

# Report of the Strategic Director of Children's Services to the meeting of the Children's Services Overview and Scrutiny to be held on 24<sup>th</sup> January 2017.

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**AE**

**Subject:**

Children's Services Budget Considerations.

**Summary statement:**

This report provides information on the Children Services 2017-18 and 2018-19 budget proposals.

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**Portfolio:**

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**Overview & Scrutiny Area:**

**Children's Services**



## **1. SUMMARY**

- 1.1 This report provides information on the Children Services 2017-18 and 2018-19 budget proposals.
- 1.2 On 6 December 2016 the Executive considered a report concerning the initial draft budget and Council tax proposals for 2017-18 and 2018-19, and approved these proposals for consultation as required with the public, interested parties, staff and trade unions.

## **2. BACKGROUND**

- 2.1 On 6 December 2016 the Executive considered a report concerning the initial draft budget and Council tax proposals for 2017-18 and 2018-19, and approved these proposals for consultation as required with the public, interested parties, staff and trade unions. For the first time, the Council published a financial plan which shows how the estimated revenue deficit over 4 years will be closed.
- 2.2 The plan is the financial component of the Council Plan 2016 - 2020, and aligns resources with priority outcomes which are:-
  - Better Health Better Lives
  - Better Skills, more good jobs and a growing economy
  - Decent homes that people can afford to live in
  - A great start and good schools for all our children
  - Safe, clean and active communities
  - A well-run Council, using all our resources to deliver our priorities
- 2.3 It reflects the purposes, priorities and ambitions set out in the Council Plan. The proposals seek to reconcile the contradictions between: citizens' expectations and requirements for services and the Council's ambitions to do the right things for the District; statutory and other obligations; and the money available.
- 2.4 The report makes detailed proposals, for consultation, about spending in 2017/18 and 2018/19. For 2019/20 and 2020/21, it indicates the level of affordable spending on Council priorities, and signals the need for continuing engagement with stakeholders in developing plans and proposals for those years.
- 2.5 Over the last six years the Council has budgeted for more than £250m in savings and increased Council tax. This proposed plan shows that further savings of £81.6m will be required, after taking account of taxation increases, the net effect of changes in specific grants, and the consequences of inflationary and demographic pressures on the costs of services.

## **3. Children Services Budget Considerations**

- 3.1 The Children Services net expenditure budget is approximately a fifth of the overall



Council base budget.

3.2 Children services key priorities are:-

- Ensuring that children start school ready to learn
- Accelerating educational attainment and achievement
- Ensuring young people are ready for life and work
- Ensuring that there is education, employment and skills for all
- Safeguarding vulnerable children and young people
- Reducing health and social inequalities

3.3 The challenges faced by the service are:-

- Growing population
- Increase in demand for services
- High Levels of disability
- Complying with statutory requirements

3.4 The principles used in coming up with the budget proposals are:-

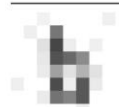
- Early Help and Support
- Managing demand and building on strengths
- Improving placement choice
- Alternative model of delivery including traded services
- School led system
- Maximising benefits of integration and joint commissioning with Health, Education and Voluntary Sector

#### 4. FINANCIAL & RESOURCE APPRAISAL

4.1 Children Services base budget will reduce by £5.003m over two years (£3.865m in 2017-18 and £1.1.38m in 2017-18). The table below provides a summary of the budget proposals from Children Services budgets.

Description	2017-18 £m	2018-19 £m	Further Information
Proposals agreed in Feb 2016 (no changes)	0.470	0.000	See Appendix 1
Proposals agreed in Feb 2016 (amounts changed)	1.268	0.250	See Appendix 2
Proposals agreed in Feb 2016 (replaced with compensatory savings)	1.125	0.082	See Appendix 3
New proposals for consultation	1.002	0.806	See Appendix 4
<b>Total Budget Savings</b>	<b>3.865</b>	<b>1.138</b>	

4.2 The above table does **not** include a further £2.4m reduction of support from the Dedicated Schools Grant (DSG) to support central school improvement, early years and de-delegated services to school.



- 4.3 The budget also recognises the growing young population in the district and proposes to allocate £2.5 over four years (£0.625 per year cumulative) to support the demographic pressure faced by the service.
- 4.4 In the next two years, education services provided by the Council will be reshaped as consequence of reductions in the Dedicated Schools and Education Services Grants. Beyond that, it is likely that further changes will be required to ensure available funds are targeted at the most effective school improvement activities. We will continue to engage with our stakeholders on these reforms which are fundamentally changing the role of the local authority.
- 4.5 The longer term intention for early years is to review our delivery of early help services for children and young people, and to develop a coherent pathway. This review will look at a range of services including those within the Council – for example, School Nursing and Health visiting, Early Help including Family Centres, and Early Years including Children’s Centres. We will be working with partners to also look at how services not directly delivered by the Council can fit within this offer. This is the right direction from a pedagogical and pragmatic perspective. We will collaborate with stakeholders to develop options, so that, subject to consultation, the remodelled services will be ready for commissioning by 2019. The next phase of development for the functions carried out by Children’s Centres will be part of the combined services (following the end of the current arrangements in July 2019).

## **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

- 5.1 The principal risks to the proposals are:
- 2016/17 financial performance may show that there are structural recurrent deficits in the baseline budget, which will need to be dealt with before the final budget is set in February, particularly in relation to social care. At the mid-year, the risk of a £3.1m overspend was reported. The proposed budget assumes that this risk will be fully mitigated.
  - Consultation outcomes may mean that specific proposals cannot be delivered or need recasting.

## **6. LEGAL APPRAISAL**

- 6.1 The Council must comply with all legal requirements and local agreements to consult on proposals to change or withdraw services before the Council is asked to make any final decisions.
- 6.2 The legal requirements for a proper consultation exercise are as follows –
- Consultation must be at a time when proposals are at a formative stage.
  - Sufficient reasons for the proposals must be given to allow intelligent



- consideration and response
- Adequate time must be given for a response
- The product of the consultation must be conscientiously taken into account before the decision is made.

6.3 Section 149 of the Equality Act 2010 (the public sector equality duty) provides that:

- (1) A public authority must, in the exercise of its functions, have due regard to the need to –
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- (2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).
- (3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to –
  - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- (4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- (5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to –
  - (a) tackle prejudice, and
  - (b) promote understanding.
- (6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.
- (7) The relevant protected characteristics are -



age;  
disability;  
gender reassignment;  
pregnancy and maternity;  
race;  
religion or belief;  
sex;  
sexual orientation.

Officers have prepared equality impact assessments on the proposals to assist elected members in having regard to this duty.

- 6.4 Section 3(1) Local Government Act 1999 imposes a duty on local authorities to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Section 3(2) requires local authorities to consult representatives of
- persons liable to pay any tax in respect of the authority
  - persons liable to pay non-domestic rates
  - persons who use or who are likely to use services provided by the authority
  - persons appearing to the authority to have an interest in any area within which the authority carries out functions

for the purpose of deciding how to fulfil the duty imposed by Section 3 (1)

## **7. OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

Each proposal is subject to an initial Equality Impact Assessment, which will be developed through the consultation period.

The consultation provides the opportunity for the Council better to understand:

- the consequences for individuals with protected characteristics affected by changes, particularly related to proposals relating to social care
- any cumulative impact on groups with protected characteristics.

### **7.2 SUSTAINABILITY IMPLICATIONS**

None.

### **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

None.

### **7.4 COMMUNITY SAFETY IMPLICATIONS**

None at this stage.

### **7.5 HUMAN RIGHTS ACT**



None at this stage.

## **7.6 TRADE UNION**

Trade Union involvement is in place as part of the budget consultation

## **7.7 WARD IMPLICATIONS**

Affects all wards.

## **7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)**

Affects all areas.

## **8. NOT FOR PUBLICATION DOCUMENTS**

8.1 None.

## **9. OPTIONS**

9.1 None

## **10. RECOMMENDATIONS**

10.1 The Children's Services Overview and Scrutiny Committee to note the details of the budget saving proposals for 2017-18 and 2018-19.

## **11. APPENDICES**

Appendix 1 - Proposals Agreed in Feb 2016

Appendix 2 - Proposals Agreed in Feb 2016 with changes to amounts

Appendix 3 - Proposals Agreed in Feb 2016 - replaced with compensatory savings

Appendix 4 - New Budget Saving Proposals

## **12. BACKGROUND DOCUMENTS**

None.

