

OSC Finance and Performance Updates Finance Information Update

2022/23
Quarter 1

Context

- OSC is tasked with scrutinising the Council's budget
- This session focusses on monitoring of the budget that has been set for Children's Services area, in conjunction with service performance information
- This provides members with an opportunity to understand high level financial performance for the service, and scrutinise how this meets organisational priorities
- Members will want to take a risk based approach, and focus on areas of significant variation from budget
- Embedded document provides further info, including suggested questions members may wish to consider



Microsoft Word
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Summary Revenue position

– Quarter 1



Children's Services is forecasting to spend £68.989m against an approved budget of £64.286m resulting in a projected overspend of £4.703m at Quarter 1.

Description	2022/23 Budget	Q1 Forecast	Q1 Variance
	£000	£000	£000
Safeguarding and Social Care	42,888	45,295	2,408
Prevention and Early Intervention	12,382	14,554	2,172
Director of Children Services	2,496	2,566	70
Schools and Learning	3,183	3,107	(76)
Commissioning	3,337	3,466	129
Total	64,286	68,989	4,703

Summary Revenue position – Quarter 1



£2.408m Safeguarding and Social Care pressure

- Over the last eighteen months our rate of referrals have remained above average and they are currently 24% higher than at the end of March 2022. This is resulting in an increase in social child protection work activity. The service also has more children in need where the primary need is ‘families in acute stress’ –the proportion of children with this need has risen from 18% in 20/21 to 30% over the last six months.
- The key actions are in place to address budget pressures include delivering the existing MTFs savings and stretching targets to achieve more wherever possible.

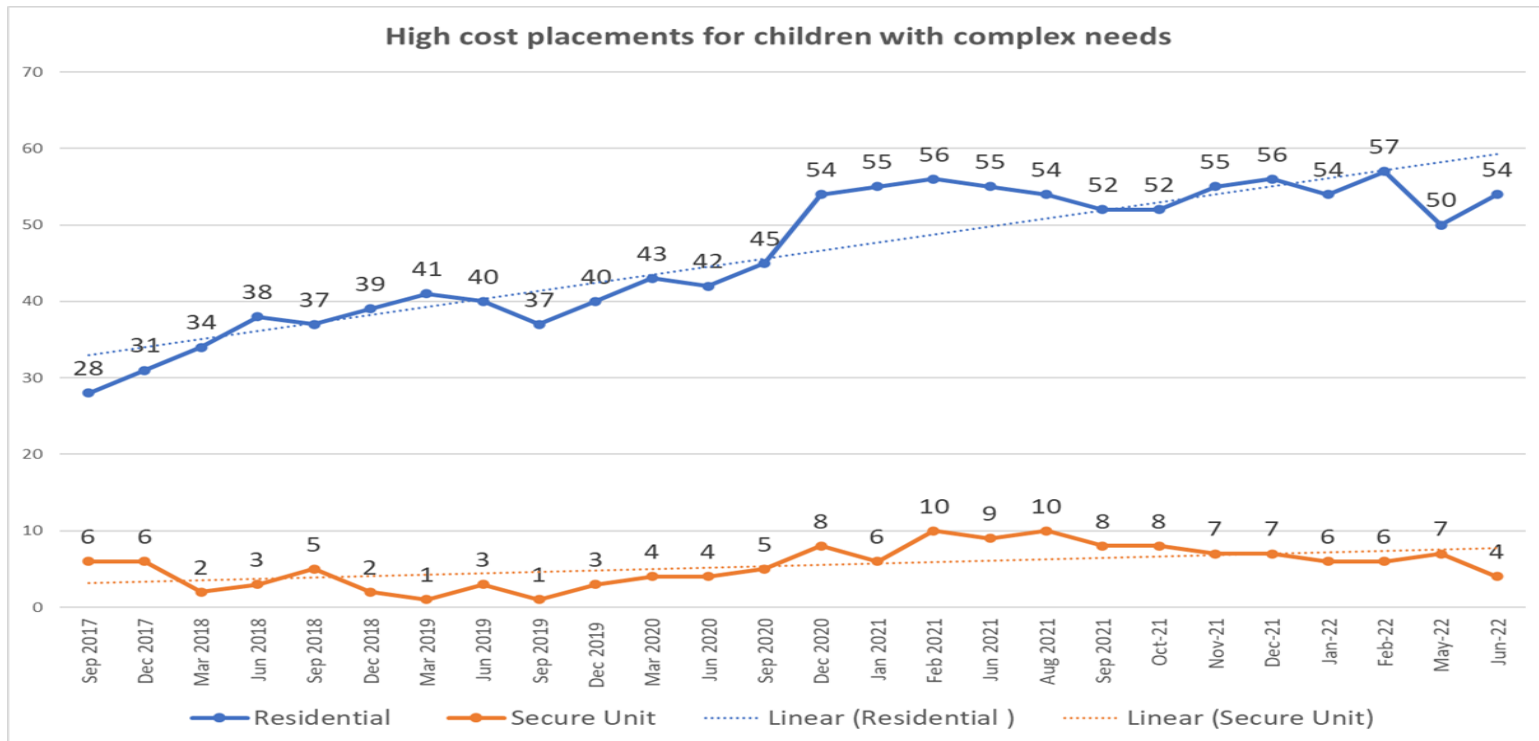
£2.172m Early Help and Prevention service pressure

- There is a £2m pressure in the SEN transport service where we are seeing significant rises in fuel costs and inflationary pressures and more children eligible for transport.
- There is a pressure in children’s centres (£0.2m) which is as a result of increasing energy, food and supplies costs and insufficient funding for children entitled to free places.

Financial Pressures

Safeguarding and Social Care

The children in care numbers remain stable at around 380-400. As a result of our MTFS actions in relation to supporting children to move safely from high need residential placements to family placements we have seen children in residential placements fall slightly. However we are seeing a rise in the number of young people in semi-independent provision (by 6 compared to this time last year) which is contributing to some of the pressure in the placements budget.



Work with commissioning is ongoing to mitigate the rising costs of placements which reflects a national supply and demand issue. Our focus includes developing relationships with new providers and working to increase the capacity in the placements team to secure and negotiate placements at the best possible price.

Financial Pressures

Early Help and Prevention

SEN transport are showing a forecasted £2m overspend in 2022/23. We continue to see a 7% demand growth in children needing Education Health and Care plans and therefore numbers eligible for transport rise too.

Significant rise in fuel costs has brought additional pressures to the newly procured transport routes for September.

A number of actions in place to mitigate the rising pressures include:

- ✓ New Route Mapping software to ensure the routes are as efficient as possible.
- ✓ Developing more in-borough special school placements to meet more demand locally and reduce significant transport costs associated with out of borough placements
- ✓ Ensuring travel budgets are processed efficiently and ensuring payments are only made for days that school is attended;
- ✓ Providing support to young people to ensure that more are able to become independent travellers;
- ✓ Reviewing payments to schools/placements who provide transport directly;
- ✓ Reviewing our spend on transport for children looked after, especially those who are placed in homes out of borough.
- ✓ Exploring shared commissioning with neighbouring authorities

Quarter 1 : MTFS savings tracker

At Quarter 1 the £1.6m savings forecast is expected to be fully achieved.

MTFS Savings Ref	Saving proposal	2021-22 Undelivered	2022/23 £'000s	Total £'000	2022/23 Projected Full Year Savings £'000s	2022/23 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2022/23 Saving)
People - Children's Services							
PC2	Reduce operational costs	0	250	250	250	0	Green
PC3	Reduce the costs of placements	0	90	90	90	0	Green
20/25-PE03	Invest to Save - Edge of Care	(223)	193	(30)	(30)	0	Green
20/25-PE06	Invest to Save - Pause Project	(5)	501	496	496	0	Green
20/25-PE08	Invest to Save - Foster Carer Room Extension	55	151	206	206	0	Green
20/25-PE10	Reducing placement costs through effective management of the market		100	100	100	0	Green
20/25-PE13	Review of spend on transport and taxis		75	75	75	0	Green
CH102	Maya Angelou Assessment and Contact Centre Traded Service	72	50	122	122	0	Green
Total: Children's Services		(18)	1,679	1,661	1,661	0	

Financial Performance for DSG

The 2021/22 outturn position for Dedicated Schools Grant (DSG) showed an accumulated deficit of £20.5m.

- The cumulative deficit is solely within the High Needs Block with a £21.6m Cumulative deficit by the end of 2021/22
- The surplus on the Early Years block is represented by late-notice additional grant of £0.9m for 2020/21 and £0.2m for 2021/22

Blocks	Opening DSG deficit at 01/04/22	Budget	Outturn 2021/22	Outturn Variance 2021/22	Closing deficit at 31/03/22
	£m	£m	£m	£m	£m
Schools Block	-	136.3	136.3	-	-
Central Block	-	2.9	2.9	-	-
High Needs Block	17.0	43.4	48.0	4.6	21.6
Early Years Block	-	19.6	18.7	- 1.1	- 1.1
Total	17.0	202.2	205.9	3.5	20.5

Financial Performance for DSG

As at Quarter 1 2022/23 the forecast DSG deficit is forecasted to increase by £3.8m to £25.4m.

The use of the £1.1m Early Years Block surplus is to be agreed

Blocks	Opening DSG deficit at 01/04/21	Q1 2022/23 Forecast outturn variance	Drawdown request	Q1 Forecast deficit at 31/03/23
	£m	£m	£m	£m
Schools Block	0	0	0	0
Central Block	0	0	0	0
High Needs Block	21.6	3.8	0	25.4
Early Years Block	-1.1	0	tbc	-1.1
Total	20.5	3.8	0	24.3

Financial Performance for DSG

- The DSG is forecasting being £3.8m overspent for 2022/23. The overspend is forecasted solely within the High Needs Block.
- The main driver for the pressure in the High Needs block remains the increasing number of Education, Health and Care Plans (EHCP) in recent years. Approximately 25% of our children who are looked after have an EHCP. Where we have children who are looked after with an EHCP and who require an out of borough placements e.g. specialist residential, the social cost is higher than in borough.
- The DSG reserve is ringfenced and currently sits outside the council's general fund reserves.

Capital Projects

The quarter one forecast outturn is showing an underspend variance of £1.9m against budget. This is largely due to £1.8m anticipated slippage and delays in works being carried out within the Pendarren House project budget. There are other variances within the major capital works on both Primary and Secondary School Modifications & Enhancements budgets.

Children's Services 2022/23 capital programme plan of £40.2m is forecast to spend £38.3m, 95% delivery.

SCHEME REF	SCHEME NAME	22/23 Full year Revised Budget (£'000)	22/23 Qtr.1 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)
101	Primary Sch - repairs & maintenance	6,238	4,984	(1,254)
102	Primary Sch - mod & enhance (Inc SEN)	23,884	23,875	(9)
103	Primary Sch - new places	0	21	21
109	Youth Services	75	0	(75)
110	Devolved Sch Capital	531	531	0
114	Secondary Sch - mod & enhance (Inc SEN)	3,456	5,380	1,924
117	Children Safeguarding & Social Care	26	26	0
118	Special Educational Needs Fund (New Provision)	1,024	1,024	0
121	Pendarren House	2,684	911	(1,773)
122	Alternative Provision Strategy	600	0	(600)
123	Wood Green Youth Hub	1,050	1,019	(31)
124	In-Borough Residential Care Facility	500	500	0
199	P1 Other (inc Con't & Social care)	125	7	(118)
Children's Services		40,193	38,278	(1,915)