

BUDGET PLANNING REPORT FOR CHILDREN, YOUNG PEOPLE AND LEARNING SERVICES 2016/17

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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. Within the context of the Council's overall financial position, this paper sets out the main financial issues facing the Group's services and the work being undertaken to respond to them. This paper gives a strategic context in which the detailed proposals to be discussed at Policy Overview Committee meetings in January 2016 will need to be considered.

OPTIONS AVAILABLE TO THE COMMITTEE

It is recommended that the Committee notes the development of the financial planning process undertaken to date, and comments as appropriate on the response to the issues being developed by the Group.

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 2016/17. The focus of this report is the major issues that have been identified through the service and financial planning process for Children, Young People and Learning Services. The report to be considered in January 2016 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 17 December 2015.

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 2015 identified the savings requirement for 2016/17 as £20.3m and work is currently underway to refresh this figure. The finance settlement announced in December 2014 was only for the year 2015/16. Therefore, until the final settlement is announced towards the end of the year the final funding position will not be fully known, although an

indication of the scale of funding reductions may be given in the Comprehensive Spending Round expected in Autumn 2015.

- 4 In addition, there is significant other uncertainty within the budget for next year from increasing demographic pressures; from ongoing welfare reforms; and from the second phase of the 2014 Care Act coming into effect from 1 April 2016.
- 5 Alongside this, any other emerging pressures which arise throughout this financial year will have to be provided for in next year's budget. The budget gap will be monitored throughout the year and the budget strategy adjusted accordingly to ensure that a balanced budget for 2016/17 can be set.

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 have accumulated balances of £40.4m by the end of 2014/15, although £5m of that has been committed to being drawn down during 2015/16. We have a well established HIP programme that has helped steer the Council from a position of having low balances to one of having healthy balances at the same time as dealing with significant external challenges. This has been enhanced by the development of the BID programme as the main vehicle for delivering the fundamental changes required to the Council's structure and ways of working in order to address the reductions in funding going forward.

MTFF process update

- 7 The timetable for the budget process was refreshed in February 2015 and the first MTFF sessions with Groups took place during late June and 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 CMT 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 CMT updates (March 2015 to Feb 2016)	Monthly
CMT discussion on options to address 2016/17 gap	February
SMT Briefing on budget position	February
Analytical review of 2014/15 outturn	April - June
MTFF Review (1) – 1st Challenge Sessions	June
Initial Draft MTFF Report to Leader	July
Spending Review	Summer / August
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

Education Service

- 9 The Education Service has identified budget savings for 2015/16 totalling £240k, which the service is confident will be delivered. These relate to efficiency savings from reviews of Discretionary expenditure across the service.
- 10 The 2016/17 MTFF proposals will continue to focus on opportunities that arise through ongoing reviews of service expenditure and identifying any new opportunities for savings and efficiencies that are emerging from the work undertaken through the Council's now well established HIP and BID processes. The emphasis continues to be on generating savings through service improvement based on process efficiency, use of technology and consolidation of provision and considering different delivery models for services, such as the commissioning of services, where there is a proven benefit to do so.
- 11 Alongside the development of further savings proposals, the Group continues to review all contract-related and discretionary spend, within a robust process for controlling and challenging expenditure decisions.
- 12 The Education Service continues to manage the increase in the pupil population, especially within the primary sector to support the Primary Schools Expansion Programme, which has seen the successful build of three new Primary schools (John Locke and Lake Farm, which opened in September 2014 and St Martin's which will open in September 2015). The service has also supported the development of two year old places (funded from the Dedicated

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Schools Grant) and the development of provision for children that have a Special Educational Need or Education, Health and Care Plan. Its' focus is now moving into the secondary sector, to ensure that sufficient places are available once the primary growth starts to feed into the secondary school population.

- 13 The Education Service continues to respond to ongoing consultations relating to school funding, Dedicated Schools Grant (DSG) funding and the roles and responsibilities of local authorities in light of more schools converting to academy status and the growth in the number of Free Schools, University Technical Colleges and Studio Colleges that are being agreed by the Department for Education.
- 14 The Children's and Families Act 2014 came into force on 1 September 2014. The local authority has implemented all of the major requirements set out within the Act, including the development of personalised budgets, the issue of Education, Health and Care Plans and the creation of a Virtual School Head (although this post was already part of the Council's staffing structure).
- 15 The Queen's Speech sets out a range of bills that the Government plan to implement over the forthcoming Parliamentary year. Two of these will specifically have a direct impact on Education Services:

Childcare Bill - The purpose of the Bill is to help support working people from the start of their family life and help hard-working families with the costs of childcare and support parents in work.

The main elements of the Bill are to:

- Deliver on the Government's election manifesto commitment of giving families, where all parents are working, an entitlement to 30 hours a week of free childcare for their three- and four-year olds for 38 weeks of the year (equivalent of the school year).
- Require local authorities to publish information about the provision of childcare in the local authority area, and other services or facilities which might be of benefit to parents or prospective parents, or children or young persons in their area.

Education and Adoption Bill - The purpose of this Bill is to strengthen the government's intervention powers in failing maintained schools and to introduce measures that will enable them to deliver regional adoption agencies

The main elements of the Bill relevant to Education Services are:

- It would give Regional Schools Commissioners powers to bring in leadership support from other excellent schools and heads, and would speed up the process of turning schools into academies.
- An inadequate Ofsted judgement would usually lead to a school being converted into an academy, and barriers would be removed to ensure swift progress towards conversion. It would make schools that meet a

new coasting definition, having shown a prolonged period of mediocre performance and insufficient pupil progress, eligible for academisation.

- 16 The impact of this would be that an inadequate Ofsted judgement would usually lead to a school being converted into an academy, and barriers would be removed to ensure swift progress towards conversion. It would make schools that meet a new coasting definition, having shown a prolonged period of mediocre performance and insufficient pupil progress, eligible for intervention, which could include academisation. A coasting school has been defined as follows:
- Secondary schools would be considered for intervention unless 60% of pupils achieved five good GCSEs. As of 2016, schools will also be deemed to be coasting unless pupils achieve a consistent level of achievement on the government's Progress 8 measure that tracks progress between the end of primary school and GCSE.
 - Primary schools at risk of intervention will be those which see fewer than 85% of 11-year-olds achieve a level 4 in reading, writing and maths.
- 17 This means that Local Authorities will be expected to work closely with the new Regional Schools Commissioner and take a stronger and faster-paced role in school interventions to promote rapid improvement in pupil progress and attainment.
- 18 The Department for Education have indicated that a consultation paper will be issued in July 2015 relating to the implementation of a National Funding Formula. For this financial year (2015/16), Hillingdon schools benefited from an increase of £3.92 per pupil in its Guaranteed Unit of Funding, resulting in an increase of £155k, to ensure that the funding received through the Dedicated Schools Grant was equal to the average level of funding provided across the Country. Additionally, all schools now fall within the schools funding formula determination, including: Maintained Schools, Academy Schools, pre convertor Academy Schools (Harefield and Stockley), Free Schools, Studio Colleges and University Technical Colleges.

Children's Social Care

- 19 Children's Social Care has identified budget savings for 2015/16 totalling £986k, which will be a challenge for the service to deliver. These relate primarily to the review of Looked After Children placements.
- 20 During 2014/15, the service experienced a high level of staff turnover from Director level down. It also had to contend with a very active agency labour market, which significantly pushed up the pay rate of agency staff. In September 2014, steps were put in place to stabilise the position, including the procurement of three managed services including the Duty Team (managed by Skylakes) and additional resources to support the implementation of new ways

of working in the Fostering and Adoption service (Coram and HCL). Over the last few months, the service has launched a major staff recruitment campaign which includes the recruitment of Team Managers, Social Workers and Newly Qualified Social Workers across the whole service. Opportunities will also be taken to convert agency staff into permanent roles, where there is a desire to do so. Based on current activity, this campaign appears to be delivering a very high success rate, with the majority of Team Manager posts likely to be filled with permanent staff.

- 21 There is a significant focus by Ofsted on how local authorities are identifying, managing and supporting children who are at risk of exposure to Child Sexual Exploitation (CSE), trafficking, grooming, Female Genital Mutilation (FGM), gang violence, radicalisation, etc. High profile cases such as those in Rotherham and Oxford have highlighted the impact of failing to monitor the potential risk to children, which includes increased placement costs.
- 22 The LAC population has increased to a level more in line with a Council the size of Hillingdon. The service now has to manage the potential impact of a growing children population, which is growing at a rate in excess of 2% each year. This is likely to have an impact on the LAC population, additionally evidence suggests that the needs of the LAC population are becoming more complex, which in some cases results in higher placement costs.
- 23 Central Government introduced new legislation in 2014, which extended the staying put age range from 18 to 21. Additional New Burden funding of £56k for each of the three financial years up 2016/17 will be provided to reflect the cost burden over the three year period. Based on current data, the costs are £38k higher than the grant provided. However, this arrangement effectively removes a foster carer from the system to take on any new placements, placing an additional strain on the recruitment of foster carers.
- 24 The Children and Families Act 2014 placed additional responsibilities on local authorities relating to child adoption, although a recent Court ruling appears to have placed more emphasis on Special Guardianship Orders. Furthermore, another court ruling requires local authorities to pay the maintenance allowance and the fee element for all connected person placements, placing an additional cost on the placements budget.
- 25 The Queen's Speech sets out a range of bills that the Government plan to implement over the forthcoming Parliamentary year. One of these will specifically have a direct impact on Children's Services:

Education and Adoption Bill - The purpose of this Bill is to strengthen the government's intervention powers in failing maintained schools and to introduce measures that will enable them to deliver regional adoption agencies.

The main elements of the Bill relevant to Children's Services are:

- It would give the Secretary of State the power to direct authorities to make arrangements for any or all of their adoption functions to be carried out by another organisation including another local authority.

The definition of services covered under this proposal are:

- i) The recruitment, assessment and approval of prospective adopters
- ii) Decisions about which prospective adopters a child should be matched with
- iii) The provision of adoption support services

26 The 2016/17 proposals will continue to focus on the cost of Looked After Children placements, the staffing structures and contracted spend, ensuring that the service is well placed to ensure that children are not put at risk.

Asylum Service

27 In March 2015, the Home Office reduced the funding that they would provide to support Asylum Seeking Children (aged up to 17) with effect from 1 April 2015. Hillingdon's asylum seeking children profile continues to reduce for children aged under 18 and increase for those over 18. The comparative cost of supporting an 18 year old is greater than the Leaving Care grant received. Potentially support could be provided up to the age of 25, where the child is in full time higher or further education, which appears to be the case for the majority of children in Hillingdon.

28 The grant provided by the Home Office is based on a unit rate of £114 per day for eligible under 16's, £91 per day for eligible 16 to 17 year olds and £150 per week for eligible 18+. Additionally funding is provided by the UK Border Agency to reflect the impact of support required for children landing at Heathrow.

Next Steps

29 The Medium Term Financial Forecast setting out the draft revenue budget and capital programme will be considered by Cabinet on 17 December 2015 and issued for consultation during the remainder of December 2015 and January 2016. This will include detailed consideration by each of the Policy Overview Committees of the proposals relating to their respective services.

SUGGESTED COMMITTEE ACTIVITY

The Committee is asked to consider the Budget Planning report and comment as appropriate.

BACKGROUND PAPERS

The Council's Budget: General Fund Revenue Budget and Capital Programme 2015/16 – reports to Cabinet 12 February 2015 and Council 26 February 2015.