

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

Report to:	Children and Young People Scrutiny Committee
Date:	16 January 2015
Subject:	Children's Services Budget 2014/15 and 2015/16

Summary:

This report invites the Children and Young People Scrutiny Committee to consider a report on Children's Services budgets for 2014/15 and 2015/16. The views of the Scrutiny Committee will be reported to the Executive prior to finalisation of the 2015/16 budget proposals for the full Council's consideration in February 2015.

Actions Required:

The Children and Young People Scrutiny Committee is invited:

- (1) To consider the report.
- (2) To agree any comments to be passed to the Executive in relation to this item.

1. Background

The Council's Executive will finalise budget proposals for 2015/16, prior to their consideration by the full Council in February 2015. To assist with that process, this report sets out the position for Children's Services non-schools budgets. To provide context, the report briefly outlines:

- Children's Services vision and principles;
- Children's Services commissioning strategies and activities delivered through these strategies, performance and current spending levels;
- Savings achieved since the 2010 Comprehensive Spending Review;
- The forecast financial position for the current year (2014/15);
- The significant unfunded budget pressures for 2015/16;
- The Fundamental Budget Review (FBR) proposals for delivering revenue savings in 2015/16;
- Brief proposals for the capital programme.

2. Children's Services Vision and Principles

Vision

Our Vision is for:

“Every Child, in every part of the County to achieve their potential”

Principles

Our principles, which underpin how we will commission and deliver services to achieve our vision are:

- **Early Help:** Strong protective universal services accessible to all with a range of early help available so children have the best start in life and families have extra help when they need it;
- **Safeguarding:** A shared responsibility to ensure children are safe at home, school and in their community;
- **Aspiration:** Children are able to thrive and cope with life challenges;
- **Learning and Achievement:** All children being the best they can be with targeted interventions to close the gap so vulnerable children achieve as well as their peers;
- **Best Use of Resources:** Integrated commissioning with a focus on best value, improved outcomes and community engagement.

3. Children Services commissioning strategies and activities delivered through these strategies, performance and current spending levels

The following commissioning strategies are within the Children's Services arena:

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

The overall funding for these four commissioning strategies is £102.281m, of which £39.508m (39%) is determined as a high priority service with the remaining services being a medium priority.

Readiness for School

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's Centres are an essential element of our early help offer which support parents in the challenging but rewarding job of bringing up their children. They 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. Services include:

- Healthy child programme (due to transfer to the Council as commissioner October 2015);
- Children's Centre activities;
- Early education (disadvantaged 2, universal 3 & 4 year olds accessing 15 hrs of education);
- Therapy Services.

Learn & Achieve

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.

Services include:

- School Support Services
- Statementing process and interventions (to be replaced with new health, education and social care plan);
- Out of school team who support children who are excluded;
- Home to school / college transport;
- School admissions.

There is a need to reflect on successes and consider new ways of achieving these services to meet the changing education landscape.

Readiness for Adult Life

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.

Services include:

- 14-19 education / training and apprenticeship;
- Career guidance;

- Teenage pregnancy;
- Supported accommodation / lodgings;
- Leaving Care;
- Learning disability and physical disability transition;
- School Nursing;
- Positive activities for young people.

Children are Safe & Healthy

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 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 receive services at the first onset of problems.

Services include:

- School Nursing;
- Child protection (contract, referral and assessment);
- Looked after Children;
- Fostering and adoption;
- Residential homes;
- Child and Adolescent Mental Health Service (through a Section 75);
- Children with disabilities;
- Family support.

Performance

Children's Services has continued to deliver high quality services whilst achieving the significant savings required by the 2010 Comprehensive Spending Review.

School performance at key stage 4 continues to compare well within the region, with 54% of pupils achieving 5+ A*-C including English and Maths compared to the East Midlands figure of 53% and a Statistical Neighbours average of 54%. The percentage of Lincolnshire pupils achieving the English Baccalaureate is particularly impressive with 26.4% achieving this measure compared to the national figure of 22.5% and a Statistical Neighbours average of 21.4%. The attainment gap between our most disadvantaged pupils and their peers continues to narrow although not at the rate we would like to see. Please note these are provisional 2014 results.

Front line social care performance exceeds national and statistical neighbours on the majority of indicators (e.g. timeliness of social care assessments was 92%, compared to a national average of 74%). The numbers of looked after children remain low at 43 per 10,000 compared with the England average of 60.

Adoption performance exceeds the new timeframes – the average time (days) between a child entering care and moving in with its adoptive family is 511 compared with the England average of 628, which is remarkable and leading the way nationally.

However, the new Ofsted framework, changing legislation and demand management place considerable pressure on the service.

Current spending levels

The DfE's s.251 benchmarking information for 2014/15 highlights the fact that Lincolnshire's overall spending on Children's Services is comparatively low, with a significantly greater amount of available funding being spent on home to school and college transport. The key statistics show that of the 150 local authorities, the county has the:

- 22nd lowest level of funding from Dedicated Schools Grant. This finances schools' delegated budgets and some central local authority services. Lincolnshire's funding of £4,554 per pupil compares to the England mean of £4,989.
- 2nd lowest planned spending on Looked After Children. This includes Fostering, Adoption, Residential care, and Leaving Care support, etc. Lincolnshire's planned spending of £146 per pupil compares to the England mean of £277 per pupil.
- 62nd lowest planned spending on Safeguarding children. This includes social work. Lincolnshire's planned spending of £159 per pupil compares to the England mean of £161 per pupil.
- 5th highest planned spending on home to school and college transport. Lincolnshire's planned spending of £244 per pupil compares to the England mean of £120 per pupil.

Value for Money data

The 2013/14 CIPFA looked after children benchmarking exercise highlights Lincolnshire's low cost of children in residential and foster care amongst 77 other local authorities. Lincolnshire's low cost of looked after children (3rd lowest) has been as a result of the local authority's foster carers and the high composition of individuals placed within it – 88% placed in local authority foster carers compared to 59% of benchmarked local authorities.

The exercise also identified Lincolnshire's approach to spending more on preventive services, highlighting the early help approach to effectively support and safeguard children as soon as problems emerge.

4. Savings achieved since 2010/11

Since the Comprehensive Spending Review of 2010, Children's Services has worked hard to deliver a significant level of savings, in full and on time. Children's Services has delivered savings of £27.631m in the period 2010/11 to 2013/14, and DMT remains confident that this year's savings of £2.626m will be delivered in full.

5. Forecast financial position for 2014/15

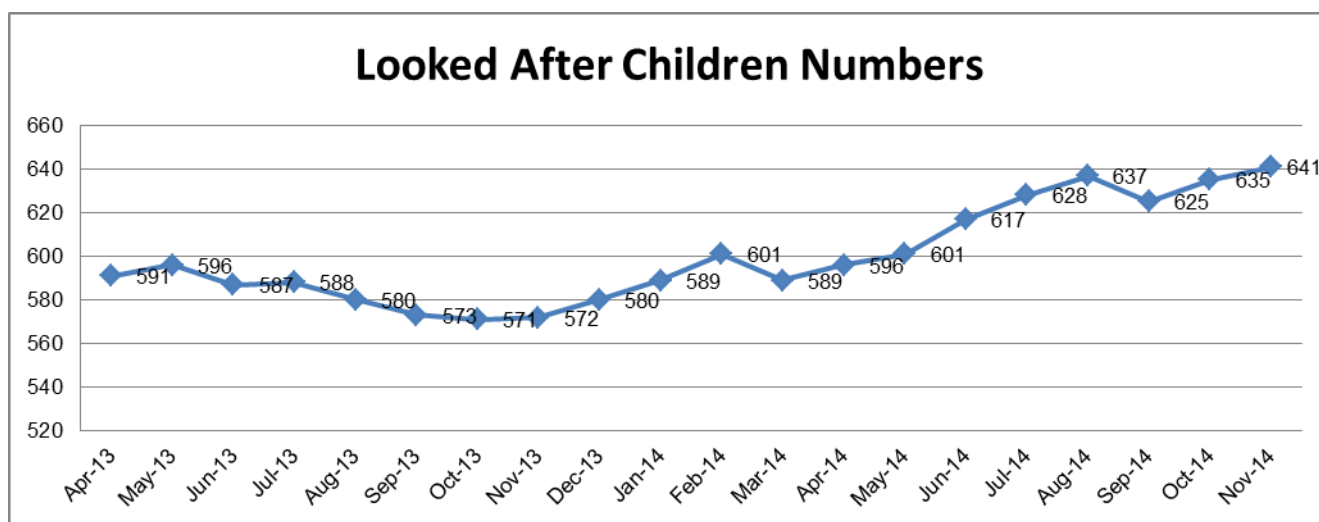
Recent budget monitoring reports to the Executive have indicated that Children's Services is projecting to underspend by circa £0.7m at 31 March 2015. However, there remains a degree of uncertainty regarding the outturn position for home to school / college transport and for children's social care. Numerous, unpredictable factors can influence expenditure on school transport, and these volatile budgets are being closely managed. There have been significant and growing pressures on children's social care budgets caused by an increase in the number of Children Looked After.

Despite the current uncertainty, Children's Services nevertheless remains confident that an underspending will arise at the end of this financial year.

6. Significant budget pressures for 2015/16

Children's Social Care

Children's Services is facing financial challenges within the Children are Safe & Healthy commissioning strategy due to the sharp rise in looked after children, which the Local Authority has a statutory obligation in safeguarding young individuals. Such external demands of its services cannot be controlled. The Local Authority has statutory duties to safeguard children and these services are subject to significant regulation and inspection.



From November 2013 to November 2014 numbers have risen from 571 looked after children to 641, which have therefore had an implication operationally and financially on those regulated services. The overall regulated services pressure is £1.515m, and these include: an increase in Out of County Residential placements (£0.869m); Fostering service payments (£0.107m); Regulation 24 payments (£0.268m) and special guardianship orders (£0.271m). The pressures identified are based on the current (or actual) position of looked after children, therefore if the trend continues to rise using the prior 12 months data, the budget pressures will be

much greater putting Children's Services in a much more challenging financial position to one that is currently portrayed.

Lincolnshire has 88% of looked after children within internal foster carers, which is the most cost effective approach and the reason why Lincolnshire's cost per child is much lower than comparable Local Authorities. The intention is to uplift foster carer rates by 2% for inflation to maintain the high composition of internal foster carers in Lincolnshire, and very much avoids having to pay high cost placements (£0.018m).

	2011/12	2012/13	2013/14	2014/15
Out of County Residential Placements	12	12	13	24
Out of County Fostering Placements	4	12	18	24
Foster Placements	360	387	376	380
Regulation 24 Placements	38	28	71	93
Special Guardianship Order Placements	62	92	139	175

Children's Services will always strive to achieve best value whilst ensuring the individual's needs are met, but with in-house capacity full and having to manage complex children, it often leads to making placements out of county. Children's Services management team are considering / developing options of how even greater value for money can be achieved.

Home to School Transport

Home to School Transport costs has seen a gradual increase in the cost per day by £0.002m. This trend is expected to continue in 2015/16 with the full year pressure being £0.380m. Such a pressure is a result of market factors affecting transport delivery and the procurement methodology, with the latter being subject to a fundamental review.

7. The Fundamental Budget Review proposals for delivering revenue savings in 2015/16

The Council expects to have to save £90m on non-school budgets over the next four years; a Fundamental Budget Review (FBR) process has been underway throughout 2014 to develop proposals for dealing with that, and Children's Services is required to contribute to those savings.

Through the FBR process, Children's Services has identified savings to be delivered in 2015/16, which are summarised below. Children's Services are undertaking an impact assessment on those proposals in light of proposals to decommission service activities. Based on this decision, the full year of those savings requiring consultation will fall into 2016/17.

Saving Proposed	2015/16	2016/17
Reducing a limited number of commissioned activities in children's centres but retain those services most directly affecting the outcomes which are prioritised.	£0.935m	£0.662m

Reducing commissioned contracts in SEND <i>Altering the delivery model of short break contracts that deliver a range of activities for children with disabilities. A reserve has been established to remodel the service delivery model and to develop the market.</i>	£0.393m	£0.428m
School Improvement Service – changing to a new delivery model <i>The changing relationship of schools having converted to academy status has resulted in a reduction of LA responsibilities. These savings will be borne through contract negotiations. In addition, there is a plan to remodel the provision to move towards a sector led approach.</i>	£0.5m	
Music Service – changing to a new delivery model <i>The LCC contribution is being removed in a staged process, therefore in time the service will be a fully traded model. Central government grants will remain with the service. The music service is exploring the benefits to a staff mutual approach to service delivery to maximise income</i>	£0.204m	
Supported accommodation for young people <i>Partial decommissioning of supported accommodation by reducing housing related support from support for YP aged 17-25 to only those 16/17 year olds plus care leavers (statutory duty). Public Health will continue to commission services for vulnerable young people aged 18-25.</i>	£0.530m	
Positive activities for young people <i>Further reduction of activities as communities deliver positive activities to young people.</i>	£0.174m	
Initiatives in schools <i>Consult and remodel services which support schools to address health outcomes using universal services to promote positive health messages</i>	£0.408m	
Other savings include: <i>SMT restructure and staff related costs insurance charge reduction/ capital volume variation, and other back office functions</i>	£1.113m	
	£4.257m	£1.090m

Children's Services is proposing to deliver savings of £5.347m overall, which will be profiled across 2015/16 (£4.257m) and 2016/17 (£1.090m)

8. Capital

Schools

Children's Services manage and maintain a comprehensive annual capital programme of individual projects which is overseen by the Children's Services Capital Programme Board. All projects that comprise the programme are separated into related and prioritised work streams and are managed to the standards laid down by the LCC Programme Centre:

- Projects to meet Statutory Provision of School Places (Basic Need);
- School Condition Repair & Maintenance (including essential health & safety requirements);
- School Suitability and Modernisation (including SEN);
- Early Education;
- Other children's services capital.

Pressure on school places is a challenge being faced by local authorities across the country. Medium and long-term forward planning to ensure sufficient school places are provided in sustainable school buildings is vital to meet the local authority's statutory duty for school place planning.

The vast majority of pressure on school places is currently in the primary sector. The school place planning process clearly identifies geographical areas which are the "hot spots". These tend to be in urban areas where demand for places is expected to be significantly above the number of places available in reception and other KS1 classes if additional places are not provided.

Children's Services have DfE allocated funding up to 2017 (£11.434m: 2015/16 and £12.006m: 2016/17) for basic need. Thereafter there is no clear indication regarding how the DfE plan to invest in sufficiency of places. Indications suggest a continuation of Basic Need allocations along with some targeted funding that can be bid for directly by the Local Authority, or in association with academies. Analysis of potential site options at schools has been carried out to estimate the capital costs of addressing the shortfall of primary school places across the county through the combined use of temporary and permanent build.

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 this critical issue.

Non-schools

Capital has previously been used to provide extensions to the properties of foster carers and adoptive parents in specific circumstances. Priority has been given to ensuring the suitability of accommodation for children with disabilities and to enable properties to be developed to provide increased living space for siblings to be placed together for permanence or adoption. Grants have also been used to provide suitable transport to enable siblings and groups of children to be safely transported. In 2014/15, £0.2m of capital funding was provided for foster care provision. The capital budget has ensured that a number of foster care solutions

have been provided within Lincolnshire's internal foster care provision for sibling groups and complex children who might otherwise have been placed in more expensive external provision. All grants are subject to a legal agreement.

Considering the growing demands on internal foster care provision resulting from the increase in looked after children numbers, a request of £0.5m is being made for capital funding to ensure the cost per child is maintained at acceptable levels.

9. Conclusion

With regard to revenue funding, Children's Services has had considerable success in delivering the very significant savings required through the four year Comprehensive Spending Review. Although there continues to be growing pressures around children's social care, Children's Services remains on course to deliver £30.267m of savings in full and on time, whilst delivering high standard services over that period. In addition, the service has worked extremely hard to manage internally a number of other budget pressures, through reducing costs and re-aligning budgets.

A request however has been made for the Council to fund the cost pressure in 2015/16 resulting from the increase in looked after children and complexity of children (£1.515m). Children's Services will always strive to achieve best value whilst ensuring the individual's needs are met.

To support the high composition of internal foster carers in Lincolnshire, a request is being made to provide a 2% carer inflationary uplift (£0.018m).

Home to School Transport costs has seen a gradual increase in the cost per day as a result of market factors affecting transport delivery. A request is being made for this pressure to be supported (£0.380m).

With regard to capital funding, there continues to be significant pressure to provide the required statutory provision for basic need. Children's Services has asked that the Council pass through the DfE grants that are expected to be made available, and fund separately £0.5m in relation to foster carers and adoptive parents.

10. Consultation

a) Policy Proofing Actions Required

Not applicable

11. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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