

BUDGET PLANNING REPORT 2018/19 FOR CHILDREN , YOUNG PEOPLE AND LEARNING POLICY OVERVIEW COMMITTEE

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REASON FOR ITEM

This is the first opportunity for the Policy Overview Committee to discuss the current stage of development of budget planning work with regard to Children, Young People and Learning Services. This paper gives a strategic context in which the detailed proposals to be discussed at Policy Overview Committee meetings in January 2018 will need to be considered.

OPTIONS AVAILABLE TO THE COMMITTEE

It is recommended that the Committee notes the financial context in which the 2018/19 budget setting process will take place in advance of detailed savings proposals being developed and approved at Cabinet in December 2017.

INFORMATION

- 1 This is the first of two opportunities within the planning cycle for the Policy Overview Committee to consider issues relating to budget planning for 2018/19. The focus of this report is the broader financial position of the Council, alongside signposting major issues within Children, Young People and Learning Services budgets. The report to be considered in January 2018 will set out the detailed budget proposals for the Group, those proposals having been included in the report to Cabinet on the Medium Term Financial Forecast (MTFF) on 14 December 2017.

Corporate Summary

- 2 While the focus of the discussion for the Policy Overview Committee should be the specific services within its remit, it is important that this discussion is conducted in the context of the overall corporate financial position.
- 3 The budget report to Council in February 2017 identified the savings requirement for 2018/19 as £22.2m, with £5.0m planned drawdown from balances and £1.1m previously developed and approved savings initiatives reducing the remaining budget gap to £16.1m.
- 4 The announcement of £2.9m additional Social Care funding through the Improved Better Care Fund in March 2017 and an additional £1.6m released from the Council's Collection Fund at outturn following a review of the approach taken to accounting for doubtful debts further reduces the gap to be managed to approximately £11.6m.

- 5 In terms of external funding, there is expected to be limited scope for material movement as the Council will enter the third year of the Multi Year Settlement in 2018/19 under the terms of which Revenue Support Grant and baseline levels of funding from Business Rates are already determined. For locally raised income from Council Tax and Business Rates, taxbase growth projections are based upon a rounded assessment of likely growth and again are therefore expected to provide limited scope to further reduce the budget gap. Beyond 2018/19 the national political context following the EU Referendum and 2017 General Election presents considerable uncertainty, both in terms of Government policy that may impact upon local authorities and specifically the local government finance system.

Strategy to deal with the budget gap

- 6 The Council remains strongly placed to deal with the challenges ahead. We have a good track record of coming in or under budget each year and retain balances of £38.7m by the end of 2016/17, although £14.5m of that is expected to be drawn down from 2017/18 to smooth the impact of Government funding reductions. As in previous years, development of savings will fall under five broad themes:
- Service Transformation - capturing the efficiencies delivered through the Council's well established Business Improvement Delivery Programme;
 - Effective Procurement - driving best value from both re-letting existing contracts and reviewing models for service delivery where appropriate;
 - Income Generation & Commercialisation - reviewing Fees and Charges while maintaining charges at 90% of neighbouring authorities, alongside initiatives to ensure the Council's commercial offer delivers Value for Money to the Council Taxpayer;
 - Preventing Demand - initiatives such as the Supported Living Programme where investment in early intervention and other support can avoid more costly intervention at a later date;
 - Zero Based Reviews - a range of projects including line-by-line reviews of 2016/17 outturn to ensure that service budgets reflect current levels of activity.

MTFF process update

- 7 The timetable for the budget process has been refreshed and the first MTFF sessions with Groups took place during early July to review the detailed budget proposals developed by each group. Progress on the development and delivery of these proposals will be monitored monthly by Business Transformation Board, HIP Steering Group and the Leader of the Council throughout the remainder of the year.

Timetable for 2016/17 Budget

8 The broad timetable is as follows:

Process	Timetable
Monthly BTB updates (March 2017 to Feb 2018)	Monthly
Zero Based Reviews & Review of 2016/17 Outturn	April - June
MTFF Scoping Sessions - BID & Procurement	June
MTFF Review (1) – 1st Challenge Sessions	July
Initial Draft MTFF Report to Leader	July
MTFF Review (2) – 2 nd Challenge Sessions	Sept/Early October
Leader review of MTFF	November
Provisional Local Government Finance Settlement	December
Draft MTFF reported to Cabinet	December
POC review of draft Group Plans and budget proposals	January
Final Local Government Finance Settlement	January
Council Tax setting	February

Budget Planning in Children, Young People and Learning Services

Summary of Key Financial Issues

Children's Services

- 9 The following information highlights key issues for Children, Young People and Learning Services identified in the 2017/18 budget setting report and subsequent monitoring activity, which will continue to be closely tracked through the 2018/19 budget setting process.
- 10 The restructure of the Children's Services Management structure is complete and has now been permanently recruited to. The recruitment of Social Workers continues to be a national challenge both permanently and through agencies. The service has investigated and in some cases implemented a range of actions to try to manage this and has had some success with overseas recruitment and the conversion of agency workers into permanent contracts. However, this still remains a very competitive market.
- 11 There have been a number of significant improvements made across the Looked After Children placements budget. In particular, a significant improvement has been achieved on the number of children placed in Residential placements, where the numbers have dropped, from a high of 36 at the beginning of 2016/17 to 21 as at the end of May 2017, following the introduction of a robust approval and monitoring system that was put in place at the beginning of the 2016/17 financial year by the new Deputy Director of Children's Services. Based on an annualised cost, this translates into a cost reduction and avoidance of £1,624k, reducing from £5,563k to £3,939k. However, it should be noted that the Looked After Children population is expected to grow in line with population trends. It is also evident that the service is dealing with more complex cases, some of which may well require a

residential placement, at an average cost of £3,400 per week (equivalent to £177k per annum).

- 12 The number of Unaccompanied Asylum Seeking Children (UASC) under the age of 18, continues to fall, whilst the number of UASC care leavers over 18 continues to rise. This profile will have an impact on the amount of grant funding that the Council will receive from the Home Office, which it is anticipated will be managed through a review of finance policies.
- 13 All Children Centre staff successfully transferred across to the Council in April 2017. The service is now reviewing the delivery model to ensure that Children Centres provide the right level of support across the Borough.
- 14 The service has taken significant steps to manage down the cost of Home to School Transport and have recently employed EDGE Consultants to undertake a major transformation of the service, which will assist the Council with reducing the costs associated with this service, through better route planning and continuing the roll out of group pick-ups.
- 15 The Children and Social Work Act 2017 makes a number of changes to the way in which a local authority provides support and advice to care leavers, which may impact on the cost of the service. This will be closely monitored over the coming months as the Act becomes fully imbedded into work practices.

Dedicated Schools Grant (DSG) Budgets

- 16 School funding is coming under increasing pressure, where at the end of the 2016/17 financial year, the centrally retained DSG had a deficit carry forward of £1,136k and schools balances reduced by £1,434k. It is anticipated that this trend will continue into 2017/18 and 2018/19, and is a trend that is being seen across London.
- 17 The growth in high needs placements providing support for those children that have an Education, Health and Care Plan (EHCP) continues to increase at a much higher rate than the growth in the pupil population, this is especially true for the post 19 provision.
- 18 The introduction of the 30 hour free childcare entitlement, starts on the 1 September 2017, however, it is up to each provider to determine whether they wish to offer it. The Council has been working with all providers to ensure that a reasonable level of capacity is available come the 1 September 2017
- 19 Central Government confirmed on the 17 July 2017, that a National Funding Formula would be introduced on 1 April 2018. Central Government have indicated that updates will be provided over the next few months setting out the implications of this on the DSG.

Capital Programme

- 20 The current capital programme for Schools expansion is substantial at £90.7 million over the 2017-2022 period.
- 21 Key projects underway are the expansion of 2 primary schools in the North of the Borough to meet demand for additional school places. Further school expansions will be kept under review, in the context of forecast new housing development and any new Free School approvals.
- 22 Secondary school forecast placement requirements is being refreshed and is re-affirming a 13 Forms of Entry need over the next 5 year period. Projects are progressing for the delivery of 3 FE's at 2 Secondary schools in the North, with a further 6FE to be provided across 2 new Free Schools to be delivered by the EFA. Lead in times for delivery of the Free schools remain a risk and contingency plans will need to be developed to manage any timing issues potentially through bulge years at existing schools.
- 23 Along with the increasing needs for school places, numbers of SEN children are also forecast to increase. A policy of investing in new SRP units at a number of new build schools such as Lake Farm Park and St Martin's at Primary level plus investment in 2 SRP units at secondary schools that are being expanded in the North of the Borough will provide additional places. In addition further placements will be provided by the recent approval of 2 Special Free schools in the South that have been supported by the Council.

Next Steps

- 24 The Medium Term Financial Forecast setting out the draft revenue budget and capital programme will be considered by Cabinet on 14 December 2017 and issued for consultation during the remainder of December 2017 and January 2018. This will include detailed consideration by each of the Policy Overview Committees of the proposals relating to their respective services.

SUGGESTED COMMITTEE ACTIVITY

To be written by the O&S Team

BACKGROUND PAPERS

The Council's Budget: General Fund Revenue Budget and Capital Programme 2017/18 – reports to Cabinet 16 February 2017 and Council 23 February 2017.