

**Open Report on behalf of Debbie Barnes, Executive Director of Children's Services**

Report to:	<b>Children and Young People Scrutiny Committee</b>
Date:	<b>20 January 2017</b>
Subject:	<b>Revenue Budget Proposals 2017/18</b>

**Summary:**

This report describes the budget proposals arising from the Provisional Local Government Settlement, announced on 17 December 2016 and the implications for the following Commissioning Strategies:

- Readiness for School;
- Learn & Achieve;
- Readiness for Adult Life; and
- Children are Safe & Healthy.

The budget proposals are now open to consultation. Members of this Committee have the opportunity to scrutinise them and make comment, prior to the Executive meeting on 7 February 2017.

**Actions Required:**

The Children and Young People Scrutiny Committee is asked to consider this report about the budget changes proposed for the Commissioning Strategies - Readiness for School; Learn & Achieve; Readiness for Adult Life; and Children are Safe & Healthy.

Members of the Committee are invited to make comments on the budget proposals. These will be considered by the Executive at its meeting on 7 February 2017.

## **1. Background**

1.1 The Executive is currently consulting on a one year financial plan for revenue and capital budgets. For the third year running the Council is only able to set a one year budget. This is due to the continued significant reductions in government funding, growing cost pressures from demand led services such as adult and children's social care, waste disposal and the Council's responsibility to pay staff and contractors the National Living Wage. These pressures mean the Council does not consider it practicable, at present, to develop sustainable long term financial plans beyond the next twelve months.

1.2 In developing its financial plan the Council has considered all areas of current spending, levels of income and council tax and use of one off funding (including use of reserves and capital receipts) to set a balanced budget. The budget proposals take a mixed approach to meeting the current challenges of reduced levels of local government funding. Savings identified from service and corporate budgets, plus a proposed increase in Council Tax, the use of reserves and the use of capital receipts to fund the cost of transformation will be used to set a balanced budget for 2017/18. During the next twelve months the Council will need to explore further opportunities to bridge the gap between the funding available and levels of expenditure.

1.3 At its meeting on 20 December 2016, the Executive agreed proposals for the Council's revenue and capital budgets, and Council Tax level for 2017/18 to be put forward as a basis for consultation.

1.4 The Commissioning Strategies reporting to the Children and Young People Scrutiny Committee and their associated activities are:

#### Readiness for School

1.5 The vast majority of our youngest children have access to a wide range of good or outstanding pre-school learning opportunities, which provides high quality early education to help children to develop the skills needed to interact confidently with their peers and adults. Children Centres are an essential element of our early help offer which supports parents in the challenging but rewarding job of bringing up their children. Children Centres provide access to health services as well as parenting advice and guidance and support parents in their own aspirations back into education or employment. All this supports children's readiness for school.

1.6 Services include:

- Children Centre activities covering 21 centres over 48 sites; and
- Supports early education and child care (disadvantaged 2 year olds, universal 3 & 4 year olds entitlement – funded through the Dedicated Schools Grant).

#### Learn & Achieve

1.7 As children progress through their primary years and into secondary, they develop further as independent learners. Through education, they explore their own creativity and express their own ideas and thinking, drawing on their individual talents. Well supported and skilfully challenged students will excel in their chosen subjects and core curriculum. It is important that at every stage of learning and development, parents are provided with meaningful information and guidance to help them support their child's learning, development and achievement of full potential.

However, we know that children who live in poverty, children who are looked after and other vulnerable groups do not do as well in education as their peers and the data indicates that they under perform. As education is an important pathway out of

poverty, it is right that we focus our efforts on ensuring all children have access to the same life chances.

1.8 Services include:

- School Support Services (e.g. promoting attendance at school / integration team who support children who are excluded, music service, governor support);
- School Improvement;
- Capacity to facilitate the completion of Education, Health and Care Plans / Statementing process plus associated interventions;
- Home to school / college transport; and
- Children with a disability service.

### Readiness for Adult Life

1.9 There is a need for an increasingly stronger link between education providers, local business and industry. Information about the current and anticipated local and regional economies needs to be used to fire young people's imaginations and support them in planning for their futures so they can be prepared and ready for adult life and independence where possible. There is a need to ensure that all young people especially the most vulnerable are supported to make positive and healthy life decisions. However, as funding is reduced, we need to find alternative ways to prepare young people for adulthood and independence.

1.10 Services include:

- Positive activities for young people;
- Supported accommodation / lodgings;
- Secure accommodation, and youth offending service (transferred from Protecting the Public commissioning strategy); and
- Leaving Care.

### Children are Safe & Healthy

1.11 All children deserve the chance to grow up in a loving, secure family and our services aim to support parents and carers to improve children's lives. Safeguarding is everyone's business: universal services such as schools, health and childcare providing information and advice, so they enjoy good physical and mental health; live a healthy lifestyle working in partnership with targeted services, and specialist services to support parents, children and young people requiring additional support. Some children will always require extra help because of the disadvantages they face. The key is to ensure children and families receive services at the first onset of problems through strong preventive services.

1.12 Services include:

- Child protection (contract, referral, assessment and family support);
- Looked after Children;
- Fostering and adoption;

- Residential homes;
- Child and Adolescent Mental Health Service (through a Section 75);
- School Nursing; and
- Targeted support for young people at risk of sexual exploitation.

## **Revenue Budget Proposals**

### **Readiness for School**

1.13 Table A below sets out the revenue budget proposals for the next financial year:

**Table A – Proposed Revenue Budget – Readiness for School**

<b>Change of Previous Year</b>	<b>£'000</b>
<b>Revised Original Budget</b>	<b>5,372</b>
Pay Inflation	0
Cost Pressures	0
Transfers	-28
Savings	-611
<b>Proposed Budget 2017/18</b>	<b>4,733</b>
Percentage Change	-11.9%

1.14 There is a reduction in the employers pension contribution rate from 19.8% to 16.4%, removing costs from service budgets (£0.028m). This reduction in rate has been offset by an increase in the monetary sum payment made annually by the Council into the pension fund.

1.15 Readiness for School strategy is proposing to make savings of £0.611m (or 11.37% of the 2016/17 budget) in 2017/18. The reduction is proposed through a new model of delivery based on commissioning a single Early Years service. This model will combine elements of the current Locality services and Early Years activities in Children Centre Communities.

## Learn & Achieve

1.16 Table B below sets out the revenue budget proposals for the next financial year:

Table B – Proposed Revenue Budget – Learn & Achieve

<b>Change of Previous Year</b>	<b>£'000</b>
<b>Revised Original Budget</b>	<b>33,071</b>
Pay Inflation	119
Cost Pressures	190
Transfers	-169
Savings	-1,283
<b>Proposed Budget 2017/18</b>	<b>31,928</b>
Percentage Change	-3.5%

1.17 The above proposals include a 1.0% allocation for pay inflation (£0.119m) for next year. There is also a reduction in the employers pension contribution rate from 19.8% to 16.4%, removing costs from service budgets (£0.169m). This reduction in rate has been offset by an increase in the monetary sum payment made annually by the Council into the pension fund.

1.18 Learn and Achieve strategy is proposing to make savings of £1.283m (or 3.89% of the 2016/17 budget) in 2017/18.

1.19 Within the area of Special Educational Needs and Disabilities base budget reductions of £0.640m and £0.145m (26.46% of the 2016/17 budget) are proposed from identifying funding available from other Government funding sources to sustain the current level of permanent provision.

1.20 For Home to School / College Transport a saving of £0.081m (full year effect) (0.34% of the 2016/17 budget) will be realised in 2017/18 from the 2016/17 budget decision to end the additional transport provision provided for the University Technology College (from September 2016), and to provide the same offering as all other non-selective schools in Lincolnshire in line with current policy.

1.21 A cost pressure of £0.190m is proposed that has materialised from the additional school transport costs associated with the closure of the Mablethorpe school site for Monks Dyke Technology College. The Home to School / College Transport is a challenging and volatile budget with unfavourable economic conditions (e.g. living wage, legislation changes etc.) including the impact of school reorganisations, and therefore remains a financial risk to the Council.

1.22 For the School Improvement service a reduction of £0.417m (25.71% of the 2016/17 budget) is planned for (full year effect of the 2016/17 budget decision) following the implementation of a sector-led approach to school improvement. This

reduction coincided with the Government changes to the Education Support Grant which the School Improvement service was funded from.

### Readiness for Adult Life

1.23 Table C below sets out the revenue budget proposals for the next financial year:

Table C – Proposed Revenue Budget – Readiness for Adult Life

<b>Change of Previous Year</b>	<b>£'000</b>
<b>Revised Original Budget</b>	<b>4,946</b>
Pay Inflation	58
Cost Pressures	0
Transfers	-106
Savings	-605
<b>Proposed Budget 2017/18</b>	<b>4,293</b>
Percentage Change	-13.2%

1.24 The above proposals include a 1.0% allocation for pay inflation (£0.058m) for next year. There is also a reduction in the employers pension contribution rate from 19.8% to 16.4%, removing costs from service budgets (£0.106m). This reduction in rate has been offset by an increase in the monetary sum payment made annually by the Council into the pension fund.

1.25 Readiness for Adult Life strategy is proposing to make savings of £0.605m (or 12.23% of the 2016/17 budget) in 2017/18. The proposed reduction of £0.605m (93.28% of the 2016/17 budget) provides the full year effect of the cost savings from the 2016/17 budget decision to decommission part of the service whilst retaining some capacity for tracking young people to fulfil the Local Authority's duty to track 16-17 year olds. The schools traded services of supporting attendance and careers guidance has ended.

## Children are Safe & Healthy

1.26 Table D below sets out the revenue budget proposals for the next financial year:

Table D – Proposed Revenue Budget – Children are Safe & Healthy

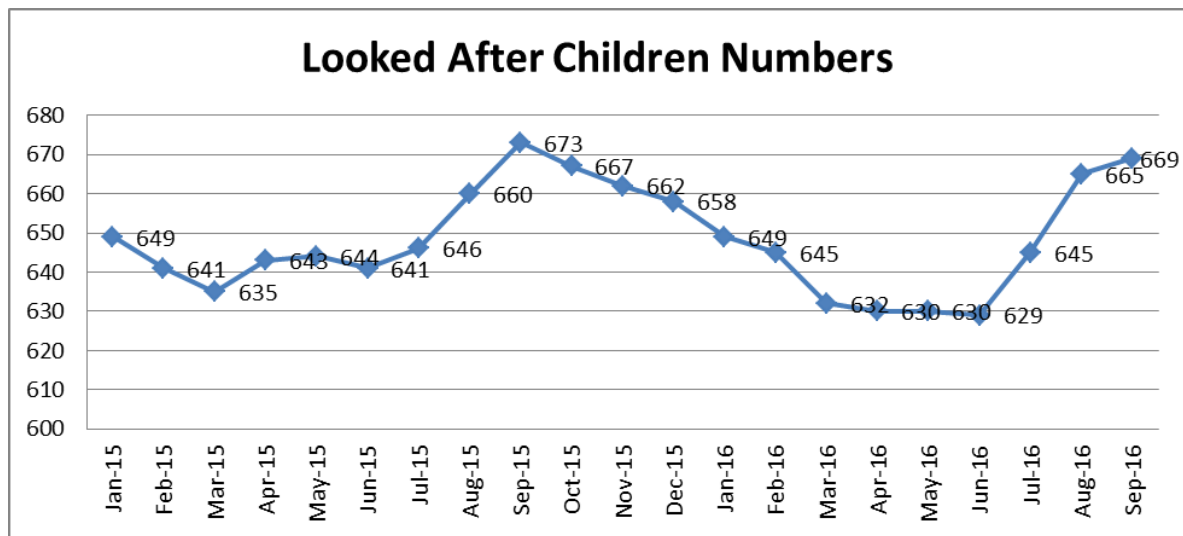
<b>Change of Previous Year</b>	<b>£'000</b>
<b>Revised Original Budget</b>	<b>61,774</b>
Pay Inflation	312
Cost Pressures	3,064
Transfers	-751
Savings	-568
<b>Proposed Budget 2017/18</b>	<b>63,831</b>
Percentage Change	3.3%

1.27 The above proposals include a 1.0% allocation for pay inflation (£0.312m) for next year. There is also a reduction in the employers pension contribution rate from 19.8% to 16.4%, removing costs from service budgets (£0.751m). This reduction in rate has been offset by an increase in the monetary sum payment made annually by the Council into the pension fund.

1.28 Children are Safe and Healthy strategy is proposing to make savings of £0.568m (or 0.92% of the 2016/17 budget) in 2017/18 following a review of its service delivery model and commissioning intentions. Planned reductions of £0.218m (1.36% of front line 2016/17 budgets) (full year effect of the 2016/17 budget decision) relate to the integration of family support capacity implemented in 2016/17 (early help offer). The insourced family action contract and integration of the troubled families programme has created greater synergies within the service. A further reduction of £0.350m (100% of the 2016/17 budget) relates to the proposed decommissioning of the Family Nurse Partnership service.

1.29 A number of cost pressures exist within children's social care where the Local Authority has a statutory duty to protect children and take action when thresholds are met. Financial shortfalls have been identified for the current and future year based on the growth trends on the number of looked after children placements and special guardianships orders. Nationally demand levels are increasing too. The permanent cost pressure proposed for 2017/18 is £1.882m. Chart A provides a summary of the looked after children numbers for 2015 to 2016.

**Chart A – Looked After Children Numbers**



1.30 Table E below sets out the placement types for looked after children and placements with associated children and young people numbers:

**Table E – Looked After Children and Placement Numbers**

	2011/12	2012/13	2013/14	2014/15	2015/16	Oct-16
Out of County Residential Placements	12	12	13	20	19	25
Out of County Fostering Placements	4	12	18	28	37	28
Foster Placements	360	387	376	380	373	421
Regulation 24 Placements	38	28	71	93	104	110
Special Guardianship Order Placements	62	92	139	175	275	318

1.31 Social care staffing are required to respond to the increase in the number of referrals (5% or 190 rise in the last year) in children in need and in care. In addition, cases coming into social care are become even more complex. The social care staffing cost pressure proposed for 2017/18 is £0.582m.

1.32 A further proposed cost pressure of £0.6m relates to the Local Authority's legal duty to provide supported accommodation for homeless 16-17 year olds and care leavers. The complexity of individuals and an increase in demand has contributed to this. The Local Authority is exploring options of meeting these growing demands more cost effectively.

### **Capital Programme**

1.33 The gross programme is set at £332.816m from 2017/18 onwards, with grants and contributions of £181.313m giving a net programme of £151.503m to be funded by the County Council.

1.34 For Lincolnshire schools, Children's Services manage and maintain a comprehensive annual capital programme of individual school projects which is overseen by the Children's Services Capital Programme Board. The service has requested that all capital funding made available by the DfE for schools is passed on to Children's Services to enable it to manage critical issues, for example, Lincolnshire's statutory duty for school place planning.

### **Other Consultations**

1.35 In addition to the review of budget proposals by Scrutiny Committees further scrutiny and consultation includes:

- All other Council Scrutiny Committees will have the opportunity to scrutinise budget proposals in detail during January;
- Budget proposals have been publicised on the Council's website together with the opportunity for the public to comment; and
- A consultation meeting with local business representatives, trade unions and other partners will take place on 27 January 2017.

1.36 Consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 7 February 2017.

## **2. Conclusion**

2.1 These budget proposals reflect the level of government funding available to the Council and the proposal to increase Council Tax in 2017/18 by 1.95%, plus 2.00% for the Adult Care precept. They are based on a thorough and comprehensive review of the Council's services. The budget proposals therefore aim to reflect the Council's priorities whilst operating with the resources available to it.

## **3. Consultation**

### **a) Have Risks and Impact Analysis been carried out?**

No

### **b) Risks and Impact Analysis**

An Equality Impact Assessment will be completed for the proposed increase in Council Tax. This will be reported to the Executive at its meeting on 7 February 2017.

Further Risk and Impact Assessments will need to be undertaken on a service by service basis.

#### 4. Background Papers

Document title	Where the document can be viewed
Council Budget 2017/18 - Executive Report 20 December 2016	Democratic Services, County Offices, Newland, Lincoln

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