

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

Report to:	Children and Young People Scrutiny Committee
Date:	19 January 2018
Subject:	Revenue Budget Proposals 2018/19 and 2019/20

Summary:

This report describes the budget proposals for the next two financial years based on the four year funding deal announced by Government as part of the 2018/19 Local Government Finance Settlement. This report specifically looks at the budget 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 6 February 2018.

Actions Required:

The Children and Young People Scrutiny Committee is asked to consider this report and members of the committee are invited to make comments on the budget proposals. These will be considered by the Executive at its meeting on 6 February 2018.

1. Background

1.1 The Executive are currently consulting on a two year financial plan for revenue and capital budgets to take the Council to the end of the four year funding deal from Government. This is the first time in four years the Council has been able to develop budget plans for more than the next financial year. The Council continues to face 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. Uncertainty around Government funding beyond the four year funding deal (which runs from 2016/17 to 2019/20) means the Council doesn't consider it practicable, at present, to develop sustainable long term financial plans into the next decade.

1.2 In developing its two year financial plan the Council has considered all areas of current spending, levels of income and council tax plus use of one off funding (including use of reserves and capital receipts) to set a balanced budget. All areas of service expenditure have been reviewed to identify cost pressures which must be funded and savings which can be made, through efficiencies and by reducing the level of service provided.

1.3 At its meeting on 19 December 2017 the Executive agreed proposals for the Council's revenue and capital budgets, and Council Tax level for 2018/19 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 early years block of 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, music service, governor support);
- School Improvement;
- Capacity to facilitate the completion of Education, Health and Care Plans / Statementing process plus associated interventions;
- Children with a disability service, and
- Home to school / college transport.

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, 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);
- 0-19 Health Services; 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 two financial years:

Table A – Proposed Revenue Budget – Readiness for School

<u>Change of Previous Year</u>	£'000
Original Budget 2017/18	4,969
<u>Changes for 2018/19</u>	
Pay Inflation	12
Cost Pressures	
Savings	-196
Proposed Budget 2018/19	4,785
<u>Changes for 2019/20</u>	
Pay Inflation	13
Cost Pressures	
Savings	
Proposed Budget 2019/20	4,798
Percentage Change	-3.44%

1.14 Readiness for School strategy is proposing to make savings of £0.196m in 2018/19. There are no savings proposed for 2019/20. The proposed reduction of £0.196m provides the full year effect of the cost savings from the 2017/18 budget decision to commission a new model of delivery based on a single Early Years' Service. The new model of delivery was implemented in July 2017 and combined elements of the Locality Services and Early Years activities in Children's Centre Communities.

1.15 The initial budget proposals for 2016/17 included savings linked to tier three children's centres (£0.421m). At the County Council meeting in February 2016 it was agreed that no saving would be made in this area in 2016/17 and 2017/18. The Council has reconsidered delivering savings in tier three children's centres and is still not proposing any savings in this area in the next two financial years (2018/19 and 2019/20).

Learn & Achieve

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

Table B – Proposed Revenue Budget – Learn & Achieve

<u>Change of Previous Year</u>	<u>£'000</u>
Original Budget 2017/18	33,476
<u>Changes for 2018/19</u>	
Pay Inflation	85
Cost Pressures	736
Savings	-146
Proposed Budget 2018/19	34,151
<u>Changes for 2019/20</u>	
Pay Inflation	85
Cost Pressures	749
Savings	
Proposed Budget 2019/20	34,985
Percentage Change	4.51%

1.17 Learn and Achieve strategy is proposing to make savings of £0.146m in 2018/19. There are no savings proposed for 2019/20. Within this strategy there are also proposed cost pressures of £0.736m in 2018/19 and £0.749m in 2019/20.

1.18 The proposed reduction of £0.146m relates to the estimated reduction in funding from the Government for the Special Education Needs and Disability (SEND) Reform Grant from £0.532m in 2017/18 to £0.386m in 2018/19. The grant funding was to recognise the programmes of change underway in the area of SEND to streamline the system of SEN assessment, support and provision for children and young people 0-25, bringing together the provisions of a variety of Acts covering education, health and care as well as introducing new provisions, statutory implementation of associated duties, regulations and a new SEND Code of Practice. These changes have had a significant impact on the service with a 52% increase (or 247) in pupil assessment compared to the year before implementation (2013/14).

1.19 Within this strategy there are also proposed cost pressures for Home to School/College Transport of £0.736m in 2018/19 and £0.749m in 2019/20. The Government's pledge to deliver living wage rises to £9 per hour by 2020 through a continued annual increase from the current rate of £7.50 per hour will have a financial impact on the Home to School/College Transport budget.

1.20 The Home to School/College Transport is a challenging and volatile budget with unfavourable economic conditions, and changing legislation (incorporation new guidelines relating to safety, Disability Discrimination Act (DDA) passenger access and ERO6 emissions standards by 2020). The Home to School/College Transport is also impacted by local decisions of school reorganisations and growth in special school pupil numbers, added with the challenges of Lincolnshire being a rural county. The budget therefore remains a financial risk to the Council.

Readiness for Adult Life

1.21 Table C below sets out the revenue budget proposals for the next two financial years:

Table C – Proposed Revenue Budget – Readiness for Adult Life

Change of Previous Year	£'000
Original Budget 2017/18	4,778
<u>Changes for 2018/19</u>	
Pay Inflation	45
Cost Pressures	1,641
Savings	
Proposed Budget 2018/19	6,464
<u>Changes for 2019/20</u>	
Pay Inflation	46
Cost Pressures	
Savings	
Proposed Budget 2019/20	6,510
Percentage Change	36.25%

1.22 Readiness for Adult Life strategy is not proposing to make any savings. Within this strategy there is a proposed cost pressure of £1.641m in 2018/19. The cost pressure relates to the Local Authority’s legal duty to provide supported accommodation for homeless young people over 16 years. This is due in part to case law, referred to the Southwark judgement, and the complex needs of this age group where parents are refusing to continue to provide care for them and also due to care leavers. The complexity of an individual's needs and an increase in demand has contributed to this pressure.

1.23 A transformational group was established to consider ways of controlling the level of demand through more suitable and cost effective provision to best meet the needs of the young people. Measures are being implemented to pilot in-house provision at a lower cost base and be tailored to provide intervention services and support to transition individuals into stepped down provision. The budget pressure is to align the budget to anticipated demand and recommended commissioning arrangements.

1.24 The number of young people requiring support in this category has increased materially over the two years from nine (9) young people in November 2015 to supporting eighteen (18) by a year later, and the number of young people receiving support being twenty-three (23) in November 2017 with a reported peak of twenty-seven (27) young people in July 2017. The costs are significant per week due to the complexity of these young people (average is in excess of £2,000 per week).

Children are Safe & Healthy

1.25 Table D below sets out the revenue budget proposals for the next two financial years:

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

Change of Previous Year	£'000
Original Budget 2017/18	62,713
<u>Changes for 2018/19</u>	
Pay Inflation	299
Cost Pressures	2,585
Savings	-200
Proposed Budget 2018/19	65,397
<u>Changes for 2019/20</u>	
Pay Inflation	302
Cost Pressures	1,194
Savings	
Proposed Budget 2019/20	66,893
Percentage Change	6.67%

1.26 Children are Safe and Healthy strategy is proposing to make savings of £0.200m in 2018/19. Within this strategy there are also proposed cost pressures of £2.585m in 2018/19 and £1.194m in 2019/20. The proposed reduction of £0.200m in 2018/19 relates to a fall in insurance premiums costs for Children's Services considering historic activity of numbers and value of claims.

1.27 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 future years based on the growth trends on the number of looked after children placements and Special Guardianships Orders.

1.28 The national increase in looked after children is currently considered by the sector to be at 8% due to a number of reasons, for example case law, the impact of austerity, and the increasing complex nature of family life as a result of substance use, mental health and domestic abuse. Growth of 5% in looked after children has been forecast locally, which identifies a proposed budget pressure of £0.887m in

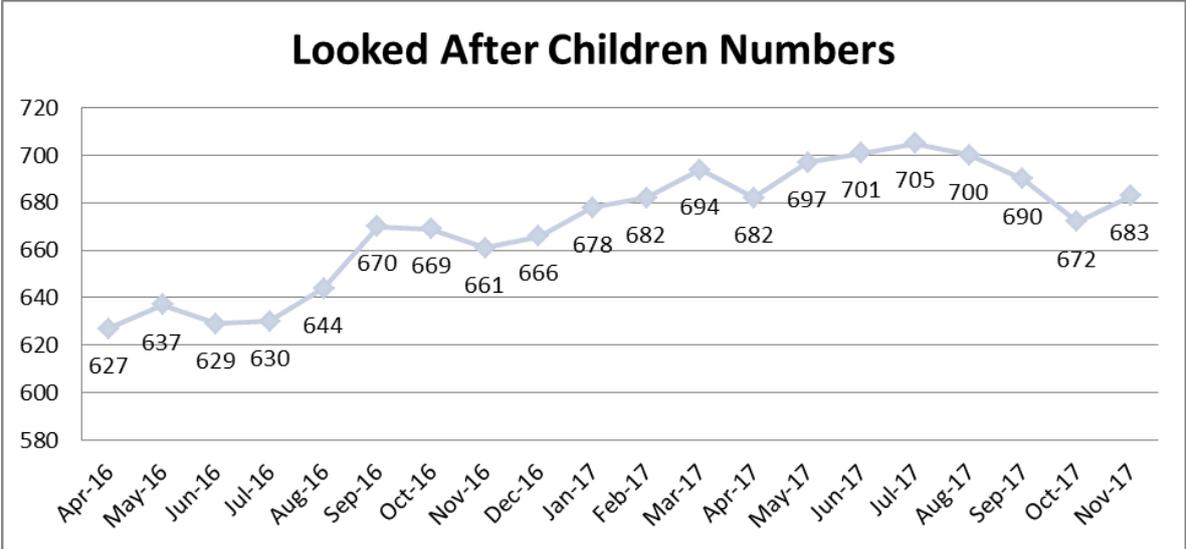
2018/19, and a further budget pressure of £0.948m in 2019/20. This will support costs in fostering, kinship care, and residential home arrangements.

1.29 The increasingly complex needs looked after children have, has resulted in a higher demand for out of county specialist placements also. The proposed budget pressure of £1.264m in 2018/19 is to rebase the budget to anticipated demand levels (24 placements), and the service is optimistic that they can take measures to contain costs in this area. Lincolnshire remains one of the most successful Local Authorities in providing value for money as evidenced in the CIPFA benchmarking report due to the high percentage of looked after children managed through internal foster carers, which is forecast to continue.

1.30 Special Guardianship Orders (SGOs) are increasingly being seen by the Courts as an important option for permanency for children who need to be removed from their birth parents which is endorsed by officers. The Local Authority is however required to fund SGOs (subject to means testing) so whereas we would once have seen children adopted, we are seeing increased SGO's which must be funded until the child reaches the age of 18 years. The expected increases are based on average numbers of SGO's being granted per month, which identifies a proposed budget pressure of £0.434m in 2018/19, and a further budget pressure of £0.246m in 2019/20. The growth in SGOs has been significant over the last two years with 282 SGOs granted in November 2015 compared to 430 November 2017 (an increase of 53%).

1.31 Chart A provides a summary of the looked after children numbers across 2016 to 2017. In addition to the 683 looked after children, Children's Services also supports 2,731 children in need; 334 child protection cases, and 2,768 early help cases at any given point.

Chart A – Looked After Children Numbers



1.32 The Government's direction of travel appears to be placing additional responsibilities onto Local Authorities, however the financial implications to the authority are unclear presently.

Capital Programme

1.33 The proposed capital programme matches the revenue budget and runs until 2019/20, plus major schemes which stretch into future years. Schemes comprise: a number of major highways schemes, the rolling programme of renewal and replacement of fire fleet vehicles, and the new rolling programmes to replace the gritters fleet and equipment and vehicles at the Waste Transfer Stations. The gross programme is set at £322.647m from 2018/19 onwards, with grants and contributions of £132.088m giving a net programme of £190.559m 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 condition and maintenance 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 priority issues.

1.35 The two year award for Provision of Schools Place Basic Need Grant £11.026m in 2018/19, and £22.971m in 2019/20. This will allow the Council to plan strategically through the rolling Basic Need Capital Programme for the places needed in schools and academies. The Schools Conditions allocation in 2018/19 will continue to be based on the property Data Survey programme about the condition of maintained school buildings. This is planned to be announced before the start of the new financial year, however initial estimates for 2018/19 are between c.£3.500m to £4.000m.

1.36 Devolved Formula Capital allocations in 2018/19 for maintained schools will continue to be based on the Spring 2017 pupil census using the primary and secondary pupil rate of £11.25 and £16.88 respectively and a lump sum of £4,000 per school. This is planned to be announced before the start of the new financial year;

1.37 A new three year award of Special Provision Fund allocations £0.771m per annum from 2018/19 to 2020/21, total of £2.314m. This will allow the Council to make capital investments in provision for pupils with special education needs and disabilities in line with the Building Communities of Specialist Provision Strategy. This can be invested in new places and improvements to facilities for pupils with education, health and care plans.

Other Consultations

1.38 A consultation meeting with local business representatives, trade unions and other partners will take place on 26 January 2018.

1.39 The proposals will be publicised on the Council website together with the opportunity for the public to comment.

1.40 All consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 6 February 2018.

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 2018/19 by 1.95% and in 2019/20 by 1.95%. Adult Care Premium is proposed to increase by 2.00% in 2018/19 and 2.00% in 2019/20. 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 6 February 2018.

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 2018/19 - Executive Report 19 December 2017	Committee Services, County Offices, Newland, Lincoln

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