

2018/19 BUDGET PROPOSALS FOR SERVICES WITHIN THE REMIT OF CHILDREN, YOUNG PEOPLE AND LEARNING POLICY OVERVIEW COMMITTEE

**Contact Officer: Peter Malewicz
Telephone: 01895 250325**

REASON FOR ITEM

1. To comply with the Budget and Policy Framework procedure rules as part of the agreed consultation process for the General Fund and Housing Revenue Account budgets, alongside the Council's Capital Programme, this report sets out the draft revenue budget and Capital Programme for the services within the remit of the Children, Young People and Learning Policy Overview Committee, along with indicative projections for the following four years. Following consideration by Cabinet on 14 December 2017, these proposals are now under consultation, and the proposals for each Group are being discussed at the January 2018 cycle of Policy Overview Committees.
2. Cabinet will next consider the budget proposals on 15 February 2018, and the report will include comments received from Policy Overview Committees. At the meeting on 15 February 2018, Cabinet will make recommendations to full Council regarding the budget and Council Tax levels for 2018/19, who will meet to agree the budgets and Council Tax for 2018/19 on 22 February 2018.
3. The Committee needs to consider the budget proposals as they relate to the Children, Young People and Learning Groups and to the relevant service areas within the Children, Young People and Learning Groups, but within the corporate context and the constraints applying as a result of the aggregate financial position of the authority.

OPTIONS AVAILABLE TO THE COMMITTEE

4. It is recommended that the Committee notes the budget projections contained in the report and comments as appropriate on the combined budget proposals put forward by the Children, Young People and Learning Groups and to the relevant service areas within the Children, Young People and Learning Groups, within the context of the corporate budgetary position.

INFORMATION

Background

5. The Council continues to operate within the constraints of Government's deficit reduction programme, which has seen a sweeping reduction in central government funding since 2010/11 and is set to continue until at least the end of the decade. Alongside this reduction in funding, continuing demographic and demand pressures and a return to an inflationary environment over the medium term will necessitate delivery of further substantial savings. This first report to Cabinet on the budget for 2018/19 quantifies the financial challenge faced by the

Council, and outlines an approach to meeting this challenge whilst continuing to 'Put Residents First'.

6. This is the first report to Cabinet on the budget for 2018/19, building upon the position outlined in the 2017/18 budget report to Council in February 2017. In February the savings requirement for 2018/19 was estimated to be £16,117k, which has been revised downwards following the announcement in March 2017 of £2,947k Improved Better Care Fund monies to support Adult Social Care and £2,602k Collection Fund surpluses amongst a number of minor revisions to projections. The resulting budget gap for 2018/19 therefore stands at £10,197k, marginally lower than the £11,600k estimate from July 2017, rising to £56,107k over the five year MTF period.
7. Groups have been developing savings proposals sufficient to meet this externally driven budget gap and respond to increases in cost pressures. In addition to this work across directorates, a comprehensive review of the corporate elements of the budget has been undertaken since February, capturing funding, inflation and capital financing. During the early summer and again in the autumn, a series of challenge sessions were held to affirm the budget position. Each session followed a similar format reviewing:
 - The 2016/17 outturn, particularly any on-going issues arising.
 - The current position in 2017/18 - both monitoring and savings delivery.
 - Existing and emerging pressures which need to be addressed in the 2018/19 budget and forecasts for future years.
 - Progress on the development of savings proposals for 2018/19 and beyond.
 - Identification of any potential growth or invest-to-save bids.
 - Capital programme requirements.
8. The consultation budget represents the combined outputs from these sessions, with sufficient savings proposals having been developed to bridge the budget gap in 2018/19 without recourse to reductions in service levels or levying the Social Care precept while freezing Council Tax for all residents for a tenth successive year and funding the freeze for older persons into a twelfth year in 2018/19.

The Budget and Policy Framework Rules

9. The consultation on the budget proposals commenced on 15 December 2017 following decisions taken by Cabinet on 14 December 2017.
10. There will be a further consideration by Cabinet of the budget proposals on 15 February 2018, including comments from Policy Overview Committees. These will be collated and reported back to Cabinet by the Corporate Services and Partnerships Policy Overview Committee. Council will be requested to approve the Cabinet's proposals on 22 February 2018, and if approved without further amendment they will be effective immediately.

Corporate Summary

11. 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. The Council's financial performance during 2017/18 remains strong, with an underspend of £980k projected across revenue budgets as at September 2017 (Month 7) and £14,460k of the £15,508k savings programme either already banked or on track for delivery within the financial year. The remaining £1,048k remain on track to be delivered in full in future years.
12. The budget proposals included in this report represents the Cabinet's budget strategy for 2018/19. Revenue budget proposals have been developed to deliver a zero increase in Council Tax for 2018/19, avoid implementation of the Social Care Precept, maintain balances and reserves at well above the minimum recommended level and continue to protect frontline services. The final funding settlement for 2018/19 and confirmation of a number of levies payable to other public authorities will not be available until the new year and so the budget has therefore been drafted on the latest estimated position.
13. Locally raised income from Council Tax and Business Rates is expected to grow by £4,905k as a result of strong growth in taxbases, although this is off-set by a £7,172k anticipated reduction in government funding, necessitating the identification of savings to deliver a balanced budget. The two year 100% Business Rates Retention Pilot Pool for London is projected to deliver an additional £5,400k income to support local services in 2018/19, which enables the planned Use of General Balances to be reduced from £5,000k in 2017/18 to £950k in 2018/19.
14. The principal challenge in delivering a balanced budget for 2018/19 is in developing a programme of savings to meet the combined challenge of falling levels of government funding alongside inflationary pressures and the costs of increasing demand for services. Development of £7,145k savings proposals and £3,052k initiatives to contain growth in demand-led Contingency budgets - primarily through contract renewals and securing additional contributions from health partners - are sufficient to manage a potential budget gap of £10,197k as detailed in Table 1 below.

Table 1: Budget Requirement

	Movement from 2017/18	2018/19 Budget Requirement
	£'000	£'000
Council Tax Revenues	(4,230)	(112,929)
Business Rates Revenues	(675)	(52,989)
100% Retention Pilot Pool	(5,400)	(5,400)
Revenue Support Grant	6,389	(13,124)
Other Central Government Funding	783	(34,386)
Planned Use of General Balances	4,050	(950)
Total Resources 2018/19	917	(219,778)
<u>Budget Requirement</u>		
Roll Forward Budget		220,695
Inflation	4,577	
Corporate Items	(613)	
Contingency (Growth)	3,421	
Contingency(Management Action)	(3,052)	
New Priority Growth	1,895	
Savings Programme	(7,145)	
Budget Requirement 2018/19	(917)	219,778
Budget Surplus	0	0

15. This draft budget includes £2,699k revenue provision for Priority Growth, funded from a combination of £554k brought forward funding, £250k Earmarked Reserves and £1,895k additional resources included in the 2018/19 budget. £250k of this sum remains uncommitted at this stage, with the remainder consisting of:

- a. £1,000k resources committed to meeting capital financing costs associated with the Council's flagship School Expansions Programme;
- b. £576k provision to support operation of a new Waste and Recycling Centre in the south of the borough, complementing the existing offer at New Years Green Lane;
- c. £84k investment in a Bulky Waste Collection service for residents;
- d. £250k per annum funding for the Metropolitan Police to 2022/23 in order to support the continued operation of Uxbridge Police Station, alongside further investment outlined in the capital section of this report;
- e. £200k support for an expanded youth offer from the Council, including provision for a grant programme to support independent youth groups;
- f. £200k additional funding for Counter Fraud Activity to ensure the Council protects its finances; and,
- g. £139k further growth for the expanded Museums and Archives Service in addition to the £140k allocated in 2017/18.

16. The Council's capital programme has also been refreshed, with £386,370k of planned investment in local infrastructure over the period to 2022/23 including: continued delivery of school places to meet the needs of a growing population,

provision for a new swimming pool in the Yiewsley / West Drayton area, further investment in the borough's highways, continued investment in bowls clubs, reprovision of the Hillingdon Outdoor Activity Centre in response to High Speed 2 and commencement of a rolling borough-wide programme of library and leisure centre refurbishment.

17. Alongside General Fund budgets, the Council's Housing Revenue Account budgets have been prepared to deliver a 1% reduction in rents for existing tenants in 2018/19, alongside a programme of investment in existing and new housing stock - including for 545 new affordable homes for residents by 2022/23, partly financed through the reinvestment of Right to Buy sale proceeds.

2018/19 GROUP BUDGET PROPOSALS

18. Budget proposals relating to services within the remit of Children, Young People and Learning Policy Overview Committee are presented below, with headline operating budgets for the relevant services outlined in Table 2. In addition to these base budgets to support services, more volatile or demand-led areas of activity are managed through Development and Risk Contingency - with latest projections for 2018/19 expanded upon in the following sections of this report.

Table 2: Group Budgets within Children, Young People and Learning Policy Overview Committee Remit

	Residents Services	Social Care	Cross-Cutting	Total
	£'000	£'000	£'000	£'000
Operating Budget 2017/18	727	30,153	0	30,881
Inflation	6	692	0	697
Corporate Items	(145)	0	0	(145)
Contingency	0	5,038	0	5,038
Priority Growth	0	0	200	200
Savings	0	399	(100)	299
Operating Budget 2018/19	588	36,282	100	36,970

Development & Risk Contingency

19. The following Contingency Items relate to services within the remit of Children, Young People and Learning Policy overview Committee, providing £3,326k additional funding to meet the costs of service delivery in 2018/19.

- a. **Asylum Service (£1,885k provision)** - Provision of £1,885k is included within this draft budget to reflect the costs, both direct and indirect, of supporting Unaccompanied Asylum Seeking Children. This represents a £237k increase in the 2017/18 level of contingency as the changing age profile of the client base is expected to result in reduced grant funding which can only be partially mitigated through the reduced level of support necessary for those clients over 18. Additionally, the new Children and Social Work Act 2017 is expected to place further responsibilities on local authorities to support UASC care leavers up to the age of 25, however as the Home Office have indicated that new burdens funding will be

forthcoming for this responsibility it has not been factored into the 2018/19 contingency requirement.

- b. **Looked after Children's Placements (£797k provision)** - During 2017/18 numbers of Looked after Children have remained reasonably stable at between 220 and 230 placements, however the specific needs of these children are generally quite complex and therefore require use of higher cost residential placements. In line with previous years it is expected that LAC numbers will grow to reflect broader population trends, requiring a 2% or £210k uplift on current costs. The remaining £587k reflects the expected cost of the current cohort of placements.
- c. **Support for Children with Disabilities (£367k provision)** - The introduction of the Children's and Families Act 2014 has impacted upon the number of Children with Disabilities remaining within the care of Children's services, with greater numbers and more complex cases coming into the system than transitioning to Adult services. In order to better reflect this area of activity within the MTF, CWD is now presented as a standalone contingency item outside of the broader LAC position.
- d. **Social Worker Agency Contingency (£277k provision)** - As the market for recruiting Social Workers remains competitive, specific contingency provision to manage the premium involved in use of agency staff has been retained for 2018/19.

20. During 2017/18, £5,038k of Contingency funding was released into base budgets in relation to previously budgeted growth relating to Looked After Children Placements.

Priority Growth

21. As noted above this draft budget includes £2,699k of growth proposals, including the following items relating to services within the remit of Children, Young People and Learning Policy Overview Committee.

- a. £200k support for an expanded youth offer from the Council, including provision for a grant programme to support independent youth groups.

Savings

22. Savings proposals are focused on increased efficiency and effectiveness, rather than reduction in service provision, and fall into four broad themes; Service Transformation, Effective Procurement, Income Generation & Commercialisation and Zero Based Reviews.

- a. Service Transformation represents the majority of proposed savings, with items presented in this category ranging from the full year effect of previously implemented proposals, the implementation of agreed BID Reviews and the expected benefits arising from potential new BID Reviews.

- b. Effective Procurement savings are similarly made up of full year effect items and proposed reviews of delivery models in a number of areas.
 - c. Income Generation & Commercialisation proposals include brought forward items for which plans are already in place, and proposed amendments to Fees and Charges discussed in the dedicated section below.
 - d. Savings proposals from Zero Based Reviews represent budgets which have been identified as being surplus to requirements through the line-by-line review of outturn 2016/17 and similar exercises being undertaken by Finance.
23. The accompanying appendix A to this report provides a full schedule of savings proposals within the Children, Young People and Learning Policy Overview Committee remit, with proposals totalling £195k across the relevant service areas and a reduction in grant funding of £494k. An overview of this programme within each Group is outlined in the following paragraphs.

Children's Social Care (£399k reduction in grant)

24. Across Children's Social Care, there is a net reduction of £399k in income included in this draft budget with a £494k adverse movement due to the falling out of time-limited Troubled Families Grant income, off-set by £95k of Service Transformation savings proposals.
25. Service Transformation proposals include a further £95k of savings relating to the full year effect of the Review of the Children Centre delivery model which was implemented during 2017.

Cross-Cutting (£100k savings)

26. Cross-Cutting initiatives included within this draft budget total £100k all delivered through Service Transformation, which relates to the BID Review of residual Education functions.

Fees & Charges

27. The Council is empowered to seek income from fees and charges to service users across a wide range of activities. Some of these fees and charges are set by the Government or other stakeholders, but many others are set at the discretion of the Council, based on Cabinet's recommendations. The following proposals to amend Fees & Charges within the remit of the Children, Young People and Learning Policy Overview Committee are included in the Cabinet's budget proposals, with more detail provided in Appendix B:

- a. Music Service - this reflects the second year of a planned three year phased approach to aligning the Music Service fees and charges at 90% of the neighbouring boroughs rates.
- b. Adult Community Learning Service - this reflects the second year of a planned three year phased approach to aligning the Adult Community Learning Service fees and charges at 90% of the neighbouring boroughs rates.

Capital Programme

28. The Council's current capital programme, as approved by Cabinet and Council in February 2017, continues to be focused on the provision of sufficient school places to meet rising demand across the borough. This programme has been reviewed and expanded to reflect a number of new initiatives as outlined above. The following key items within the Capital Programme fall within the remit of Children, Young People and Learning Policy Overview Committee, with more detail provided in Appendix C.

Schools Expansion Programme

29. The Council's flagship Schools Expansion Programme remains at the centre of the capital programme, with total projected investment of £260,596k to secure 43 additional Forms of Entry (FE) over the period from 2010 to 2023. This represents a reduction of £12,564k and 1 FE from the position reported to Cabinet and Council in February 2017, reflecting reduced forecast growth in pupil numbers and favourable movements in underspends including those declared at 2016/17 outturn.

30. The Primary Schools Expansion Programme phases 1, 2 and 3 are now complete and construction works have commenced on Phase 4 of the programme at two sites. The approved Phase 4 budget of £27,400k provides for three single FE expansions across three sites, however growth forecasts indicate that demand for primary school places is plateauing in the north of the borough. As a result demand can be contained from the two expansions that are proceeding and it is therefore proposed to reduce the Phase 4 budget by £12,074k. This reduction also includes savings on the tendered prices for the two live expansions. The construction of the permanent expansions at these two sites are planned to be complete by September 2018.

31. The latest population growth forecast in the Secondary sector confirms the previously reported demand requirement of this programme as 13 FE inclusive of a 1 FE requirement in 2017/18. Therefore there are no proposed changes to the existing Secondary Schools Expansion Programme budget of £55,900k. Two school expansions are currently undergoing the planning approval process with construction works expected to commence next year. These expansions will provide three forms of entry in total by September 2019.

32. The existing secondary schools expansions budget has been set with the assumption that 6 FE demand will be met through the provision of a new free school in the north of the borough. However it is unlikely that free school provision will be delivered by the ESFA by September 2019 as a site has not yet been identified. It is expected that a 2 FE shortfall in September 2019 will be met through provision of bulge classes. To ensure there is sufficient budget provision for this it is proposed to increase the existing temporary classrooms budget to £4,000k. This represents an increase of £353k from the existing budget provision, as uncommitted funding for temporary classrooms from the former Primary Schools Programme is reallocated to this budget heading, giving flexibility to meet temporary demand pressures across both primary and secondary programmes.

33. A provision of £250k has been added to the schools programme to support Meadow School to allow for a larger dining hall as part of phase 2 of the Department for Education Priority Schools Building Programme.
34. The demand pressure of pupils with additional needs is expected to be met through a combination of the existing budget for three Special Resource Provision (SRP) units being delivered and two free special school proposals that are supported by the Council. The Government has awarded SEN grant to Hillingdon amounting to £2,916k over the period 2018/19 to 2020/21. In order to access the funding the authority will be required to develop formal plans in consultation with parents, carers and providers on the most efficient use of the funding. The deadline for submission of the plan to secure the grant is March 2018.
35. In the capital financing budget it is proposed to partially allocate the SEN grant towards the existing 2 SRP planned provision within the Secondary Schools Expansion Programme. It is also proposed to finance the existing budget provision of £1,200k for future SRPs in 2019-21 from the grant, reducing forecast Prudential Borrowing. A further £440k remains unallocated from the grant and it is assumed this will be utilised for further SRP needs that are identified.
36. Confirmed Basic Needs funding within the existing Schools Expansion Programme up to 2019/20 amounts to £23,025k with a further £8,850k in the approved budget currently assumed for the period 2019-21. A further £4,500k funding is assumed for 2022/23.

School Conditions Building Programme (SCBP)

37. With fewer schools converting to Academy status than previously expected, the need for condition works to support building infrastructure at maintained schools continues to remain high. It is therefore recommended that for future years from 2019/20 the Capital Maintenance Grant is applied to the SCBP in full, where previously it has been partly allocated towards conditions improvements provided within the Schools Expansions programme. The financial impact of this will be to increase Prudential Borrowing by £2,581k on the Schools Expansion Programme as this is the amount of assumed future grant that will be reallocated to the SCBP.
38. Prior to commencement of works, contributions from the individual schools requiring condition works will continue to be sought and agreed in line with the approved schools contributions policy.

BACKGROUND PAPERS

THE COUNCIL'S BUDGET: MEDIUM TERM FINANCIAL FORECAST 2018/19 - 2022/23, presented to 14 December 2017 Cabinet Meeting.

Appendix A

Savings Proposals within remit of Children, Young People and Learning POC	Theme	Net Variation from 2017/18 Budget				
		2018/19	2019/20	2020/21	2021/22	2022/23
Description		£(000s)	£(000s)	£(000s)	£(000s)	£(000s)
Full Year Effect of Prior Year Savings		0	299	811	1,085	1,085
Social Care						
<i>Review of Children Centre Delivery Model</i> <i>Full Year Effect of proposals implemented during 2017/18, reflecting current staffing establishment.</i>	Service Transformation	(95)	0	0	0	0
<i>Effective Use of Troubled Families Grant</i> <i>Application of Troubled Families Phase 2 Grant funding, to support the turnaround of 1,990 families over the next five years, starting in 2015/16, where the grant payment has been front loaded for the attachment fee.</i>	Income Generation & Commercialisation	494	512	274	0	0
Total Social Care Savings Proposals		399	512	274	0	0
<i>Cross-Cutting Education Review</i> <i>On-going BID review of residual Education functions to deliver efficiency savings following the abolition of the Education Services Grant during 2018/19.</i>	Service Transformation	(100)	0	0	0	0
Total Cross-Cutting Savings Proposals		(100)	0	0	0	0
Total Children, Young People and Learning Savings Proposals		299	811	1,085	1,085	1,085

Appendix B

Type of Fee / Charge	Type	Current Charge Residents	Current Charge Non-Residents	Vat Status	Proposed Charge Residents	Increase	Proposed Charge Non Residents	Increase	Date of last change to charge	Effective Date
22. Music Service										
Standard tuition	R	63.72	N/A	EXP	68.90	8.13%	N/A	N/A	01-Apr-17	01-Apr-18
Advanced tuition plus Music School	R	195.26	250.00	EXP	215.00	10.11%	312.30	24.92%	01-Apr-17	01-Apr-18
Music School only	R	66.40	84.00	EXP	67.20	1.20%	114.30	36.07%	01-Apr-17	01-Apr-18
Weekday music school or Choir Only	R	33.10	48.00	EXP	33.00	-0.30%	81.50	69.79%	01-Apr-17	01-Apr-18
Use of Instrument	R	14.87	20.00	EXP	18.00	21.05%	21.00	5.00%	01-Apr-17	01-Apr-18
Standard tuition layer 2 (NEW)	R	43.00	N/A	EXP	44.00	2.33%	N/A	N/A	01-Apr-17	01-Apr-18
Standard tuition layer 1	R	15.00	N/A	EXP	15.50	3.33%	N/A	N/A	01-Apr-17	01-Apr-18
Advanced tuition plus Music School layer 2 (NEW)	R	120.00	N/A	EXP	130.50	8.75%	N/A	N/A	01-Apr-17	01-Apr-18
Advanced tuition plus Music School layer 1	R	40.00	N/A	EXP	43.50	8.75%	N/A	N/A	01-Apr-17	01-Apr-18
Music School only layer 2 (NEW)	R	46.00	N/A	EXP	42.00	-8.70%	N/A	N/A	01-Apr-17	01-Apr-18
Music School only layer 1	R	16.00	N/A	EXP	15.00	-6.25%	N/A	N/A	01-Apr-17	01-Apr-18
Weekday music school or Choir Only layer 2 (NEW)	R	21.00	N/A	EXP	21.00	0.00%	N/A	N/A	01-Apr-17	N/A
Weekday music school or Choir Only layer 1	R	9.25	N/A	EXP	9.30	0.54%	N/A	N/A	01-Apr-17	01-Apr-18
Use of Instrument layer 2 (NEW)	R	10.00	N/A	EXP	12.00	20.00%	N/A	N/A	01-Apr-17	01-Apr-18
Use of Instrument layer 1	R	5.00	N/A	EXP	6.00	20.00%	N/A	N/A	01-Apr-17	01-Apr-18
Hourly Charge for School Projects	S	N/A	37.00	NB	N/A	N/A	40.00	8.11%	01-Sep-10	01-Apr-18
Hourly Charge for School Projects (to Academies)	S	N/A	44.40	STD	N/a	N/A	50.00	12.61%	01-Sep-10	01-Apr-18
Whole Class Ensemble Tuition (Morning Discount)	S	200.00	N/A	EXP	200.00	N/A	N/A	N/A	01-Apr-17	N/A
Whole Class Ensemble Tuition (Afternoon Standard Price)	S	N/A	N/A	EXP	350.00	N/A	N/A	N/A	N/A	01-Apr-18
37. Adult Education Service										
Tuition Fee per Guided Learning Hour –LSC funded provision	R	2.87	4.55	EXP	3.26	13.59%	5.17	13.63%	1-Apr-17	01-Apr-18
Tuition Fee per Guided Learning Hour –LBH funded provision	R	2.87	4.55	EXP	3.26	13.59%	5.17	13.63%	1-Apr-17	01-Apr-18

APPENDIX C

Total Project Cost (incl. Prior Years) £'000	Current MTFP Proposal	Project by Cabinet Member Portfolio	2018/19 Draft Budget	2019/20 Draft Budget	2020/21 Draft Budget	2021/22 Draft Budget	2022/23 Draft Budget	Financed by:		
			£'000	£'000	£'000	£'000	£'000	Council Resources £'000	Government Grants £'000	Other Contributions £'000
		SCHOOLS PROGRAMME								
		Education and Children's Services								
137,284		Primary School Expansions	119	0	0	0	0	119	0	0
15,326	UPDATE	New Primary School Expansions	5,985	1,043	1,051	0	0	6,879	1,200	0
56,000		Secondary Schools Expansions	19,828	4,163	17,186	8,627	4,500	19,251	35,053	0
46,095		Secondary Schools New Build	377	0	0	0	0	377	0	0
4,000	UPDATE	Additional Temporary Classrooms	2,400	1,600	0	0	0	4,000	0	0
1,640	UPDATE	Schools SRP	0	800	840	0	0	0	1,640	0
250	NEW	Meadow School	250	0	0	0	0	0	250	0
260,596		Total Schools Programme	28,959	7,606	19,077	8,627	4,500	30,626	38,143	0
		PROGRAMME OF WORKS								
		Education and Children's Services								
N/A		Devolved Formula Capital	363	317	271	222	222	0	1,395	0
N/A	UPDATE	School Conditions Building Programme	950	1,950	1,750	1,550	1,550	0	7,000	750
0		Total Programmes of Works	1,313	2,267	2,021	1,772	1,772	0	8,395	750
260,596		Total General Fund Capital Programme	30,272	9,873	21,098	10,399	6,272	30,626	46,538	750