

**Meeting date:** 26<sup>th</sup> September 2018  
**Report to:** Cabinet Portfolio Holder for Children,  
Education & Skills



**Subject/report title:** REVENUE AND CAPITAL MONITORING 2018/19 AS AT 31<sup>st</sup> JULY 2018

**Report from:** Report of Director of Children's Services & Skills and Director of Resources and Deputy Chief Executive

**Report author/lead contact officer:** Stuart McHale (Children's Services & Skills Finance Team)  
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**Wards affected:**

- All Wards |  Bickenhill |  Blythe |  Castle Bromwich |  Chelmsley Wood |  
 Dorridge/Hockley Heath |  Elmdon |  Kingshurst/Fordbridge |  Knowle |  
 Lyndon |  Meriden |  Olton |  Shirley East |  Shirley South |  
 Shirley West |  Silhill |  Smith's Wood |  St Alphege

**Public/private report:** Public

**Exempt by virtue of paragraph:** N/A

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**1. Purpose of Report**

- 1.1 To inform the Cabinet Member of the Portfolio's latest forecast financial position as at the 31<sup>st</sup> July 2018.

**2. Decision(s) recommended**

- 2.1 Note the current financial position for the Portfolio.  
2.2 Note the current actions being taken to address the budget position and determine whether any further actions are required.

**3. What is the issue?**

- 3.1 Financial monitoring is carried out throughout the year by individual budget holders. Key income and expenditure risk areas are monitored monthly by Financial Operations. Identified financial risks are discussed with Heads of Service and significant risks are reported monthly to Directorate Leadership Teams (DLTs) and the Corporate Leadership Team (CLT) to ensure that net expenditure is managed within approved budgets.  
3.2 The revenue and capital financial position, the savings position for 2018/19 to 2020/21, the reserves position and narrative commentary on the key variances are

outlined in the attached Appendices.

### **Revenue Budget 2018/19 – Core Authority Functions**

- 3.3 There is a forecast adverse variance of £1.561 million against a budget of £31.602 million. Additional funding has been received of £1.400 million to offset pressures against Children’s Placements and Home to School Transport. This currently still leaves a forecast £161,000 adverse variance. The key variances are set out below.

#### **Children’s Placements (Non-UASC) – £1.654 million adverse variance forecast**

- 3.4 In 2017/18 the Children’s Placements outturn was a £1.687 million adverse variance. A gross adverse variance of £1.831 million is expected this year, offset by £177,000 one-off funding for prior years from Health for one client, giving a net adverse variance of £1.654 million. These are the key factors:

- Local Looked after Children (LAC) numbers have increased significantly from 289 at the end of March 2015 to 354 at the end of March 2018. LAC numbers remain high with the Local LAC cohort at 357 at 31/07/2018.
- We have also seen a change in the proportion of lower cost internal foster compared to higher cost external foster – with growth in numbers supported with external placements.
- The total numbers of children in expensive placements has reduced since 2017/18. However, we have seen a growth in complex cases for those children with exceptional needs in residential care. We currently have 22 complex placements costing Social Care over £3.2m.

- 3.5 However, there is no evidence that we take children into care whom we shouldn’t. Ofsted’s findings concur with this. We also currently do well with our adoptions and other court orders that bring a positive end to a child being LAC. Furthermore, we also compare favourably on the costs of provision when compared to our benchmark group. Both regionally and nationally, there is also very clear evidence that other local authorities have similar spending pressures.

#### **Unaccompanied Asylum Seeking Children (UASC) – net adverse variance of £0.000 million**

- 3.6 Solihull remains a significant outlier compared to most other Local Authorities in terms of the UASC numbers we support.
- 3.7 The gross forecast current adverse variance is £850,000 which falls to £417,000 in year after use of the remaining £130,000 reserves and £303,000 one-off Home Office UASC Capacity Building Grant. UASC funding is complicated and for this year and beyond current funding levels will be insufficient to cover costs. The Council will need to negotiate additional grant funding from the Home Office for the 2018/19 £417,000 forecast shortfall.
- 3.8 For the following two financial years the gross position of an £850,000 adverse variance is likely to continue. However, the reserves will have been exhausted.

Additionally, there is no current indication from the Home Office that the one-off grant funding (which we carried forward from 2017/18) will be repeated. This will leave a greater reliance on Home Office negotiations to offset the pressure.

- 3.9 In each of the three years including the current financial year, there is a financial risk to the Council in the event that the Home Office do not fully reimburse the Council for its UASC related expenditure.

#### **Special Educational Needs Transport – £1.068 million adverse variance forecast**

- 3.10 In 2017/18 spend was £2.515 million. 2018/19 spend is forecast at £2.722 million, giving an adverse of £1.068 million compared to budget resulting from demand against a reducing budget. Savings have been made over the last couple of years in a number of areas and essentially all policy change options have been exhausted.

#### **0 to 25 SEND net variance of £0.355 million**

- 3.11 This reflects the need to support an increase in the number of cases in the Disability Service alongside the need to support the new Education Health and Care Planning process.

#### **Summary**

- 3.12 Current actions to reduce the costs in the above pressure areas are a key focus. But we are also reviewing in detail all other budgets within the Directorate. Further details are set out in section 4 below.
- 3.13 In addition, the Directorate is the subject of an internal finance review led by senior finance officers. The key aims of this are:
- To confirm that Childrens Services and Skills Directorate finances are being managed robustly;
  - If improvements are required, to confirm the extent to which they will materially improve the overall financial position for the Directorate;
  - Whether, based on a scenario analysis, the funding being made available through the current MTFs (including the additional Business Rates funding) is likely to be sufficient.
- 3.14 In addition, a Children's Services Improvement Group has been established (along with an Improvement Plan) which reports to Senior Members and Officers.

#### **Revenue Budget 2018/19 – Dedicated Schools Grant (DSG)**

- 3.15 In 2017/18, the DSG outturn was an adverse variance of £641,000 which has been carried forward to 2018/19. This, and other in year pressures within the High Needs Block, means that there is currently a forecast adverse variance of £1.579 million. Details are shown at Appendix B, including the latest reserves position.

#### **Capital Budget 2018/19**

- 3.16 The latest approved capital programme for this portfolio for 2018/19 is £11.064

million. The current forecast is a favourable variance of (£965,000). Details are shown at Appendix A, Section 4.

### **Three year financial position against the latest Medium Term Financial Strategy (MTFS) 2018/19 to 2020/21**

- 3.17 The latest three year budget position was approved as part of the overall MTFS by Full Council on the 1st March 2018. In addition, on the 21st June 2018 as part of the 2017/18 Final Accounts report, Full Cabinet approved a number of one-off funding allocations to a number of portfolio budgets over the MTFS period with the agreement that the ongoing funding implications beyond this period would be established through the normal MTFS process for 2021/22 and beyond.
- 3.18 In order to keep a 'live' picture of the Cabinet portfolio's financial position each Cabinet portfolio holder will, as part of their individual financial monitoring reports receive a schedule of any emerging portfolio pressures and proposed mitigations against the latest MTFS period 2018/19 to 2020/21. These schedules were first presented as part of the 2018/19 budget process to the Budget Strategy Group and went on to form part of the budget papers for Full Cabinet.
- 3.19 These schedules will then inform the starting point of the budget discussions for the new MTFS 2019/20 to 2021/22 for the Budget Strategy Group. This portfolio's pressures and mitigations schedule and the associated narrative detail are set out at Appendix C.

### **Budget Strategy Savings 2018/19 to 2020/21**

- 3.20 The 2018/19 budget includes savings of £1.510 million in line with the current medium term financial strategy. The latest position shows that 56% are RAG rated as Green, and 44% are Red.
- 3.21 For the current three year strategy, 2018/19 to 2020/21, the total savings target is £3.950 million. The latest position shows that 31% are RAG rated as Green, and 69% are Red.
- 3.22 Details are shown at Appendix A, Section 3.

## **4. What options have been considered and what is the evidence telling us about them?**

### **Children's Placements (Non-UASC)**

- 4.1 There clearly remains the need to get costs and numbers down. There are a number of key strategies that will support this delivery but also while improving outcomes for children. These include:
- Investment in a new Edge of Care Service (invest to save)
  - Exploring new commissioning models for children with high end needs including:
    - Intensive Fostering – a proposal to work with the Independent Fostering sector to develop a scheme to cater for young people with more demanding needs but

to prevent placement in expensive residential care

- Development of a new output driven Internal Fostering model

In addition, in terms of cost control, all placements likely to cost over £100k per annum require Assistant Director approval. The Directorate Leadership Team also reviews monthly our top 30 most expensive placements case by case.

### **Special Educational Needs Transport**

4.2 The key issue here remains demand. With pressures on our internal placements, transport to provision outside of the Borough remains problematic but we also transport within the Borough so this too needs addressing. There are a number of actions underway:

- With the Head of Alternative Provision, we are reviewing our internal capacity;
- Through DFE grant, we've commissioned a detailed sufficiency assessment of all our SEN related provision. The results from that are included in separate report on the Agenda which sets out our Commissioning Strategy for SEND;
- We are developing a bid to the DFE for a new specialist autism school.

4.3 These actions also have a direct link to the pressures set out above with the High Needs Block so we are also working with the Solihull Schools Forum on these initiatives.

### **UASC**

4.4 Work is underway to submit a business case to the Home Office for additional funding. The Director for Resources and Deputy Chief Executive will lead the negotiations with the Home Office.

### **0 to 25 SEND (Special Educational Need and Disability)**

4.5 As part of the new SEND Service business cases are being developed for the operational aspects of this service for the Disability Team, Assessment Review Team and Educational Psychology.

## **5. Reasons for recommending preferred option**

5.1 N/A

## **6. Implications and Considerations**

6.1 Delivery of the Council's priorities:

How will the options/proposals in this report contribute to the delivery of Council Priorities (*select which priority/priorities and also specify which key programme/s*):

- Improve Health and Wellbeing -

- Managed Growth -
- Build Stronger Communities -
- Deliver Value -

6.2 Implications for children and young people, vulnerable groups and particular communities:

6.2.1 None as a direct result of this report.

6.3 Consultation and Scrutiny:

6.3.1 N/A

6.4 Financial implications:

6.4.1 These are set out at section 3 above.

6.5 Legal implications:

6.5.1 None

6.6 Risk implications:

6.6.1 The budget monitoring report takes account of forecast variances. The key risks are set out in section 3 above, relating to Children's Placements, Home to School Transport, UASC and SEND. In addition there may be pressures which are currently being monitored and managed by budget managers which could affect the final outturn position for 2018/19.

6.7 Statutory Equality Duty:

6.7.1 None

## **7. List of appendices referred to**

7.1 Appendix A – Children, Education and Skills Portfolio 2018/19 Position Period 4 (July 2018).

7.2 Appendix B – Dedicated Schools Grant 2018/19 Position Period 4 (July 2018).

7.3 Appendix C - Underlying pressures and mitigating action - Children Services and Skills.

## **8. Background papers used to compile this report**

8.1 None

## **9. List of other relevant documents**

9.1 None