

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 introduces the key areas of specific interest within the Medium-Term Financial Plan to the Scrutiny Committee for Children's and Family Services. The attached report was considered by Cabinet on the 20th January and it includes details of the amendments to Children's Services for 2022/23. The Directors and Strategic Finance Managers will attend the Committee to provide assurances around the changes made to budgets and funding for 2022/23. A review of this detail through Scrutiny will be presented as part of the overall challenge and assurance process to Cabinet on the 14th February and Council on the 23rd February in setting the final budget for 2022/23.

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 2022/23 for Children's 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 2022/23 budget were reported to Cabinet in January 2022 and highlighted the difficulties of producing the 2022/23 budget against the backdrop of

the Covid-19 pandemic, uncertain funding, and preparations for Local Government Reorganisation. The full report and Appendices are attached to this report.

4. Children's Services

The draft proposals recognise the importance of Children's Services. The budget makes a further investment of £12.3m; a 13.3% increase on the adjusted budget into this key frontline service.

Table 1: Changes to the Children's Budget

Children's Services	£m	£m
2021/22 Original Budget		96.005
Removal Of Once Off Budgets for 2021/22	(3.211)	
In Year Permanent Virements	(0.063)	
		(3.274)
2021/22 Base Budget		92.731
Additional Funding Requirements:		
Inflation (Contractual and General)	2.227	
Demographic and other Demand Increases	5.683	
Other Funding Requirements	1.895	
Growth	0.014	
Total Additional Funding Requirements		9.819
Pay Award		2.113
Savings Previously Agreed		(1.276)
Prior Year Savings Not Delivered		0.690
New Savings Proposals		(0.816)
Use Of Reserves		1.780
Technical Adjustments		0.007
2022/23 Proposed Base Budget		105.048
Change £m		12.317
Change %		13.28%

Predicting future years demand 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 the budget proposals are robust.

The additional requests for funding are shown in the table below:

Table 2 – Additional Requests for Funding

Description	Type	2022/23 £'m
Increasing Numbers of Children with Complex Needs	Demand/Demography	1.038
Population increase Children Looked After	Demand/Demography	0.391
Population increase Children In Need and Child Protection Plans	Demand/Demography	0.280
Increase in care days	Demand/Demography	1.178
External Placements	Inflation (contractual)	1.128
Fees and Allowances	Inflation (general)	0.150
Direct Payments and Homecare	Inflation (general)	0.035
Section 17 Placements - Children In Need	Demand/Demography	0.411
Section 17 Placements - Children In Need	Inflation (contractual)	0.027
Use of unregulated independent or semi-independent accommodation (under 16) prohibited	Change in legislation	0.225
Children's Social Care		4.863
NEETs, SEND mediation, Adopt South-West and framework memberships	Inflation (contractual)	0.098
Placements Team additional hours	Demand/Demography	0.007
Adopt Southwest increased demand in interagency placements	Demand/Demography	0.014
Adopt South West formula review	Demand/Demography	0.025
Children's Commissioning		0.144
Contribution to school planning and sufficiency capital role to extend breadth of duties	Growth	0.014
Education Partnership and Skills		0.014
Realignment between DSG and LA funding sources that support statutory SEND services	Policy/Financing Change	0.296
Realignment between DSG and LA funding sources that support statutory SEND services for School Improvement	Policy/Financing Change	0.140
Realignment between DSG and LA funding sources that support statutory SEND duties	Policy/Financing Change	0.675
Realignment between DSG and LA funding sources that support statutory SEND services for Children's Commissioning	Policy/Financing Change	0.255

Statutory SEN Team	Demand/Demography	0.655
Additional statutory capacity for Educational Psychology	Demand/Demography	0.193
Additional demand and a need to increase the age range of support from 0-13yrs to 0-16yrs in order to cover full age range	Demand/Demography	0.050
SEND Transport	Demand/Demography	1.130
SEND Transport	Inflation (contractual)	0.299
Home to School Transport	Inflation (contractual)	0.490
Change in demand for home to school transport	Demand/Demography	0.110
New legislation will remove pay seats income on vehicles with over 22 seats	Change in legislation	0.304
Transport for Yr7 and Yr8 pupils from Ilminster to Crewkerne for secondary	Demand/Demography	0.200
Inclusion Services		4.798
Total Additional Requests for Funding		9.819

Inflation includes contractual inflation for existing contracts for Home to School transport and care placements as well as several smaller contracts across Children's Services.

Demographic and other demand changes include projected increased demand for care and school transport.

Other funding requirements are £1.366m for a change in financing of budgets previously funded by the Dedicated Schools Grant and £0.529m for changes in legislation that impact on the use of unregulated placements and paid seats income for school transport.

Transformation, savings, and income generation proposals for 2022/23 include a £0.5m turnover factor in Children's Social Care and £0.3m due to the forecast impact of implementing the Building Local Capacity Programme. The SENDIAS transformation saving of £0.480m is not considered deliverable and has therefore been removed, along with the final year of the Travel Plan saving of £0.210m. These are outlined in the table below:

Table 3 – Transformation, Savings, and Income Proposals

Risk	Title	Description	2022/23 £'m	2023/24 £'m	2024/25 £'m	New/ Existing	Type ¹
Medium	Turnover Factor	Reduction in expenditure due to employee turnover	0.500	0.000	0.000	New	S
High	Family Safeguarding	Family Safeguarding	0.984	0.000	0.000	Existing	T
High	Children's Residential Placements	Children's Residential Placements	0.312	0.156	0.000	Existing/ Amended	T
	Childrens Social Care		1.796	0.156	0.000		
High/ Medium	Pathway to Independence	Hold inflation rate at previous years' level for 1 year	0.300	(0.300)	0.000	New	S
	Childrens Commissioning		0.300	(0.300)	0.000		
Low	Reduction in travel from New Ways of Working	Reduction of 25% of travel and mileage budgets in recognition of new ways of working	0.011	0.000	0.000	New	S
Low	Reduction in travel from New Ways of Working	Reduction of 25% of travel and mileage budgets in recognition of new ways of working	0.005	0.000	0.000	New	S
High	Special Educational Needs and Disability Information, Advice and Support	Special Educational Needs and Disability Information, Advice and Support (unachievable and removed)	(0.240)	0.000	0.000	Existing/ Amended	T
High	Travel Plans	Travel Plans (unachievable and removed)	0.000	0.000	0.000	Existing/ Amended	T
Low	Staffing saving for one year only in 2021/22 this restores the budget in 2022/23)	Reduce staffing budgets for permanent and locum staff through a combination of savings from predicted	(0.470)	0.000	0.000	Existing	S

		recruitment timescales and reduced use of locums where possible. This is a one year saving only					
	Inclusion Services		(0.694)	0.000	0.000		
Total			1.401	(0.144)	0.000		

Use of reserves reflects the removal of the one-off £2.0m investment supporting the work undertaken on the SEND improvement plan and £0.1m PAUSE funding from the prevention fund. Drawdowns of £0.350m to support the Family Safeguarding transformation programme and £0.330m for the school's reorganisation project for the Crewkerne/Ilminster area are also included.

Children's Transformation

The Children's Transformation Programme will broaden to incorporate a wider scope of work than in the previous year, reflecting the emerging need across the service and enabling a coherent approach to a complex programme of work across Children's Services.

The programme will promote excellent outcomes for children and families and is underpinned by four key features:

- Strong partnership working
- Providing the right help at the right time to prevent problems starting and growing
- A strengths-based approach that promotes resilience
- Working with families as a whole

The programme will continue to focus on delivering a whole family, strengths-based, system approach which reduces reliance on statutory services and supports excellent outcomes. Strong partnership and prevention themes run throughout all elements of the programme.

The Family Solutions Somerset model (comprising Family Safeguarding, the Family Drug and Alcohol Court, Pause and Safe Families) continues to embed and develop as we work closely with partners to provide families with the support that they need to improve their resilience, enabling parents to parent safely. Through a strengths-based approach, the model empowers social workers, adult practitioners, and families to work together to improve family outcomes. This prevention model has been increasingly important, in maintaining stable and slightly reducing numbers of children in care, as the impact of the pandemic on family tensions has seen a rise nationally in the number of children coming into care.

¹ Type: Saving (S); Transformation (T); Income Generation (IG)

The Building Local Capacity programme has seen significant developments this year with the appointment of Homes 2 Inspire (part of the Shaw Trust) as our Strategic Partner to deliver children's homes, high needs fostering and therapeutic education. This innovative programme seeks to improve outcomes for our most complex young people through offering a wraparound model of support. Capital investment has been agreed for the purchase of the first children's homes and work will continue over the next twelve months to develop and deliver the service in partnership with Homes 2 Inspire and other key partners including Somerset CCG, Somerset NHS Foundation Trust and in particular with the CAMHS service.

Development and improvement work continues within our Fostering Service which is now aligning with the strengths-based, child-centred approach of the Family Solutions model and to prepare the service for closer collaboration and alignment with the High Needs Fostering provision which will be developed in collaboration with Homes 2 Inspire.

The renewed Early Help Strategy underpins system wide work to develop a coherent, system-wide offer which empowers families and builds strength and resilience in our communities through a strengthened partnership approach.

Work continues with Somerset CCG and partners across education, health, and social care to strengthen SEND services and deliver the Written Statement of Action. In 2022, work will focus on embedding improvements to the way we: work in partnership with families; ensure clear and effective pathways for identifying children and young people with SEND; promote inclusive practice in schools; and strengthen joint commissioning. As the Written Statement of Action approaches completion, there will be a focus on ensuring that improvements have a lasting impact as well as developing a shared understanding of needs and priorities to inform a new SEND strategy.

The Education Partnerships programme of work (incorporating the LA Maintained Schools Model, Communications and Digital project, Crewkerne and Ilminster Reorganisation Project and the development of the Education Strategy) aims to strengthen relationships and partnership working across schools and communities under a new Education Strategy for Somerset - building on the positive foundations which emerged during the pandemic and incorporating action points emerging from the Written Statement of Action Inclusion Inquiry. The programme seeks to establish a sustainable education model for Somerset – improving access and opportunities for all to high quality education and training, reducing inequalities and providing positive, sustainable learning environments.

Common themes running throughout this programme of work include the need to continue to develop a system-wide, partnership and strengths-based approach to improving outcomes for families whilst improving the sustainability of service delivery through prevention.

Key Risks

Demand for Children's Services, especially those with complex needs, continues to increase reflecting - increasing poverty amongst Somerset families, impact of COVID measures on children, and contextual safeguarding issues.

There are a number of grants embedded within the Children's Services budget as follows:

Table 4 – Grants

Grant/Fund	2021/22 £'m	2022/223 £'m	Increase £'m
Supporting Families	0.702	0.734	0.034
Youth Justice	0.513	0.513	0.000
Staying Put	0.219	0.219	0.000
Personal Adviser Duty Implementation	0.074	0.074	0.000
School Improvement	0.513	0.513	0.000

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 2021, the DfE published provisional allocations for the schools, high needs and central services blocks. Final allocations based on pupil numbers from the October 2021 school census have now been made.

The DfE calculate the Schools Block 2022-23 primary units of funding (PUF), and secondary units of funding (SUF) for each local authority using the July 2021 provisional allocation which is based on the October 2020 census. These are final units of funding for 2022-23 and are not updated at any later point. The PUFs and SUFs are used to allocate schools block funding to local authorities in December 2021, using pupil numbers from the October 2021 census.

Table 5 below shows how the Somerset PUFs and SUFs have increased over time² 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.

² Teachers' Pay and Pension element has been removed from the 2021-22 and 2022-23 PUFs and SUFs to enable like for like comparison to previous years

Table 5 – Comparison of PUF and SUF funding over time

£ 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
2022/23	4,495	5,497	4,600	5,940	4,459	5,706	4,391	5,539	71/150	122/150
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
Change 21/22 - 22/23	3.8%	2.9%	3.8%	4.8%	2.8%	3.5%	2.4%	3.2%	17	5

The allocation for Somerset Schools is an increase of £8.4m. 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 17th November 2021 and will consider the final Individual Schools Budget (ISB) proposal at their meeting on the 12th January 2022. The Schools Forum report is attached in an appendix to the Cabinet report.

High needs funding to support children with Special Education Needs and Disabilities (SEND) is receiving an additional grant in 2022-23 of £325m, with an increase in High Needs Block allocation for Somerset of £6.9m. 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 17p and by 21p for the 2-year-old entitlement. The total 2022-23 Early Years Block allocation has decreased by £1.1m.

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 2020/21 was £14.7m and this is expected to increase to £19.7m by the end of 2021/22.

Capital Programme

New capital bids include the following:

Table 6 – New Capital Bids

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

Scheme	New MTFP Request and Profiled Expenditure			
	2022/23	2023/24	2024/25	Total MTFP Bid Request
	£m	£m	£m	£m
Children and Young People				
Children's Residential	0.1	2.4	0.1	2.6
Schools Services	1.8	5.1	0.4	7.3
Total CYP Capital Programme	1.9	7.5	0.5	9.9

Financed by				
Borrowing	0.1	5.2	0.5	5.8
Grants	1.8	2.3		4.1
Total	1.9	7.5	0.5	9.9

Schools – Primary and Secondary Sector £7.3m

Schools Condition Programme - £7.3m

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.

The Department for Education (DfE) provides an annual capital grant to support this activity, usually in the region of £3m. However, there is a major and growing shortfall in funding between the level of need and the grant funding received. To ensure an effective condition programme can be delivered to address the growing backlog of unaddressed high priority items, an additional request has been made for £4.3m of SCC funding based on the need identified in the most recent condition surveys.

Early Years and Community Services £2.6m

Children's Residential Placements - £1.1m

The Council has been successful in securing Department for Education (DfE) match funding to support the previous year's proposal to purchase several residential properties for short term placements which at present are solely reliant on third party providers often at significant distances out of county.

Homes for Children with Disabilities - £1.5m

The standard of accommodation, geographical location and therefore effectiveness of SCC provision as a respite option to meet needs and identified outcomes is mixed and requires a comprehensive review alongside a wider review of how, as a system, Somerset is able to meet the respite needs of our children and young people with complex needs and disabilities requiring specialist care. The responsibility to provide suitable respite and residential accommodation for children with disabilities will not be directly affected by the outcome of the review of the local government structure in Somerset and it is prudent to seek capital funding at this stage in recognition of the investment that will be required to produce better outcomes for the children and their families whilst reducing the cost of maintaining the service.

5. Consultations Undertaken

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

6. Implications

Financial implications have been outlined within this report.

7. Background Papers

- MTFP Report to Cabinet 2021
- MTFP Update Cabinet January 2022

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