

Policy and Scrutiny

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

Report to:	Children and Young People Scrutiny Committee
Date:	10 January 2014
Subject:	Children's Services Budget 2013/14 and 2014/15

Summary:

This report invites the Children and Young People's Scrutiny Committee to consider a report on Children's Services budgets for 2013/14 and 2014/15. The views of the Scrutiny Committee will be reported to the Executive prior to finalisation of the 2014/15 budget proposals for the full Council's consideration in February 2014.

Actions Required:

- (1) To consider the attached 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 2014/15, prior to their consideration by the full Council in February 2014. 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, principles, performance and current spending levels;
- Savings achieved since the 2010 Comprehensive Spending Review;
- The forecast financial position for the current year (2013/14);
- The significant unfunded budget pressures for 2014/15 and other service challenges;
- The saving requirement and proposals for delivering the revenue savings in 2014/15;
- Brief proposals for the capital programme.

2. Children's Services vision, principles, performance and current spending levels

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.

Performance

Children's Services has continued to deliver outstanding services whilst achieving the significant savings required by the 2010 Comprehensive Spending Review. School performance at key stage 4 continues to outperform with 61.6% of pupils achieving 5+ A*-C including English and Maths compared to the national figure of 60.4% and a Statistical Neighbours average of 58.4%. The percentage of Lincolnshire pupils achieving the English Baccalaureate is particularly impressive with 27.1% achieving this measure compared to the national figure of 22.7% and a Statistical Neighbours average of 20.9%.

Front line social care performance exceeds national and statistical neighbours on the majority of indicators (e.g. timeliness of initial assessment over 90% against 70.4% for statistical neighbours) and core assessments are 83% compared with 69%. The numbers of looked after children remain low at 41 per 10,000 compared with the England average of 59.

Adoption performance exceeds the new timeframes – the average time (days) between a child entering care and moving in with its adoptive family is 584 compared with the England average of 647, which is remarkable and leading the way nationally.

However the new Ofsted framework, changing legislation and demand management place considerable pressure on the service. We expect an Ofsted inspection shortly and demonstrating good performance will be a challenge in light of the changing expectations.

Current spending levels

The DfE's s.251 benchmarking information for 2013/14 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 LAs, the county has the:

- 18th lowest level of funding from Dedicated Schools Grant. This finances schools' delegated budgets and some central LA services. Lincolnshire's funding of £4,504 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 £133 per pupil compares to the England mean of £268 per pupil.
- 34th lowest planned spending on Safeguarding children. This includes social work. Lincolnshire's planned spending of £136 per pupil compares to the England mean of £162 per pupil.
- 5th highest planned spending on home to school and college transport. Lincolnshire's planned spending of £247 per pupil compares to the England mean of £120 per pupil.
- Lincolnshire's approach to reducing expenditure on out of county placements has been highly successful – Lincolnshire's out of county spend on fostering and residential is £2,165,347 compared to other Shire Authorities which range between Circ £28 million to £10 million

This is supported by evidence from CIPFA's 2012 Children Looked After benchmarking club.

3. 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. The Directorate was set savings targets of **£11.379m** in 2011/12 and **£11.138m** in 2012/13. These were delivered in full and, in the case of the 2012/13 savings, earlier than required. The savings target for 2013/14 is **£5.113m** and although there is presently a degree of uncertainty around the budgets for social care and home to school / college transport, the DMT remains confident that this year's savings will be delivered in full. It should be noted that the savings target for 2013/14 was increased from the original Comprehensive Spending Review saving target of £1.782m to help respond to the reduction in the Early Intervention Grant and the conversion of schools to academy status (LACSEG).

4. Forecast financial position for 2013/14

Recent budget monitoring reports to the Executive have indicated that Children's Services is projecting to underspend by c.£1m at 31 March 2014. 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 there have been significant and growing pressures on children's social care budgets in recent years (further details are provided below). In recent years, Children's Services has managed to carry forward an underspending of 1% which has provided a welcome degree of flexibility to respond to a number of small, one-off budget pressures that tend to

emerge towards the end of each financial year. Despite the current uncertainty, the Directorate nevertheless remains confident that an underspending will arise at the end of this financial year.

As a result of the Health and Social Care Act 2012, a number of Public Health responsibilities transferred to the LA with effect from April 2013. This included the mandatory national child measurement programme, and discretionary functions such as the school nursing programme, and children's obesity and physical activity programmes. The LA has received a Department of Health ring-fenced Grant to cover the costs of these new responsibilities.

The majority of the Public health activity is contracted provision delivered by NHS Healthcare providers, District Council's and 3rd Sector providers. As these services are delivered via contracts / SLA's, the profile of the spend is relatively consistent, with all of the children's public health programmes projecting to spend on target in the current year 2013/14.

5. Significant budget pressures for 2014/15

The detailed budget setting exercise undertaken this summer, has enabled Children's Services to manage a number of cost pressures internally through the development of a range of strategies and the re-alignment of some budgets. The Directorate's annual budget setting process commenced in August and involved a detailed and thorough examination of all budgets by budget holders, senior managers and finance officers. Not only has the process enabled Children's Services to manage very many service pressures, it has also released budgets to help contribute to the Council's future savings requirements. Nevertheless, there are two significant budget pressures that remain.

The first relates to Insurance costs. Due to recent, high value claims, insurance costs have risen steeply over the past few years. Despite re-aligning other budgets, a shortfall of **£0.197m** is still expected next year.

The second significant budget pressure relates to front line social care. In line with the national position, Children's Services is experiencing much greater demand on child protection services. Case loads have increased by **over 30%** from 2,842 in 2008 to 3,802 in 2013. This increase in demand is placing significant pressure on front line social care with an additional 515 cases open over the last 12 months (see below). This is putting pressure on front line services. The DMT has proposed an increase in social workers and has requested that the Council makes available additional funding next year to address this. The estimated cost is **£0.403m**. The pressures on children's social care services are illustrated in the table below:

Open Social Care Cases at Month End				
	LAC	CP	CiN	Total
Feb-08	537	274	2031	2842
Aug-08	509	294	1849	2652
Feb-09	525	223	2100	2848

Aug-09	534	221	2206	2961
Feb-10	510	241	2234	2985
Aug-10	536	258	2259	3053
Feb-11	501	269	2673	3443
Aug-11	471	361	2741	3573
Feb-12	489	253	2742	3484
Aug-12	527	263	2507	3297
Feb-13	581	294	2412	3287
Aug-13	573	398	2831	3802

The Directorate has also requested that the Council fund the additional, part-year transport costs of **£0.1m** that are expected to arise when Lincoln's new University Technology College opens in September 2014.

6. Other unquantified budget pressures for 2014/15

These are a number of other pressures facing Children's Services for which the financial implications have yet to be quantified. These include:

a. Out of County residential care

Due to pressures identified earlier in the financial year, the Directorate re-aligned its budgets and added £0.193m to this budget in July 2013. The capacity across other, lower cost social care services continues to be utilised wherever possible, to help minimise expenditure on expensive out of county residential care. However, there has been an increase in the number and complexity of out of county placements.

b. Special Guardianship Orders

There has been an increase in the number of orders due to changes in legislation which requires placements with friends and relatives to be under 'looked after' status. In 2012/13, there was an increase of 30 orders and so far this year, there have been a further 12.

c. Social care regulated services

There has been an increase in: the number of Regulation 24 payments, Out of County fostering placements (this was also increased in July 2013 by £0.2m through re-alignment of budgets) and leaving care costs.

d. SEN Code of Practice

The Children's and Families Bill is currently before Parliament. The bill will bring radical changes to the learning difficulties and disabilities (LDD) system in England from September 2014. It will place a new duty on local authorities to involve colleges and ISPs in their area when reviewing their special educational provision and developing their local offer of services. It will introduce a new 0 to 25 education, health and care (EHC) plan, replacing the current systems of statements and learning difficulty assessments (LDAs). A Project Board has been established to take this work forward, but the financial implications are not yet clear.

- e. Raising the Participation Age (RPA)
A key aim of RPA is to secure 100% participation in post-16 education and training. The Local Authority has a number of statutory duties in relation to RPA and it will also be required to track the education, training and employment status of 18 year olds.
- f. Troubled Families
This is in the second year of the three year project. Funding has shifted from guaranteed income, to payment by results. A reserve was created last year to allow unspent funds to be carried forward and this will need to continue. The service is fully established, but there is a gap between anticipated income (£0.714m) and anticipated expenditure (£2.085m) which raises concerns about the sustainability of this successful work in the medium term. The Government has indicated that the scheme will be extended in 2015/16 and it will provide 40% of the funding. However, the LA and partner agencies will be expected to finance the difference, which creates a significant challenge.

7. Saving requirement and proposals for delivering the revenue savings for 2014/15

As a result of Children's Services decision to front load savings in the first two years of the Comprehensive Spending Review period, the Directorate's original saving requirement for 2014/15 of **£1.533m** is relatively modest in comparison with recent years. However, due to late government funding announcements last year, Directorates have been asked to identify a further 1% (**£1.103m**) savings for 2014/15. The revised savings target for 2014/15 is therefore **£2.636m**.

Despite the composition of the budget (£44m relates to social care, and; £59m relates to education, with £25m of that used to fund home to school / college transport), the Directorate can deliver the revised savings target. The proposals for doing so are set out in the table below:

Proposals for delivering the 2014/15 savings

Service	2014/15 proposed saving £m	Notes
2013/14 efficiencies	0.305	Various savings have been identified as a result of the detailed and thorough budget setting exercise that has been conducted across Children's Services in the last few months.
Dis-establishing a Head of Service post	0.082	The Property and Technology post has been dis-established.
Children with Disabilities	0.019	Part of the short break development initiative has ceased.
CfBT management fees	0.203	The fees have been re-profiled.

Business Mileage Savings	0.197	This saving arises from the phasing out of the essential car user allowances.
Premises review	0.050	This relates to the review of Connexions buildings.
Foundation learning	0.091	The two year 'invest to save' project is being phased out.
Dis-establishing the Early Years Sufficiency team	0.634	This proposal will dis-establish a team of 4 ftes, and see a reduction in the related grants.
Food in Schools team	0.057	This team of 2 ftes is being transferred to Public Health. It has been agreed that the budget will not transfer.
Home to school / college transport	0.748	This reduction can be achieved by setting the budget on the basis of 190 transport days p.a.. The number of transport days falling in each financial year can vary, but this number should be sufficient for next two years, as both have 189 transport days p.a..
Extended provision transport costs	0.250	The Teaching and Learning Centre became a maintained school this year due to a change in the regulations. The Centre takes responsibility for commissioning all Solutions 4 placements. A review of current provision is underway and it is anticipated that savings on transport costs can be secured in different ways.
Total	2.636	

The Public Health ring-fenced grant has been determined by the Department of Health for 2014/15 and budget proposals for 2014/15 put forward by the service do not propose any reduction in funding for the Children's programmes. All of the Public Health contracts that were rolled over from the NHS, are currently being reviewed to determine whether they are meeting the required needs and demand, and offering value for money.

Public Health also commission supported housing services for young people, which is funded by LCC's core budget. These are contracted services provided by housing providers and Districts Council's, and are projecting to spend on target in the current year. There are no proposals to alter the level of supported housing budget available for 2014/15.

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 LA's statutory duty for school place planning.

In 2013 pupil numbers in rural areas continue to remain below the number of places available, although some of the rural schools on the outskirts of urban areas are seeing pressure on places as they absorb the overspill. 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 do not at this stage have a clear indication regarding how the DfE plan to invest in sufficiency of places in future years beyond the agreed funding period of 2013-15. Indications suggest a continuation of Basic Need allocations along with some targeted funding that can be bid for directly by the LA, 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 Directorate 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. At a time when the number of sibling groups requiring permanence has grown, capital funding has increased the service capacity to maintain siblings together and develop foster care solutions for children who might otherwise have been placed in more expensive external provision. All grants are subject to a legal agreement.

Children Services has requested that the Council allocate £0.200m towards this in 2014/15.

9. Conclusion

With regard to revenue funding, Children's Services has had considerable success in delivering the very significant savings required in the first three years of the Comprehensive Spending Review. Although there continue to be growing pressures around children's social care, the Directorate remains on course to deliver £27.5m of savings in full and on time, whilst delivering outstanding services over that period. In addition, the Directorate has worked extremely hard to manage internally a number of other budget pressures, through reducing costs and re-aligning budgets. The £2.636m savings target for 2014/15 can be delivered through the proposals set out in the table above. However, a request has been made for the Council to fund investment in front line social care work (£0.403m) and the transport costs for the University Technology College (£0.1m). Pressures on children's social care services are expected to continue growing next year and finding further solutions to those will not be easy. Looking further ahead, the financial outlook for 2015/16 is such that the Council will be required to make very significant savings again. Planning for that has commenced, but is at an early stage.

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 £0.2m in relation to foster carers and adoptive parents.

10. Consultation

a) Policy Proofing Actions Required

Not applicable

11. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Children's Services current non-Dedicated Schools Budgets - 2013/14
Appendix 2	Public Health budgets relating to children's health – 2013/14

12. 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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