Years Block allocation has increased by £0.4m.

With the introduction of the National Funding Formula (NFF) the DSG was ring-fenced for schools from 2018/19 making the LA responsible for the demographic pressures being observed in the SEND / High Needs element of the DSG (although schools can contribute up to 0.5% of the ringfenced sum if agreed by the Schools Forum). However, local authorities cannot contribute to any deficit. The DSG deficit at the end of 2019/20 was £11.1m and this is expected to increase to £16.6m by the end of 2020/21. The Somerset Deficit Management Plan is being updated following the systems response to the COVID-19 emergency and in light of the Written Statement of Action in response to the joint Ofsted and CQC inspection.

Schools reserves transfer with them when they convert to academies, at the end of 2019/20 the level of reserves of maintained schools was £15.3m

<sup>1</sup> Teachers' Pay and Pension element has been removed from the 2021-22 PUFs and SUFs to enable like for like comparison to previous years

<sup>2</sup> Excluding Teachers' Pay and Pensions which is now included in the DSG (previously via separate grant allocation)

<sup>3</sup> Including Teachers' Pay and Pensions and before recoupment and deductions for direct funding of high needs places by the ESFA

## Capital Programme

New capital bids include the following:

**Table 5 – New Capital Bids**

SCC Service Area	Description of Bids/ Projects within each area	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Schools - Primary and Secondary Sector	Basic need provision (places) through new builds or improvements to existing sites. School condition improvements.	6.608	5.954	4.322	<b>16.884</b>
Early Years and Community Services	Basic need provision (places) through new builds or improvements to existing sites. Also, condition improvements.	3.580	0.546		<b>4.126</b>
Schools - SEN and Access	Specialist education provision through new builds or improvements to existing buildings. Also, accessibility improvements to Schools	0.900	1.400		<b>2.300</b>
<b>SCC TOTAL</b>		<b>11.088</b>	<b>7.900</b>	<b>4.322</b>	<b>23.310</b>

### Financed by:

	2021/22 £'m	2022/23 £'m	2023/24 £'m	Total £'m
Borrowing	7.905	7.513	4.151	<b>19.569</b>
Third Party Contributions	0.083	0.387	0.171	<b>0.641</b>
Grants	3.100			<b>3.100</b>
<b>SCC TOTAL</b>	<b>11.088</b>	<b>7.900</b>	<b>4.322</b>	<b>23.310</b>

A summary of the capital bids has been set out below.

### Schools – Primary and Secondary Sector £16.884m

#### Basic Need

The council has a statutory duty to ensure there are a sufficient number of good quality schools places for children in its area. It is recognised that in some parts of Somerset, there is a very real pressure on both primary and secondary school places over the next 5 years. Funding is required in advance of need to ensure that the places are available when the children require them. In order to address these pressures, significant capital investment is required to either expand existing schools or build new ones.

#### Schools Condition Programme

The Council has a statutory duty to ensure sufficient provision of new places. In addition, schools must be maintained in an appropriate condition. This funding is to



ensure school buildings are safe and functional and that their condition does not detract from teaching and learning or lead to unplanned school closures.

## **Early Year and Community Services £4.126m**

### Children's Residential Placements

This proposal has been developed in partnership with the Children's and Adults Commissioning Teams to support their developing strategy for high cost placements for complex, high needs cases. Under the Corporate Landlord Model, Corporate Property are leading on the infrastructure element to support the Service's strategy. The proposal is to purchase several residential properties for short term placements which at present are solely reliant on third party providers.

### Early Years Basic Need

The council has a statutory duty to deliver sufficient, fit for purpose facilities for the delivery of Early Years education and childcare within the county. This bid is for two projects, one within Sedgemoor and the other in South Somerset.

## **Schools – SEN and Access £2.3m**

### Specialist Education Provision in the West Somerset Area

This capital bid relates to the establishment of a specialist education provision base within the West Somerset area for children and young people with special educational needs and disabilities (SEND) where currently no such facilities are available.

### Expansion of the Polden Centre ASC Base, Bridgwater

To expand the specialist education provision at the Polden Centre ASC Base in Bridgwater from 14 places to 24. The centre caters for children and young people with a diagnosis of Autistic Spectrum Condition or significant language and communication needs.

## **4. Consultations undertaken**

- 4.1. Any proposals requiring consultation will not proceed until that consultation has been completed.

## **5. Implications**

- 5.1. Financial implications have been outlined within this report.

## **6. Background papers**

- 6.1. MTFP Report to Cabinet in December 2020

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