

Joint Report of the County Treasurer and the Chief Officer for Children's Services

2019/20 Budget

Recommendation: that the Scrutiny Committee consider whether it wishes to draw to the attention of the Cabinet any observations on the proposals contained within the draft Revenue Budget 2019/20 and Capital Programme for 2019/20 to 2023/24.

1. Introduction and Commentary

- 1.1 At its meeting of 12th December 2018, Cabinet set Revenue Budget targets for 2019/20. The targets incorporate inflation and pressures and income initiatives and savings required to set a budget within reduced funding levels provided by Government in the recent provisional financial settlement.
- 1.2 At this stage, the final outcome of the Local Government Finance Settlement is awaited and details of the council tax base, collection fund surpluses and tax base yield have yet to be confirmed along with the local element of Business Rates. Information should be available by the time that County Council considers final budget proposals for 2019/20 on 21st February 2019. However, given the late notification of the provisional settlement and in line with arrangements from previous years, 25th February 2019 has been set aside for a second County Council budget meeting if required.
- 1.3 The draft budget attached to this report complies with the targets set by Cabinet on 12th December which total £493.850 millions. The total includes funding for budget pressures of £33.353 millions that mainly relates to additional expenditure to allow for service growth to cater for demographic changes such as increased children and adult service users and unavoidable cost pressures. Savings and income initiatives of £13.398 millions are required to set a balanced budget. The target for Adult Care and Health also includes £5.045 millions in relation to the One-off Improved Better Care Fund grant announced by the Chancellor in March 2017.
- 1.4 The targets set for each service area have been subject to different pressures and influences. The table below shows the 2019/20 Budget Targets by Chief Officer.

	2018/19 Adjusted Budget*	Inflation, Pressures & NLW £000	Savings £000	Removal of one off Budgets £000	Removal of 18/19 one off iBCF £000	Addition of 19/20 one off iBCF £000	2019/20 Budget £000	
Adult Care & Health	228,051	13,517	(3,866)	0	(10,148)	5,045	232,599	2.0%
Childrens Services	123,569	13,229	(1,645)	0	0	0	135,153	9.4%
Community, Health, Environment & Prosperity	38,326	1,431	(762)	(418)	0	0	38,577	0.7%
Corporate Services	35,306	1,476	(3,808)	0	0	0	32,974	-6.6%
Highways, Infrastructure Development & Waste	54,164	3,700	(3,317)	0	0	0	54,547	0.7%
	479,416	33,353	(13,398)	(418)	(10,148)	5,045	493,850	3.0%

* Adjusted for permanent virements

- 1.5 This report provides detailed budget proposals in respect of all Services, in line with the targets outlined above.

2. Chancellor's Autumn Budget

- 2.1 The Chancellor of the Exchequer presented the Budget to the House of Commons on the 29th October; a month earlier than last year. The Budget contained additional funding for Local Government in both 2018/19 and 2019/20.
- 2.2 The additional funding for the current year, 2018/19, is of a Capital nature and is set out in the table below.
- 2.3 For 2019/20 the Chancellor announced an additional £650 millions of Revenue funding for Adult and Children's Social Care. £410 millions is for a Social Care Support Grant that is being given in response to concerns nationally of pressures in Social Care, including Children's. The remaining £240 millions is a Winter Pressures Grant and will need to be pooled into the Better Care Fund but is specifically for Councils to spend on Adult Social Care.

	National figure	Devon's share
	£000	£000
<u>2018/19 – Capital sums</u>		
Local Highways Maintenance Funding - repair of roads (including potholes), bridges and local highways infrastructure generally	420,000	18,754
National Productivity Investment Fund (NPIF) – minor junction and road layout improvements*	150,000	TBC*
Disabled Facilities Grants – to be pooled in the Better Care Fund and allocated to Devon Districts	55,000	791
School Equipment and Capital Maintenance – direct to schools	400,000	Estimated 5,158
<u>2019/20 – Revenue sums</u>		
Social Care Support Grant	410,000	6,109
Winter Pressures Grant	240,000	3,576

*the NPIF funding is expected to be allocated via a competitive bid process

3. The Provisional Local Government Finance Settlement 2019/20

- 3.1 The Provisional Local Government Settlement for 2019/20 was announced on 13th December a week later than originally scheduled due to the ongoing Brexit debates. 2019/20 is the final year of the four-year settlement and the core funding Provisional settlement of £101.5 millions is as expected. As the authority was a 100% Business Rates Pilot in 2018/19 a direct comparison of our core funding is more difficult but on a like for like basis the 2019/20 Provisional Settlement represents a reduction, in cash terms, of £13.5 millions or 11.7%.
- 3.2 The provisional settlement has set the Council Tax increase that will trigger a referendum, excluding the Social Care Precept, at 3% for 2019/20; the same level as 2018/19

- 3.3 The Adult Social Care Precept regulations have remained unchanged. In 2016/17, the Social Care Precept was capped at 2% per annum for the period 2016/17 to 2019/20. Members may recall that Government changed these regulations in 2017/18 and allowed Authorities to increase the precept to a maximum of 3% per annum over the period 2017/18 to 2019/20 as long as the total increase over the three years did not exceed 6%. The Council increased the Adult Social Care Precept by 3% in 2017/18 and 2% in 2018/19 leaving 1% available for 2019/20.
- 3.4 The Grants set out below were also announced as part of the Provisional Settlement, however, others are still awaited and members will be updated as part of the budget report in February.

	2018/19	2019/20	Increase / (decrease)
	£000	£000	£000
Refund from National Business Rates Levy Account	0	1,550	1,550
New Homes bonus	3,808	3,656	-152
Rural Services Delivery Grant (1)	7,455	7,455	0
Chancellor's Budget - Winter Pressures (2)	3,576	3,576	0
Chancellor's Budget - Social Care	0	6,108	6,108
Improved Better Care Fund	20,396	24,695	4,299

(1) In 2018/19 RSDG was rolled into Business Rates pilot

(2) Winter Pressures funding for 2018/19 was announced in October 2018

4. 2019/20 75% Business Rate Retention Pilots

- 4.1 In the summer the Government invited Local Authorities to apply to become 75% Business Rate Pilots. It had been hoped that the 2018/19 100% Pilots would continue into 2019/20 but this was not the case. Following the success of the Devon Pilot this year, the Devon authorities submitted a bid to join the new pilot scheme in 2019/20.
- 4.2 As part of the Provisional Settlement the Government has announced which applications have been successful and the areas that will therefore become 75% Pilots. Devon has unfortunately not been selected as one of the pilot areas; this is very disappointing but not entirely unexpected.

5. Service Specific Budget Issues - Children's Social Care

- 5.1 In Children's Social Care the greatest cost pressures centre on the lack of sufficiency of appropriate placements both locally and nationally, particularly for those meeting the increasingly complex needs of children and young people.
- 5.2 The number of looked after children has risen in the latter part of 2018/19 but still compares favourably against national trends. Costs however have escalated substantially, particularly for residential placements. There is a strong commissioning focus on engagement with providers and market management, but the issue of sufficiency is a constraint on achieving best value. In recognition of this and other changes in the types of packages of care children and young people are needing access to, £8.2 millions have been provided in the 2019/20

budget for inflation and demand pressure. £1 million additional funding has been provided for foster carer allowances.

- 5.3 During 2019/20 the service will seek to gain approval of two key strategies that are expected to be funded from the Business Rates Retention Pilot income; Edge of Care and Crisis Care. These strategies aim to provide specialist, multi-disciplinary intervention approaches to adolescents who are on the brink of coming into care, preventing escalation to crisis, or to reunite children in care with their families where this is an appropriate course of action. They are designed to improve the experiences of the children and to reduce costs although will take time to work through the system and the financial effect will not be realised immediately.
- 5.4 £2 millions is being invested in service improvement and development, which includes the introduction of a coherent practice model with training across the workforce; additional interim capacity in the South Locality to address challenges that have emerged during 2018/19; changes to the organisational structure to further strengthen the management and oversight of services for children in care and for care leavers; and establishing a permanent fourth team of social workers in Northern Devon.
- 5.5 A range of services are provided for disabled children and their families, including short breaks and respite care. From April 2019 Children's Services will undertake direct delivery of residential short breaks providing the opportunity to shape the service to better reflect the preference of families to access community-based resources. Similarly, the Rehabilitation Officers for Visually Impaired Children services (ROVICs) will transfer from the current provider to DCC. Delivery of both is expected to be within the existing funding envelope.
- 5.6 From April 2019 Children's Services will be the operational provider of the 0-19 Public Health Nursing (PHN) service. As it will be fully funded through the Public Health grant there is no impact on the social care budget. The purpose of the PHN service is to contribute to the improvement in the health and wellbeing that support all children and young people, to keep families safe, and to reduce health related risks across the life course. Combined these three services represent a transfer of 301 staff (230 FTE) and budgeted expenditure of £12 millions.
- 5.7 Planned savings total £811,000. These mainly focus on a reduced reliance on external legal advice, realignment of resources for disabled children and management capacity.
- 5.8 Risk assessments are included within the budget pages and cover more detail around the risks and mitigations for the services.

6. Service Specific Budget Issues - Education and Learning

- 6.1 The Dedicated Schools Grant (DSG) has increased by £10.2millions within the schools and early year settings. This relates, in the main, to the rise in pupil numbers within schools and the additional funding for high needs identified by the Education Secretary in December 2018.
- 6.2 Within the DSG the significant cost pressure continues to relate to the High Needs service, largely due to increased demand. The cost of educating pupils with complex educational and physical needs can be significant and volatile and in particular the number of students remaining in Education post 16 is rising.

- 6.3 It has been proving more and more difficult to contain the costs of children and young adults with special educational needs. The deliverability of a balanced budget is to a large extent reliant on successfully keeping children in mainstream schools and increasing the capacity in our maintained special schools; reducing the costs through better value for money in the independent sector and working with the Devon Inclusion Partnership to reduce the number Alternative Provision placements. However, our ability to create further additional capacity in the maintained special schools is becoming limited by physical space. The opening of new schools is now dependent on the Free school programme, (or free school presumption if funded by the Local Authority).
- 6.4 In 2018/19 there is a potential budget overspending of £5.5millions. There is a plan to manage £2.4millions of this down in 2019/20. However, it is recognised that it will be difficult to do this and cope with future demographic pressures and increases in demand. Many management actions take time to be effective. Unfortunately, recent changes to the accounting rules mean that there will be a shorter time horizon to deal with this issue. Under current arrangements any deficit within the DSG can managed within the DSG. The change in rules from 2021/22 means that the Council will be required to finance any High Needs deficit.
- 6.5 Councils have raised with the Department of Education the problem that this causes linked with the rising costs of special educational needs but it is uncertain that any additional funding will be forthcoming from Government. On the basis it is suggested that provision is made corporately to cover the potential impact over the next 2 years. It is suggested that £3.5millions is set aside in 2019/20 to address this issue.
- 6.6 School Transport continues to be challenging. This is predominantly due to a fall in market supply for Home to School Transport, this means we have reduced competition resulting in increases in contract rates on re-tender where operators have given notice.
- 6.7 Risk assessments are included within the budget pages and cover more detail around the risks and mitigations for the services.

7. Capital Programme

- 7.1 The Council's capital programme has been produced to maximise investment in the county's infrastructure and assets and to support service delivery and priorities.
- 7.2 There is currently no service need within Children's Services for new starts funded from capital resources, but this will be kept under review in the coming year. Within the existing programme there is funding to support Children's Social Care for adaptations to disabled children's houses and continued investment in grants for adaptation to foster carer houses. There is continued funding available for vehicle and equipment loans to schools, as well as anticipated devolved budgets to school led projects.

8. Equality Impact Assessment

- 8.1 Under the Equality Act 2010, the County Council has a legal duty to give due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations when making decisions about services. This duty applies to the eight 'protected characteristics' of age, disability, gender

reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation. Where relevant, Impact Assessments are carried out to consider how best to meet this duty, which includes mitigating against the negative impact of service reductions.

- 8.2 The Equality Act 2010 and other relevant legislation does not prevent the Council from taking difficult decisions which result in service reductions or closures for example, it does however require the Council to ensure that such decisions are:
- Informed and properly considered with a rigorous, conscious approach and open mind.
 - Taking due regard of the effects on the protected characteristics with the need to ensure nothing results in unlawful discrimination in terms of access to, or standards of, services or employment as well as considering any opportunities to advance equality and foster good relations.
 - Proportionate (negative impacts are proportionate to the aims of the policy decision).
 - Fair
 - Necessary
 - Reasonable, and
 - Those affected have been adequately consulted.
- 8.3 The impact assessment for the 2019/20 budget is published at <https://new.devon.gov.uk/impact/budget-2019-2020/>

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Electoral Divisions : All
Local Government Act 1972

List of Background Papers

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Background Paper Date File Ref
Nil
Date Published ##th January 2019

Leadership Group Commentary

In a turbulent financial climate for local government, Devon County Council remains committed to doing everything we can to continue to support the people of Devon to live their lives well.

Getting the best value from every pound raised locally and ensuring that investment goes to the point of need is vital, and we are looking closely at the way we work with our partners and communities to be clear that we are achieving this.

We need to be innovative and flexible; open-minded and creative about protecting and finding new ways to get the most from every public pound. It's about challenging our assumptions around our traditional ways of doing things and removing unnecessary stages of work that fail to add value or improve outcomes for people.

We are constantly learning from others about how they work and how we can work better together which means we are beginning to see real change.

One example of the progress we are making is with Adult Social Care in North Devon. By taking time out to really question why they have worked in a particular way for several years, colleagues from across health and social care have been able to free up time to spend with clients and get to the root of people's concerns to help them provide the very best solution. This approach is being rolled out across all our service areas and we are very encouraged to see the positive changes it is making to help improve residents' lives.

We're also accelerating our adoption of the digital agenda and exploring how we can get the most from technology for the benefit of Devon's communities. Being smarter about digital means we can make better connections, and free time for colleagues to have more person-to-person contact, rather than spending time on process.

We don't know what the future holds for the economy, but whatever the outcome is with Brexit, there will be impacts on finances and local government. We are doing all we can to ensure that we remain in a stable position including working with our Heart of the South West partners to engage with central Government, and to ensure we have capacity within our teams to respond to whatever the outcomes are.

What we are determined to do is to remain positive and proactive, and make the very best of the fantastic work and dedication of colleagues to do the very best we can for the people of Devon.

Children's Services

How the 2019/20 Budget has been built up

	2018/19 Adjusted Budget	Changes	2019/20 Outturn Budget
	£'000	£'000	£'000
Children's Social Care	84,314	10,410	94,724
Education and Learning - General Fund	39,255	1,174	40,429
Education and Learning - School Funding	0	0	0
Total	123,569	11,584	135,153

	Change £' 000
Reasons for changes in Revenue Budget	
Technical and Service Changes	
Inflation	2,864
National Living Wage	686
Demographic and demand pressures	9,679
Other contract and service pressures	
	<u>13,229</u>
Savings Requirements	
Children's Social Care	
Share of corporate savings initiatives	(39)
Reduce reliance on external foster carer placements	(141)
Reduction in use of external legal advice	(250)
Realign management capacity	(181)
Realignment of resources for disabled children	(200)
Education and Learning	
Consolidation and cost reduction from Children Centres contracts	(500)
Home to School/College transport - personalised approach to Independent travel	(200)
Share of corporate savings initiatives	(6)
Inclusion - Babcock Dividend	(128)
	<u>(1,645)</u>
Total	11,584

Analysis of Total Expenditure 2019/20

	Gross Expenditure £'000	Grant and Contribution Income £'000	External Income £'000	Internal Income £'000	Net Expenditure £'000
Children's Social Care	117,182	(7,554)	(1,164)	(13,740)	94,724
Education and Learning - General Fund	42,744	(928)	(597)	(790)	40,429
Education and Learning - School Funding	552,611	(551,791)	(59)	(761)	0
Total	712,537	(560,273)	(1,820)	(15,291)	135,153

The following services (which are not included above) are wholly self-funded and do not directly impact on Council Tax.

	Gross Expenditure £'000	Grant and Contribution Income £'000	External Income £'000	Internal Income £'000	Net Expenditure £'000
Children's Social Care					
Atkinson	3,778	(407)	(2,759)	(612)	0
Total	3,778	(407)	(2,759)	(612)	0
Grand total	716,315	(560,680)	(4,579)	(15,903)	135,153

Children's Social Care

2018/19 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2019/20 Outturn Budget £'000	2019/20 Net Changes £'000
Disabled Children's Services					
5,224	Children In Need Short-Break Services	7,837	(563)	7,274	2,050
4,261	Contracts	2,226	(154)	2,072	(2,189)
2,791	Social Work Area Teams	3,316	(156)	3,160	369
12,276		13,379	(873)	12,506	230
Early Help (Access)					
838	Emergency Duty Team	1,034	(175)	859	21
949	Multi Agency Safeguarding Hub	979	0	979	30
532	Reach	534	0	534	2
2,319		2,547	(175)	2,372	53
Early Help (Provision)					
1,603	Early Help Co-Ordination	4,448	(2,769)	1,679	76
690	Youth Offending - Statutory and Prevention	1,562	(865)	697	7
2,293		6,010	(3,634)	2,376	83
Looked After Children (Operations)					
0	Adopt South West	1,574	0	1,574	1,574
1,118	Adoption Allowances and Fees	921	0	921	(197)
1,946	Adoption Team	526	0	526	(1,420)
495	Child Arrangements and Private Kinship	308	0	308	(187)
1,075	Contracts	1,101	0	1,101	26
3,420	Fostering Team	3,482	0	3,482	62
2,510	Special Guardianship Orders	2,821	0	2,821	311
10,564		10,733	0	10,733	169
Looked After Children and Care Leavers					
4,923	Disabled Children's Placements	7,182	(1,556)	5,626	703
8,157	Independent Fostering	7,329	0	7,329	(828)
1,221	Independent Post 18 Placements	1,642	(46)	1,596	375
8,763	Independent Residential Care	17,336	(2,980)	14,356	5,593
2,981	Independent Supported Accommodation	3,622	(173)	3,449	468
8,028	Internal Fostering	9,995	(36)	9,959	1,931
173	Internal Post 18 Placements	605	(164)	441	268
510	Internal Supported Accommodation	0	0	0	(510)
535	Secure Accommodation	586	(26)	560	25
421	Unaccompanied Asylum Seeking Children	2,580	(2,119)	461	40
35,712		50,877	(7,100)	43,777	8,065
0	Public Health Nursing	10,000	(10,000)	0	0
1,640	Quality Assurance Reviewing Safeguarding	1,677	0	1,677	37
Social Work Teams					
14,263	Social Work Teams	15,807	0	15,807	1,544
1,048	Supervised Contact Service	1,067	0	1,067	19
15,311		16,874	0	16,874	1,563
4,199	Strategic Management and Legal Costs	5,085	(676)	4,409	210
84,314		117,182	(22,458)	94,724	10,410

Analysis of changes:	£'000
Technical and Service Changes	
Inflation	2,032
National Living Wage	200
Demographic and other growth in demand	
Placement demand pressures, particularly residential provision	5,972
Foster carer allowance review	1,000
Service improvement and development plan	2,017
Transfer of commissioned services for disabled children	(1,982)
Direct provision of residential short breaks services for disabled children	1,673
Direct provision of services for visually impaired children	309
	11,221
Savings Strategies	
Share of corporate savings initiatives	(39)
Reduce reliance on external foster carer placements	(141)
Reduction in use of external legal advice	(250)
Realign management capacity	(181)
Realignment of resources for disabled children	(200)
	(811)
Total	10,410

Service Commentary

This service brings together the statutory duties of the Council in relation to children in need, child protection and looked after children. It includes a range of services targeted to support families and thus help to avoid the need for children to come into care. It also provides short breaks and respite care services for disabled children and their families. From April 2019 the service will undertake direct delivery of residential short breaks providing the opportunity to orientate the service to better reflect the preference of families to access community-based resources.

From April 2019 Children's services will become the provider of the 0-19 Public Health Nursing Service. The overall purpose of the 0-19 Public Health Nursing Service is to contribute to the improvement in the health and wellbeing that support all children and young people, to keep families safe, and to reduce health related risks across the life-course.

During 2018/19 Children's services became host to Adopt South West, a Regional Adoption Agency bringing together adoption services from Devon, Plymouth, Torbay and Somerset. The partners work together to make the adoption process simpler and quicker.

Children's services continue to balance the increasingly complex needs of some young people and delivering for them the best outcomes possible against a backdrop of a national lack of sufficiency of appropriate placements and escalating costs.

Service Statistics

		Number of people budgeted to receive service		
		Average through Year		
Children's Social Care	Unit of Measurement	2018/19	Change	2019/20
Looked After Children				
External Residential	Service Users	82	20	102
Internal Fostering Placements	Service Users	343	44	387
External Fostering Placements	Service Users	176	(19)	157
Foster to Adopt	Service Users	9	(3)	6
External Supported Lodgings/Housing	Service Users	43	(3)	40
Internal Residential Special School	Service Users	2	1	3
Medical Establishment	Service Users	1	1	2
Placed For Adoption	Service Users	21	(4)	17
Placed with Parents/ awaiting assessment	Service Users	21	(1)	20
Secure Welfare	Service Users	2	0	2
Remand / Custody	Service Users	2	(1)	1
Unaccompanied Asylum Seeking Children	Service Users	52	(27)	25
Total Looked After Children		754	8	762
		2018/19	Change	2019/20
Other Children's Services				
Staying Put/Care Leavers	Service Users	61	20	81
Children subject to a Child Protection Plan	Service Users	480	67	547
Children in Need - Assessments	Service Users	4,820	1,134	5,954
Children in Need - Placements	Service Users	1	(1)	0
Adoption Allowances	Service Users	103	(5)	98
Special Guardianship Order Allowances	Service Users	306	30	336
Residence/Child Arrangement Order Allowances	Service Users	71	(28)	43
Shortbreak Services and Direct Payments	Service Users	1,322	242	1,564

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Education and Learning (General Fund)

2018/19 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2019/20 Outturn Budget £'000	2019/20 Net Changes £'000
Infrastructure					
456	Admissions, Data and Strategic Management	792	(195)	597	141
45	Legal Disbursements	45	0	45	0
1,201	Teachers Pension - Historic Enhancements	1,201	0	1,201	0
1,702		2,038	(195)	1,843	141
School Improvement Inclusion and Safeguard					
2,399	Closing The Gap	2,302	(19)	2,283	(116)
2,911	Inclusion	3,557	(533)	3,024	113
1,238	Quality Service and Provision	2,189	(974)	1,215	(23)
607	Safeguarding Every Learner	707	0	707	100
7,155		8,755	(1,526)	7,229	74
School Transport					
3	Home to College	8	(35)	(27)	(30)
12,506	Home to School	13,591	(190)	13,401	895
10,048	Personalised Transport	10,990	(152)	10,838	790
22,557		24,589	(377)	24,212	1,655
466	Vulnerable Groups and Virtual School	553	(58)	495	29
7,375	Children's Centres and Early Years Servs	6,809	(159)	6,650	(725)
39,255		42,744	(2,315)	40,429	1,174

Analysis of changes:

£'000

Technical and Service Changes

Inflation	832
National Living Wage	486
Demographic and other growth in demand - Transport	624
Demographic and other growth in demand - Infrastructure	66
	<u>2,008</u>

Savings Strategies

Consolidation and cost reduction from Children Centres contracts	(500)
Home to School/College transport - personalised approach to Independent travel	(200)
Share of corporate savings initiatives	(6)
Inclusion - Babcock Dividend	(128)
	<u>(834)</u>

Total	1,174
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Service Commentary

This service budget represents the Council's responsibilities for education and learning other than those funded by the Dedicated Schools Grant and Post 16 funding which are shown separately. It includes infrastructure and support to ensure the delivery of more than 200 statutory duties in education and learning and to deliver a range of specialist support for inclusion services, admissions, home to school transport as well as education support for children with special needs and vulnerable groups of children.

The number of bus and coach operators continues to fall with a number of contracts handed back. This has resulted in a 23% increase in costs when re-tendered.

The cost of Personalised School Transport continues to rise. While pupil numbers have recently stabilised the complex nature of transport required, distances travelled and increased operating costs means the average unit cost has risen by 13%.

Service Statistics

Transport	Unit of Measurement	2018/19	Change	2019/20
School/College Transport	Pupil Numbers p.a.	12,719	(278)	12,441
Personalised Transport	Pupil Numbers p.a.	1,676	(19)	1,657

Education and Learning (School Funding)

2018/19 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2019/20 Outturn Budget £'000	2019/20 Net Changes £'000
Schools					
15,812	Academy and Independents	18,288	0	18,288	2,476
234,132	Primary Schools	236,629	0	236,629	2,497
176,910	Secondary Schools	181,327	0	181,327	4,417
426,854		436,244	0	436,244	9,390
De-Delegated Schools Budget					
126	Facilitation and Representation	125	(8)	117	(9)
535	Licences and Subscriptions	534	0	534	(1)
1,042	Maternity	977	0	977	(65)
114	School Intervention Fund	108	0	108	(6)
1,003	Schools and DSG Contingency	932	0	932	(71)
1,242	Targeted Specialist Services	1,205	0	1,205	(37)
4,062		3,881	(8)	3,873	(189)
Central Provision Within Schools Budget					
306	Admissions	550	(74)	476	170
1,652	Other DSG Services	1,700	(17)	1,683	31
292	Phase Associations	314	(22)	292	0
1,569	Pupil Growth	2,698	0	2,698	1,129
848	Support Services	933	(85)	848	0
873	Termination of Employment Costs	873	0	873	0
5,540		7,068	(198)	6,870	1,330
High Needs Budget					
2,277	Alternative Provision	2,844	(150)	2,694	417
1,486	Children In Care and Inclusion	1,451	0	1,451	(35)
1,500	Closing The Gap	1,500	0	1,500	0
293	Hospital Education Services	292	0	292	(1)
349	Inclusion	334	0	334	(15)
27,232	Maintained Special Schools	29,330	(211)	29,119	1,887
1,164	Nursery Plus	1,164	0	1,164	0
15,206	Other Special School Fees	15,323	(273)	15,050	(156)
284	Recoupment	1,346	(722)	624	340
144	Safeguarding Every Learner	144	0	144	0
10,805	SEN Mainstream	10,988	0	10,988	183
924	SEN Services	924	0	924	0
1,324	Support Centre Funding	1,305	0	1,305	(19)
62,988		66,945	(1,356)	65,589	2,601
38,338	Early Years Budget	38,473	(100)	38,373	35
Schools Funding					
(491,983)	Dedicated Schools Grant (DSG)	0	(502,213)	(502,213)	(10,230)
(4,915)	Early Years - Disadvantaged 2 Year Olds	0	(4,915)	(4,915)	0
(14,166)	Other School Grants	0	(17,813)	(17,813)	(3,647)
(2,496)	Post 16 Funding	0	(1,786)	(1,786)	710
(24,222)	Pupil Premium	0	(24,222)	(24,222)	0
(537,782)		0	(550,949)	(550,949)	(13,167)
0		552,611	(552,611)	0	0

Analysis of changes:	£'000
Pupil Growth - new and expanding schools	1,129
Changes in de-delegation - net effect of academy conversions and increased demand	(189)
Increase in Early Years Disability Access Fund	33
Other Early Years adjustments	2
Additional investment in Admissions services	170
Increase in Education Services Grant	31
Additional investment for children with complex needs	2,184
Additional investment for children in Alternative Provision	417
Net changes to mainstream school budgets arising mainly from demographic changes	9,390
Increase in Dedicated Schools Grant and other grants arising from demographic changes.	(7,747)
Increase in Dedicated Schools Grant due to baseline increase to the High Needs block and one year additional allocation to the High Needs block.	(2,323)
Increase in Other School Grants due to new Teacher's Pay Grant	(3,807)
Decrease in Post 16 funding	710
Total	0

Service Commentary

Services funded by the Dedicated Schools Grant (including high needs funding), Post 16 Funding, Pupil Premium and other school grants. Most funding is delegated directly to schools.

It should be noted that the staffing data does not include the 4,982 staff employed by Devon County Council working in Maintained schools. Funding for these staff is delegated to and managed by the individual schools, in the same way as Academies.

Within the DSG the significant cost pressure continues to relate to the High Needs block, largely due to increased demand. The cost of educating pupils with complex educational and physical needs can be significant and volatile and in particular the number of students remaining in Education post 16 is rising.

The deliverability of a balanced budget is to a large extent reliant on successfully keeping children in mainstream schools and increasing the capacity in our maintained special schools; reducing the costs through better value for money in the independent sector and working with the Devon Inclusion Partnership to reduce the number of Alternative Provision placements. Whilst we have been successful in increasing our maintained special school capacity by almost 20% over the past 3 years our ability to continue to expand this more cost-effective provision is becoming limited due to physical space increasing costs. The opening of new schools is now dependent on the Free school programme, (or free school presumption if funded by the Local Authority).

Service Statistics

Number of local authority maintained schools and academies		Number of organisations	Number of Schools		
Local Authority Maintained Schools			201		
Federations		33	83		
Management Partnerships		10	21		
% of schools actively collaborating			52%		
Free Schools			9		
Academies			157		
Number of schools in multi-academy trusts/collaborations			148		
% of academies in multi academy trusts / collaborations			89%		
Total all schools and academies			367		
Number of pupils in LA maintained schools		Unit of Measurement	Oct-2017	Change	Oct-2018
Nursery Schools		Pupil Numbers PTE	223	(83)	140
Maintained Nurseries within Primary Schools		Pupil Numbers PTE	1,562	(135)	1,427
			1,785	(218)	1,567
Primary		Numbers on Roll	37767	(4,010)	33757
Secondary		Numbers on Roll	11858	(3,772)	8086
Post 16		Numbers on Roll	807	(462)	345
			50,432	(8,244)	42,188
Number of pupils in academy schools					
Primary		Numbers on Roll	17,349	4281	21,630
Secondary		Numbers on Roll	22,429	4287	26,716
			39,778	8,568	48,346
Number of pupils in Free schools					
Primary		Numbers on Roll	435	183	618
Secondary		Numbers on Roll	547	(7)	540
			982	176	1,158
Total number of pupils in LA maintained schools, academies and free schools					
Nursery Schools		Pupil Numbers PTE	1,785	563	2,348
Primary		Numbers on Roll	55,551	454	56,005
Secondary		Numbers on Roll	34,834	508	35,342
Post 16 (maintained only)		Numbers on Roll	807	(462)	345
			92,977	1,063	94,040
Percentage of pupils in academy schools					
Primary		Numbers on Roll	32.0%	7.7%	39.7%
Secondary		Numbers on Roll	66.0%	11.1%	77.1%

Early Years Education Provision		2018/19	Change	2019/20	
Early Years Independent Provision	Pupil Numbers PTE	8,016	(521)	7,495	
Early Years Entitlement Take up	Percentage of eligible children	100.0%	0.0%	100.0%	
3 and 4 Year old additional 15 hours Disadvantaged two year olds		Pupil Numbers PTE	4,044	(659)	3,385
	Pupil Numbers PTE	1,764	(106)	1,658	
Young People with Additional Needs		2018/19	Change	2019/20	
Pupils with Education Health Care Plans	Number of young people	1,928	295	2,223	
Pupils with a 'My Plan' (non statutory)	Number of young people	165	(165)	0	
Independent Special Schools (pre 16)	Pupil Numbers	175	75	250	
Maintained Special Schools Pre 16	Number of budgeted Places	997	113	1,110	
Maintained Special Schools Post 16	Number of Budgeted Places	100	6	106	
Post 16 placements for young people with SEN (excl maintained spec schools)	Number of Budgeted Places	525	107	632	
Alternative Provision	Number of Planned Places	260	(10)	250	

Grants Paid to External Organisations

2018/19 £000		2019/20 £000
	Service and Grant Title	
	Children's Social Work and Child Protection	
190	University Bursary Grants	190
127	Facilitating Access to Mainstream Activities for Disabled Children's Services	120
<hr/> 317 TOTAL		<hr/> 310

Staffing Data 2019/20

	2018/19	Changes	2019/20		Total
	Adjusted Total FTEs		FTEs	Revenue Funded FTEs	
Children's Social Care	772	277	996	53	1,049
Education and Learning - General Fund	119	(5)	114	0	114
Education and Learning - School Funding	33	10	0	43	43
Children's Services	924	282	1,110	96	1,206
Total	924	282	1,110	96	1,206

Explanation of Movements

Children's Social Work and Child Protection

Transfer of Rehabilitation Officers for Visually Impaired Children services	8
Transfer of Public Health Nursing	175
Transfer of residential short breaks for disabled children	47
Transfer of services to Adopt South West Regional Adoption Agency	31
Increased capacity Service Improvement Plan and legislative changes	13
Net movement as a result of workfore review and reorganisation	3
	277

Education and Learning

General Fund

Review of Support for Inclusion and Infrastructure	2
SEND support previously externally funded posts	3
Review of Early Years services	(3)
Realignment of Early Years posts and budget	(4)
Recommissioning escorts under external contracts for pupils with additional needs	(3)

Dedicated Schools Grant

Realignment of Early Years posts and budget	4
Externalisation of Tressilian Nursery	(11)
Portage Service transfer back to DCC	17
	5

Total	282
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Children's Services - Risk Assessment

Service	Budget 2019/20 £'000	Risk and Impact	Mitigation
Short breaks services for disabled children	12,506 (net)	<p>Demand for these services continue to rise with increasing numbers of children and families accessing packages of care combined with higher levels of need.</p> <p>Families access a good range of community based short breaks, including direct payments, and are choosing residential short breaks less.</p> <p>From April 2019 the service will undertake direct delivery of residential short breaks. It is likely there will be corporate resource implications for support functions, IT and estates which may result in additional costs to the Authority</p>	<p>A review of resource allocation and eligibility criteria is underway and formal consultation will be launched in January 2019.</p> <p>By bringing the residential short breaks service in-house DCC has the opportunity to reshape the service to better reflect the preference of families to access community-based resources</p>
Looked after children placements	43,777 (net)	<p>Sufficiency of appropriate placements for children and young people with high levels of complex need (including mental ill-health) remains challenging, which in turn drives up costs.</p> <p>It is unlikely that these issues will be resolved in the short term the result of which is the potential for more children in very high cost placements at distance from home.</p>	<p>The budget has been set recognising the current pressures on sufficiency and costs; it assumes active management and cost control.</p> <p>The edge of care strategy will be implemented during 2019. There will be a multi-disciplinary approach to supporting adolescents at the edge of care who might otherwise enter care in crisis.</p> <p>At the same time alternative models of residential provision ("crisis care") will continue to be developed.</p>

			These mitigations, if successful, will take time to work through the system. The effect of these strategies will not be realised in full within the 2019/20 financial year
Atkinson Secure Children's Home	3,788 (gross)	<p>Despite a national shortage of secure welfare beds the ability of the Home to maximise its occupancy potential is dependent on having in place the right level of experienced staff.</p> <p>Recruitment in this sector is challenging against a thriving local economy with high levels of employment</p>	The management board actively reviews its recruitment and reward strategies to attract and retain skilled staff
Public Health Nursing	10,000 (gross)	<p>From April 2019 Children's services will become the provider of the 0-19 Public Health Nursing Service</p> <p>Around 225 staff are expected to transfer into DCC (approx. 174 FTE)</p> <p>It will be important that the workforce is appropriate in terms of numbers and skills mix, and that the necessary infrastructure and support functions are in place to ensure seamless continuity of service upon transfer. This may also include novation of contracts.</p>	Careful planning, project managed through the Mobilisation Group, and effective communication across the whole staff group will help mitigate the risk of staff turnover and infrastructure or systems failure.

Education and Learning – General Fund	40,429 (net)	<p>A third of Devon's schools are academies.</p> <p>Changes to the local authority's statutory responsibilities may reduce the influence of the Council and affect some of the central support functions it provides.</p>	<p>Ensure strong and effective collaborative working and information sharing to set out clearly the council's role and relationship with maintained schools, partnerships and academies.</p> <p>The Council will continue to ensure that statutory responsibilities within a diverse educational landscape are secured through a range of protocol and stakeholder agreements.</p> <p>Continue to encourage Academies to buy back Traded Services where possible.</p>
School/College Transport	24,212 (net)	<p>The number of pupils requiring home to school transport is increasing with limited operators causing costs to rise.</p> <p>Personalised transport needs have been increasing with costs rising being offset by additional support.</p> <p>Contractors are giving notice as routes are no longer viable and causing inflationary increases to cost.</p>	<p>Risk mitigation in this area is now difficult as costs are increasing due to bus operators no longer willing to run routes as they are not viable or ceasing to trade. This means we have to place more contracts further away from the routes they serve with the impact of increased costs.</p> <p>Number of children with EHCP plans continues to rise. We continue work to manage demand for special educational needs (as below for High Needs DSG spending) but whilst slowing the increase this will not reduce numbers. Increase access to Independent Travel Training. Review policies for discretionary transport provision and increase local provision for children with special educational needs. (please see service note in relation to local provision)</p>

<p>Education and Learning – Schools budgets</p>	<p>552,611 (gross)</p>	<p>As delegation to schools budgets and the number of academy conversions increase there is less resource to provide central services with the risk of loss of economies of scale which may impact on smaller schools in particular.</p> <p>This risk is further exacerbated by the impact of the implementation of the national funding formula and changes to employee costs adding to pressure on school budgets. This could lead to schools prioritising spend which may in turn impact on traded services and de-delegation decisions</p>	<p>Ensure a clear and well understood approach to robust commissioning negotiations with providers.</p> <p>Continue to engage with national reviews of schools funding arrangements.</p> <p>Continue to develop partnership working to maximise effect of collaborative approaches between statutory and purchased service delivery.</p>
<p>High Needs budgets</p>	<p>65,589 (net)</p>	<p>The cost of educating pupils with complex educational and physical needs can be significant and volatile.</p> <p>In particular the number of students remaining in Education post 16 is rising.</p> <p>The deliverability of a balanced budget depends to a large extent on successfully increasing capacity in our maintained special schools and disinvesting from the more expensive independent sector.</p> <p>Risk of more exclusions and increase in harder to admit children.</p> <p>Continued growth for pupils with EHCPs is seeing a funding pressure which has yet to be met within the current funding envelope.</p>	<p>Continue active engagement with Devon Education Forum to ensure funding is appropriately distributed and targeted to achieve the best educational outcomes for all children across all ages and levels of need.</p> <p>Agree processes that effectively manage demand and ensure effective use of funding across all blocks of spending, Schools, Early Years and High Needs.</p> <p>Additional placements created within maintained special school provision to reduce reliance on the Independent Sector and management action to reduce placements within Alternative Provision through work with Devon Inclusion Partnership.</p> <p>Undertake management actions including a review of students currently in 3rd-5th years of post-16 education and block contracts in Independent Special Schools.</p>

Capital Programme

The following table details the medium term capital programme for this service and how that programme is being funded.

Project	*Total Scheme Approval £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Children's Social Care						
Grants to adapt foster carers houses		40	40	40	40	40
Total		40	40	40	40	40
Education & Learning						
South Devon DPLS - Dartington School site	671	406	0	0	0	0
Vehicle Equipment Loans Pool - Schools		200	200	200	200	200
Devolved Formula Capital (DFC)		1,175	1,175	1,175	1,175	1,175
External contribution to school projects		50	50	50	50	50
External Grants to school projects		50	50	50	50	50
School budget share contribution to school projects		250	250	250	250	250
Newton Poppleford Primary School - new furniture	55	20	0	0	0	0
Total		2,151	1,725	1,725	1,725	1,725
Childrens Services Total		2,191	1,765	1,765	1,765	1,765
Financed by:						
Borrowing - Internal		416	0	18	0	0
Borrowing - VELP		200	200	200	200	200
Capital Receipts - General		30	40	22	40	40
Direct Revenue Funds - Services		250	250	250	250	250
External Funding - Contributions		70	50	50	50	50
External Funding - Grants		1,225	1,225	1,225	1,225	1,225
Total	0	2,191	1,765	1,765	1,765	1,765

* Scheme Approvals have been included for individual projects.

This table does not show expenditure on capital projects currently programmed in financial year 2018/19 which may be deferred to 2019/20 or future years owing to changes in project delivery timescales.

Abbreviations

Abbreviations used within the budget for all Scrutiny reports:

AONB	Area of Outstanding Nature Beauty
ASW RAA	Adopt South West Regional Adoption Agency
BACS	Bankers automated clearing services (electronic processing of financial transactions)
BCF	Better Care Fund - formerly known as the Integration Transformation Fund, a national arrangement to pool existing NHS and Local Government funding starting in
BDUK	Broadband delivery UK
Blk	Block
CCG	Clinical Commissioning Group
CCLA	Churches, Charities and Local Authorities
CIL	Community Infrastructure Levy
CIPFA	The Chartered Institute of Public Finance & Accountancy
CO	Carbon Monoxide
C of E	Church of England
DAF	Devon Assessment Framework
DC	District Council
DCC	Devon County Council
DDA	Disability Discrimination Act
DEFRA	Department for Environmental Food & Rural Affairs
DFC	Devolved Formula Capital
DPLS	Devon Personalised Learning Service
DSG	Dedicated Schools Grant
DYS	Devon Youth Services
EFA	Education Funding Agency
EH4MH	Early Help 4 Mental Health
ERDF	European Regional Development Fund
ESPL	Exeter Science Park Ld
EU	European Union
FTE	Full Time Equivalent
HMRC	Her Majesty's Revenue & Customs
HR	Human Resources
HRMS	Human Resources Management System
IBCF	Improved Better Care Fund - Additional grant funding to supplement the Better Care Fund
ICE	Integrated Care Exeter
ICT	Information & Communications Technology

IID	Investing in Devon funds
INNOVASUMP	Innovations in Sustainable Urban Mobility plans for low carbon urban transport
IT	Information Technology
IVC	In Vessel Composting
LAG	Local Action Group
LEP	Local Enterprise Partnership
LTP	Local Transport Plan
MH	Mental Health
MRP	Minimum Revenue Provision
MTCP	Medium Term Capital Programme
MTFS	Medium Term Financial Strategy
MUMIS	Major Unforeseen Maintenance Indemnity Scheme
NEWDCCG	Northern, Eastern and Western Devon Clinical Commissioning Group
NFF	National Funding Formula
NHS	National Health Service
NLW	National Living Wage
NPIF	National Productivity Infrastructure Fund
OP&D	Older People & Disability
PFI	Private Finance Initiative
PHN	Public Health Nursing
PSPB	Priority School Building Project
PTE	Part-time Equivalent (15 hours)
PWLB	Public Works Loans Board
REACH	Reducing Exploitation and Absence from Care or Home
ROVICs	Rehabilitation Officers for Visually Impaired Children services
RD&E	Royal Devon & Exeter Hospital
RPA	Rural Payments Agency
RSG	Revenue Support Grant
S106	Funding from developers resulting from planning obligations authorised by section 106 of the Town and Country Planning Act 1990
SCF	Southern Construction Framework - delivers construction capital projects to around 50 public sector clients
ScoMIS	Schools Management Information Service
SEND	Special Education Needs and Disability
UASC	Unaccompanied Asylum Seeking Children
VAWG	Violence against Women and Girls
VELP	Vehicle Equipment Loan Pool