

Children's Services Scrutiny Committee

23rd January 2018

Joint Report of the County Treasurer and the Chief Officer for Children's Services**2018/19 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 2018/19 and Capital Programme for 2018/19 to 2022/23.

1. Introduction and Commentary

- 1.1 At its meeting of 13th December 2017, Cabinet set Revenue Budget targets for 2018/19. 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 A number of major decisions remain to be taken. 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 2018/19 on 15th February 2018. However, given the late notification of the provisional settlement and in line with arrangements from previous years, 22nd February 2018 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 13th December which total £477.391 millions. The total includes funding for budget pressures of £28.593 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 £20.842 millions are required to set a balanced budget. The target for Adult Care and Health also includes £10.148 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 2018/19 Budget Targets by Chief Officer.

	2017/18 Adjusted Budget*	Inflation & Pressures £000	Savings & Additional Income £000	One-off Improved Better Care Fund £000	2018/19 Base Budget £000	
Adult Care & Health	214,769	11,337	(8,403)	10,148	227,851	+6.1%
Children's Services	118,964	10,038	(3,515)		125,487	+5.5%
Communities, Public Health, Environment & Prosperity	35,530	1,034	(1,837)		34,727	-2.3%
Corporate Services	34,025	2,957	(2,364)		34,618	+1.7%
Highways, Infrastructure Development & Waste	56,204	3,227	(4,723)		54,708	-2.7%
	459,492	28,593	(20,842)	10,148	477,391	

* 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. Additional Improved Better Care Fund Grant

- 2.1 As part of the Chancellors Spring Budget in March 2017, additional funding for authorities with Adult Social Care responsibilities was announced. This took the form of an additional Improved Better Care Fund Grant. For the County Council it has meant, in round terms, an extra £15 millions in the current year, £10 millions in 2018/19 and £5 millions in 2019/20. These grants are one off and not cumulative or ongoing.
- 2.2 The Government requires these grants to be pooled in the Better Care Fund but used for Adult Social Care purposes. The Government has set out detailed improvements it expects to see including targets in relation to Delayed Transfers of Care (DToC). Indications are that if targets are not met then grants could be reduced or direction imposed on how they are to be spent. The Improved Better Care Fund grant funding is included in the Targets above.

3. The Provisional Local Government Finance Settlement 2018/19

- 3.1 On 19th December 2017, the Secretary of State for the Department for Communities and Local Government, Rt. Hon. Sajid Javid MP, made a statement to Parliament on the Provisional Local Government Finance Settlement for 2018/19.
- 3.2 Members may recall, that the 2016/17 local government finance settlement announced Core Spending Power figures for the four year period of 2016/17 to 2019/20. The Provisional Settlement for 2018/19 has confirmed the Core Funding figures at the expected level of £115.2 millions. There have however been other changes as set out below:
- 3.2.1 It had previously been announced that the national figure for the Rural Services Delivery Grant would be reduced in 2018/19 from £65 millions to £50 millions; this is not now going ahead and the grant will remain at the current level. This change means funding of £6 millions to the County Council, £1.4 millions more than expected. Due to the Business Rates Pilot outlined later in this report, this funding will not be paid as a separate grant in 2018/19 but will be rolled into Core Funding and increase the resources available to the Council from the £115.2 millions noted above to £121.2 millions.
- 3.2.2 The Government consulted earlier in the year on further changes to the New Homes Bonus Scheme. The Government has decided not to go ahead with the proposed changes and will instead keep the scheme unchanged from the current year except for a reduction in the number of years benefit from 5 years currently to 4 years. New Homes Bonus grant figures have been announced and the sum for the County Council is just under £300,000 more than anticipated, at £3.8 millions.
- 3.2.3 The Chancellor's Autumn Budget announced a change in the annual Business Rates inflationary increase from Retail Price Index (RPI) to Consumer Price Index (CPI). This change is effective from 2018/19 and will mean a reduction to Business Rates received by Local Authorities as part of Core Funding. The Government undertook to compensate authorities for this loss and the Provisional Settlement includes a grant to the County Council of £2.1 millions for this purpose.

- 3.2.4 The provisional settlement has set the Council Tax increase that will trigger a referendum, excluding the Social Care Precept, at 3% for 2018/19; an increase of 1%.
- 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 last year 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. If the Adult Social Care Precept is increased by 2% in 2018/19 then there can only be a 1% increase in 2019/20; if the Adult Social Care Precept is increased by 3% in 2018/19 then there can be no increase in 2019/20.
- 3.4 In 2018/19 government funding (core funding) for the County Council will reduce from £128.3 millions in 2017/18 to £115.2 millions in 2018/19, on a like for like basis and before any benefit from the Business Rates Pilot outlined below. This is a reduction of £13.1 millions, or 10.2%. Although this is in line with the four year settlement announced in 2016/17 it is still a significant reduction to our funding at a time when there are huge pressures on Social Care services.

4. 2018/19 100% Business Rate Retention Pilots

- 4.1 During the summer the Department for Communities and Local Government invited Local Authorities to submit applications to become 100% Business Rates Retention Pilots in 2018/19. The Government's intention is that the new pilots will run alongside the five current 100% pilots which have been in operation since 1 April 2017. The current pilots, and the new wave in 2018/19, will help explore options, with Government, for the design of future local government finance reforms.
- 4.2 The County Council along with all the Devon Districts and the two Unitary Authorities submitted an application, to become a Pilot area, to Government at the end of October.
- 4.3 As part of Sajid Javid's statement to Parliament on the Provisional Local Government Finance Settlement he announced that due to the large number of pilot applications a total of ten have been accepted for 2018/19.
- 4.4 The Devon application is one of the ten successful bids. It is understood that at least three DCLG officials independently scored each pilot bid based on the application criteria originally set. This in combination with ministerial judgement and Treasury cost limits, led to Devon's success.
- 4.5 The success of the Devon wide bid brings with it not only an opportunity to help inform future local government finance reforms but a financial benefit to all of the authorities too. The pilot bid submitted estimated that for 2018/19 there could be a benefit of just under £17 millions to geographic Devon of which nearly £10 millions could come to the County Council. This is only an estimate and the final sums will not be known until the end of the Pilot year. It should also be noted that this benefit is currently for one year only.

5. Service Specific Budget Issues

- 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 During 2017/18 the number of children in care has been consistently lower than anticipated when the budget was set but the type of package of care that some require is changing significantly. A greater number of children are in residential placements and consequently this is leading to a substantial financial pressure on the budget. This is exacerbated by the inability to recruit the level of in-house foster carers anticipated during 2017/18 which would otherwise enable more children to step down into lower cost, but still appropriate, placements. In recognition of this £7.7 millions have been provided in the 2018/19 budget for inflation and demand pressure, of which £6 millions is for looked after children placements.
- 5.3 The budget assumes improved strategic commissioning and market management. Strategies include making maximum use of independent foster carers for planned step-down for children in high cost residential placements and a continued focus on the recruitment of in-house foster carer capacity. A detailed review of sufficiency of placements for children in care will be undertaken early in the new- year.
- 5.4 Planned savings total £2.3 millions. Of these, £1.5 millions relate to improved placement capacity and interventions that avoid the need for children to come into care; there are risks if demand continues to rise or if the lack of sufficiency in the market cannot be addressed. The remaining savings of £800,000 are from planned efficiencies across the service.
- 5.5 The Dedicated Schools Grant (DSG) has increased by £17.4 millions within the schools and early year settings. This relates, in the main, to the change in funding from the introduction of the National Funding Formula (NFF) and a rise in pupil numbers. The increase also includes the full year effect of the introduction of the entitlement to thirty hours of nursery school provision within the Early Years' service.
- 5.6 Within the DSG the significant cost pressure relates 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. The deliverability of a balanced budget depends to a large extent on successfully keeping children in maintained schools and increasing 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.
- 5.7 School Transport continues to be challenging with increased budget pressures for 2018/19 of £1.532 millions. This is predominantly within personalised transport due to increases in national living wage and contract inflation. Whilst there has been a relatively small rise in pupils accessing the service the average unit cost has risen by £700 to £6,600 per pupil.
- 5.8 Risk assessments for Children's Services are included within the budget pages and cover more detail around the risks and mitigations for the services.

6. Capital Programme

- 6.1 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.
- 6.2 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 programme there is funding to support Children's Social Care for adaptations to disabled children's houses and grants for adaptation to foster carer houses. There is funding to support Education & Learning for Early Years provision to provide suitable accommodation in Kingsbridge, vehicle and equipment loans to schools, and there is also anticipated devolved budgets to school led projects.

7. Equality Impact Assessment

- 7.1 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.
- 7.2 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.
- 7.3 The report 'Budget 2018 – 2019 Equality Impact Assessment' provides information on the impacts of new savings strategies. Previous years assessments are available at <https://new.devon.gov.uk/impact/> under 'Published Assessments'. The report for 2018/19 provides a detailed analysis of community feedback and data and views on budget priorities and council tax.

The 2018/19 report is published at
<https://new.devon.gov.uk/impact/published/budget-impact-assessment-201819/>

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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 15th January 2018

Leadership Group Commentary

From austerity to opportunity

In a challenging financial environment for local government, a major funding change is on the horizon which will present us with more opportunities to re-assess the way we do things at Devon County Council.

By 2020 we expect to receive very little direct funding from central Government and will be almost entirely dependent on Council Tax and Business Rate income from Devon residents and businesses. In itself this does not mean significant extra resource, but it does mean greater certainty and will make it easier to plan long term.

To help us prepare for this significant shift in the way our budget is managed, we are delighted that the County Council, along with our district and unitary colleagues, has been successful as one of only 10 business rate retention pilots for 2018/19.

We will be able to learn from the pilot and be in a much stronger position from which to determine our own financial future, and really question how best we can help improve the lives of people in Devon and channel our resources accordingly.

Devon County Council remains a large, resilient, forward-focused organisation investing in our local services and the economy. We are looking to challenge ourselves about the way we deliver our services to ensure we are really doing what matters for the people of Devon.

Working for the people of Devon

We have worked hard over the past seven years to save £230 millions by reducing the number of people who work for the Council; embracing digital technology to be more flexible, innovative and connected, and selling some of our property and using proceeds to invest in Devon's infrastructure and economy.

We have also championed social enterprises and ensured services thrive with the success of Libraries Unlimited, the independent organisation that now runs the county's 50 libraries on the Council's behalf, and DYS Space which now operates the county's youth services.

And we are supporting innovative ways of improving the health and wellbeing of communities with projects like Integrated Care Exeter (ICE) which has been nationally recognised for promoting community resilience. ICE is all about social prescribing where GPs refer patients they believe would benefit from increased social activity to a trusted 'Community Connector'. They work with the patient to identify the root of their problem, understand what matters to them, and plan a way forward together, putting people's independence, health and wellbeing at its core.

Doing what matters

We are working in a very dynamic environment - more people living in Devon over the age of 65 means increased pressure on services; health and social care services supporting the most vulnerable are already at breaking point, and the costs of protecting children, and supporting those with complex needs and learning disabilities are growing.

We need to find the best ways to protect these vital services while working with our partners to create the conditions for a more prosperous future through the Heart of the South West Productivity Strategy and national Industrial Strategy.

It's a complex situation with many conflicting demands on the County Council – but it's also an exciting time for us as we rethink what we do and how we do it.

Our core purpose is to help citizens to live their life well in a way that makes sense to them. To realise our purpose, we need to connect with citizens, be curious and ask the

difficult questions so we can fully understand why we do the things we do, and how people want to receive their services and who from.

We have broken our purpose in to nine areas where we believe we should focus our energy and expertise to find out more about how we work, and seek to solve problems to meet people's needs. They are:

- Become and remain independent.
- Get the best start in life.
- Get from A to B.
- Learn.
- Stay healthy.
- Keep my environment safe and looking good.
- Prosper.
- Keep safe.
- See that Devon is making good decisions.

Show you care

But we can't do this alone. Our strong connections and co-dependencies with our partners are crucial in helping us make the most of all our resources and respond collectively to local need.

Devon is also fortunate to have many strong and active communities, with people prepared to stand up and show they care by giving their time and energy to make our county a better place. We are working closely with our communities to improve the lives of people across Devon as we know we can never achieve this on our own. By working together, we can hope to meet the social and environmental challenges facing us in Devon and all show we care.

For more information on the contents of this section, please contact Angie Sinclair, Deputy County Treasurer on 01392 380711 or email angie.sinclair@devon.gov.uk

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Children's Services

How the 2018/19 Budget has been built up

	2017/18 Adjusted Budget	Changes	2018/19 Outturn Budget
	£'000	£'000	£'000
Children's Social Work and Child Protection	78,809	5,345	84,154
Education and Learning - General Fund	40,155	1,178	41,333
Education and Learning - School Funding	0	0	0
Total	118,964	6,523	125,487

	Change £' 000
Reasons for changes in Revenue Budget	
Technical and Service Changes	
Inflation	2,385
National Living Wage	565
Demographic and demand pressures	6,204
Other contract and service pressures	884
	<u>10,038</u>
Savings Requirements	
Children's Social Work and Child Protection	
Improved strategic commissioning, market management and increased in-house fostering capacity	(1,480)
Planned reduction in legal costs arising from improved care proceedings	(80)
Planned efficiencies through workforce remodelling	(290)
Cost efficiencies in transport arrangements	(200)
Additional grant income	(150)
Planned cost efficiencies across various budgets	(165)
Education and Learning	
Consolidation and cost reduction from Children Centres contracts	(1,000)
Home to School/College transport - personalised approach to Independent travel	(150)
	<u>(3,515)</u>
Total	6,523

Analysis of Total Expenditure 2018/19

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Childrens Social Work and Child Protection	96,189	(6,693)	(986)	(4,356)	84,154
Education and Learning - General Fund	43,696	(1,052)	(685)	(626)	41,333
Education and Learning - School Funding	542,328	(541,675)	(261)	(392)	0
Total	682,213	(549,420)	(1,932)	(5,374)	125,487

The following service (which is not included above) is wholly self-funded and does not impact on Council Tax.

	Gross Expenditure	Grant and Contribution Income	External Income	Internal Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000
Childrens Social Work and Child Protection					
Atkinson Unit	3,694	(276)	(2,829)	(589)	0
Total	3,694	(276)	(2,829)	(589)	0
Grand total	685,907	(549,696)	(4,761)	(5,963)	125,487

Children's Social Work and Child Protection

2017/18 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2018/19 Outturn Budget £'000	2018/19 Net Changes £'000
Disabled Children's Services					
4,735	Children In Need Short-Break Services	5,307	(128)	5,179	444
4,244	Contracts	4,415	(154)	4,261	17
2,773	Social Work Area Teams	2,797	(34)	2,763	(10)
11,752		12,519	(316)	12,203	451
Early Help (Access)					
801	Emergency Duty Team	954	(133)	821	20
736	Multi Agency Safeguarding Hub	939	0	939	203
523	REACH	527	0	527	4
2,060		2,420	(133)	2,287	227
Early Help (Provision)					
1,555	Early Help Co-Ordination	5,761	(4,173)	1,588	33
719	Youth Offending - Statutory and Prevention	1,677	(955)	722	3
2,274		7,438	(5,128)	2,310	36
1,222	Independent Reviewing Unit	1,624	0	1,624	402
Looked After Children (Operations)					
917	Adoption Allowances and Fees	1,405	(287)	1,118	201
2,050	Adoption Team	1,928	0	1,928	(122)
394	Child Arrangements and Private Kinship	495	0	495	101
524	Children In Need Support	444	0	444	(80)
1,075	Contracts	1,075	0	1,075	0
3,424	Fostering Team	3,424	(7)	3,417	(7)
2,633	Special Guardianship Orders	2,510	0	2,510	(123)
1,095	Supervised Contact	1,040	0	1,040	(55)
12,112		12,321	(294)	12,027	(85)
Looked After Children and Care Leaver (Placements)					
4,881	Disabled Children's Placements	6,128	(1,205)	4,923	42
7,497	Independent Fostering	8,157	0	8,157	660
1,315	Independent Post 18 Placements	1,241	(20)	1,221	(94)
4,911	Independent Residential Care	10,748	(1,985)	8,763	3,852
2,377	Independent Supported Accommodation	3,089	(108)	2,981	604
8,434	Internal Fostering	8,064	(36)	8,028	(406)
568	Internal Post 18 Placements	370	(197)	173	(395)
402	Internal Supported Accommodation	510	0	510	108
535	Secure Accommodation	561	(26)	535	0
421	Unaccompanied Asylum Seeking Children	2,539	(2,118)	421	0
31,341		41,407	(5,695)	35,712	4,371
13,770	Social Work Teams	13,768	0	13,768	(2)
4,278	Strategic Management and Legal Costs	4,692	(469)	4,223	(55)
78,809		96,189	(12,035)	84,154	5,345

Analysis of changes:	£'000
Technical and Service Changes	
Inflation	1,649
National Living Wage	165
Demographic and other growth in demand	
Placement demand pressures, particularly residential provision	4,921
Changes in provision and support, including for disabled children and their families	975
	<u>7,710</u>
Savings Strategies	
Improved strategic commissioning and market management and increased in-house fostering capacity	(1,480)
Planned reductions in legal costs arising from improved care proceedings	(80)
Planned efficiencies across Social Worker Teams	(290)
Cost efficiencies in transport arrangements	(200)
Additional grant income	(150)
Other planned cost efficiencies across various budgets	(165)
	<u>(2,365)</u>
Total	<u>5,345</u>

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 also includes the Youth Offending, Emergency Duty and Early Help Teams and 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.

The greatest cost pressures centre on the lack sufficiency of appropriate placements both locally and nationally, particularly for those meeting the increasingly complex needs of children and young people.

During 2017/18 the number of children in care has been consistently lower than anticipated when the budget was set but the type of package of care that some require is changing significantly. A greater number of children are in residential placements and consequently this is leading to a substantial financial pressure on the budget. This is exacerbated by the inability to recruit the level of in-house foster carers anticipated during 2017/18 which would otherwise enable more children to step down into lower cost, but still appropriate, placements.

Savings strategies centre on improved strategic commissioning and market management, including a continued focus on the recruitment of in-house foster carers. It is a challenging environment and it is recognised that even if these strategies are successful the effects will take time to work through the system and are not likely to be realised in full within the 2018/19 financial year.

Service Statistics

		Number of people budgeted to receive service		
Children's Social Work and Child Protection		Average through Year		
	Unit of Measurement	2017/18	Change	2018/19
Looked After Children				
External Residential	Service Users	70	12	82
Internal Fostering Placements	Service Users	363	(20)	343
External Fostering Placements	Service Users	173	3	176
Foster to Adopt	Service Users	6	3	9
External Supported Lodgings/Housing	Service Users	45	(2)	43
Internal Residential Special School	Service Users	4	(2)	2
Medical Establishment	Service Users	5	(4)	1
Placed For Adoption	Service Users	26	(5)	21
Placed with Parents/ awaiting assessment	Service Users	25	(4)	21
Secure Welfare	Service Users	2	0	2
Remand / Custody	Service Users	0	2	2
Unaccompanied Asylum Seeking Children	Service Users	53	(1)	52
Total Looked After Children		772	(18)	754
		2017/18	Change	2018/19
Other Children's Services				
Staying Put/Care Leavers	Service Users	58	3	61
Children subject to a Child Protection Plan	Service Users	385	95	480
Children in Need - Assessments	Service Users	5,870	(1,050)	4,820
Children in Need - Placements	Service Users	2	(1)	1
Adoption Allowances	Service Users	106	(3)	103
Special Guardianship Order Allowances	Service Users	327	(21)	306
Residence/Child Arrangement Order Allowances	Service Users	52	19	71
Adoption Orders	Service Users	42	14	56
Shortbreak Services and Direct Payments	Service Users	1,265	57	1,322

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Education and Learning (General Fund)

2017/18 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2018/19 Outturn Budget £'000	2018/19 Net Changes £'000
Infrastructure					
45	Legal Disbursements	45	0	45	0
345	Admissions, Data and Strategic Management	696	(244)	452	107
1,201	Teachers Pension - Historic Enhancements	1,201	0	1,201	0
1,591		1,942	(244)	1,698	107
School Improvement Inclusion and Safeguard					
2,224	Closing The Gap	2,418	(19)	2,399	175
2,574	Inclusion	3,181	(210)	2,971	397
1,238	Quality Service and Provision	2,212	(974)	1,238	0
607	Safeguarding Every Learner	607	0	607	0
6,643		8,418	(1,203)	7,215	572
School Transport					
285	Home to College	266	(187)	79	(206)
13,132	Home to School	13,749	(330)	13,419	287
9,643	Personalised Transport	11,239	(145)	11,094	1,451
23,060		25,254	(662)	24,592	1,532
502	Vulnerable Groups and Virtual School	556	(95)	461	(41)
8,359	Children's Centres and Early Years Services	7,526	(159)	7,367	(992)
40,155		43,696	(2,363)	41,333	1,178

Analysis of changes:

£'000

Technical and Service Changes

Inflation	736
National Living Wage	400
Demographic and other growth in demand - Transport	580
Demographic and other growth in demand - SEN	612
	<u>2,328</u>

Savings Strategies

Consolidation and cost reduction from Children Centres contracts	(1,000)
Home to School/College transport - personalised approach to Independent travel	(150)
	<u>(1,150)</u>

Total	1,178
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Service Commentary

This service 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 cost of Personalised School Transport continues to rise due to increases in national living wage and contract pricing. Whilst there has been a relatively small rise in pupils accessing the service the average unit cost has risen by 12%.

Service Statistics

Transport	Unit of Measurement	2017/18	Change	2018/19
School/College Transport	Pupil Numbers p.a.	14,182	(1,463)	12,719
Personalised Transport	Pupil Numbers p.a.	1,628	48	1,676

Education and Learning (School Funding)

2017/18 Adjusted Budget £'000		Gross Expenditure £'000	Gross Income £'000	2018/19 Outturn Budget £'000	2018/19 Net Changes £'000
Schools					
12,284	Academy and Independents	13,281	0	13,281	997
226,451	Primary Schools	234,454	0	234,454	8,003
175,079	Secondary Schools	179,795	0	179,795	4,716
413,814		427,530	0	427,530	13,716
De-Delegated Schools Budget					
519	Licences and Subscriptions	536	0	536	17
917	Schools and DSG Contingency	1,105	0	1,105	188
1,315	Targeted Specialist Services	1,341	0	1,341	26
124	School Intervention Fund	126	0	126	2
1,131	Maternity	1,145	0	1,145	14
135	Facilitation and Representation	146	(8)	138	3
4,141		4,399	(8)	4,391	250
Central Provision Within Schools Budget					
306	Admissions	447	(141)	306	0
1,500	Pupil Growth - Falling Rolls	1,569	0	1,569	69
873	Termination of Employment Costs	873	0	873	0
1,652	Other DSG Services	1,669	(17)	1,652	0
292	Phase Associations	314	(22)	292	0
848	Support Services	933	(85)	848	0
5,471		5,805	(265)	5,540	69
High Needs Budget					
478	Recoupment	1,126	(722)	404	(74)
2,278	Alternative Provision	2,273	0	2,273	(5)
1,297	Children In Care and Exclusions	1,527	0	1,527	230
1,500	Closing The Gap	1,500	0	1,500	0
349	Inclusion	349	0	349	0
144	Safeguarding Every Learner	144	0	144	0
26,434	Maintained Special Schools	27,199	0	27,199	765
292	Hospital Education Services	292	0	292	0
10,975	SEN Mainstream	10,949	0	10,949	(26)
924	SEN Services	924	0	924	0
15,015	Other Special School Fees	15,274	0	15,274	259
1,843	Support Centre Funding	1,324	0	1,324	(519)
1,164	Nursery Plus	1,164	0	1,164	0
62,693		64,045	(722)	63,323	630
35,448	Early Years Budget	40,549	(380)	40,169	4,721
Schools Funding					
(5,231)	Early Years - Disadvantaged 2 Year Olds	0	(5,231)	(5,231)	0
(476,536)	Dedicated Schools Grant (DSG)	0	(493,894)	(493,894)	(17,358)
(11,035)	Other School Grants	0	(13,827)	(13,827)	(2,792)
(5,132)	Post 16 Funding	0	(4,266)	(4,266)	866
(23,633)	Pupil Premium	0	(23,735)	(23,735)	(102)
(521,567)		0	(540,953)	(540,953)	(19,386)
0		542,328	(542,328)	0	0

Analysis of changes:	£'000
Pupil Growth - new and expanding schools	69
Changes in de-delegation - net effect of academy conversions and increased demand	250
Increase in Early Years Free Entitlement and pupil number changes	4,721
Additional investment for children with complex needs	630
Net changes to mainstream school budgets arising mainly from demographic changes	13,716
Increase in Dedicated Schools Grant, Pupil Premium and other grants arising from demographic changes, introduction of National Funding Formula (NFF) and increase in Early Years provision	(19,386)
Total	0

Service Commentary

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

2018/19 sees an increase to funding for schools and Early Years settings due to the introduction of the National Funding Formula and the full year effect of the 30 hours entitlement within Early Years since its implementation in September 2017.

Within the DSG the significant cost pressure relates 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.

The deliverability of a balanced budget depends to large extent on successfully keeping children in maintained 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.

Service Statistics

Number of local authority maintained schools and academies		Number of organisations	Number of Schools	
Local Authority Maintained Schools			238	
Federations		37	100	
Management Partnerships		14	41	
% of schools actively collaborating			50%	
Free Schools			7	
Academies			121	
Number of schools in multi-academy trusts/collaborations			104	
% of academies in multi academy trusts / collaborations			81%	
Total all schools and academies			366	
Number of pupils in LA maintained schools	Unit of Measurement	Oct-2016	Change	Oct-2017
Nursery Schools	Pupil Numbers PTE	157	66	223
Maintained Nurseries within Primary Schools	Pupil Numbers PTE	1,565	(3)	1,562
		1,722	63	1,785
Primary Schools	Numbers on Roll	39,791	(2,024)	37,767
Secondary Schools	Numbers on Roll	12,440	(582)	11,858
Post 16	Numbers on Roll	999	(192)	807
		53,230	(2,798)	50,432
Number of pupils in academy schools				
Primary Schools	Numbers on Roll	14,887	2462	17,349
Secondary Schools	Numbers on Roll	21,448	981	22,429
		36,335	3,443	39,778
Number of pupils in Free schools				
Primary Schools	Numbers on Roll	363	72	435
Secondary Schools	Numbers on Roll	408	139	547
		771	211	982
Total number of pupils in LA maintained schools, academies and free schools				
Nursery Schools	Pupil Numbers PTE	1,722	63	1,785
Primary Schools (including free schools)	Numbers on Roll	55,041	510	55,551
Secondary Schools (including free schools)	Numbers on Roll	34,296	538	34,834
Post 16 (maintained only)	Numbers on Roll	999	-192	807
		92,058	919	92,977
Percentage of pupils in academy schools				
Primary Schools	Numbers on Roll	27.1%	4.9%	32.0%
Secondary Schools	Numbers on Roll	62.5%	3.5%	66.0%

Early Years Education Provision		2017/18	Change	2018/19
Early Years Independent Provision	Pupil Numbers PTE	8,409	(393)	8,016
Early Years Entitlement Take up	Percentage of eligible children	100.0%	0.0%	100.0%
3 and 4 Year old additional 15 hours	Pupil Numbers PTE	2,273	1771	4,044
Disadvantaged two year olds	Pupil Numbers PTE	1,715	49	1,764
Young People with Additional Needs		2017/18	Change	2018/19
Statemented Pupils (Statutory)	Number of young people	1,510	418	1,928
Pupils with a 'My Plan' (non statutory)	No of young people	974	(809)	165
Independent Special Schools (pre 16)	Pupil Numbers	165	10	175
SEN referral placements	Number of Planned Places	15	0	15
Maintained Special Schools Pre 16	Number of budgeted Places	951	46	997
Maintained Special Schools Post 16	Number of Budgeted Places	100	0	100
Post 16 planned placements for young people with learning difficulties and disabilities (excl maintained spec schools)	Number of Planned Places	456	26	482
Devon Personalised Learning Service	Number of Planned Places	260	0	260

Grants Paid to External Organisations

2017/18	2018/19
£000	£000
Service and Grant Title	
Children's Social Work and Child Protection	
194 University Bursary Grants	190
150 Facilitating Access to Mainstream Activities for Disabled Children's Services	127
32 Calvert Trust Short Holiday Breaks	0
376 TOTAL	317

Staffing Data 2018/19

	2017/18 Adjusted Total FTEs	Changes FTEs	2018/19		Total FTEs
			Revenue Funded FTEs	Externally Funded FTEs	
Childrens Social Work and Child Protection	754	19	724	49	773
Education and Learning - General Fund	122	(2)	120	0	120
Education and Learning - School Funding	30	3	0	33	33
Children's Services	906	20	844	82	926
Total	906	20	844	82	926

Explanation of Movements

Children's Social Work and Child Protection

Externally funded posts to support Early Help and Family Solutions Services	8
Net movement as a result of workforce review and reorganisation	(9)
Increase in staff to support Service Improvement	11
Increase in staff to support expansion of Atkinson Unit capacity	9
	19

Education and Learning

General Fund

Review of Support for Inclusion	2
Cessation of Secondary Teacher Training Service	(1)
Recommisioning escorts under external contracts for pupils with additional needs	(3)

Dedicated Schools Grant

Review of Early Years services and Hospital School	2
Support Centre worker transferred in from School	1
	1

Total	20
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Children's Services - Risk Assessment

Service	Budget 2018/19 £'000	Risk and Impact	Mitigation
Looked After Children Placements	35,712 (net)	<p>A key risk to operations is a continued lack of appropriate provision for children and young people with high levels of complex need (including mental ill-health) which could lead to further escalation of unit costs.</p> <p>The budget is at risk if market sufficiency does not improve, particularly in the independent residential sector, which then results in higher numbers of children in very high cost placements.</p> <p>Similarly, failure to increase in-house foster carer capacity would likely result in reduced ability to step children and young people down from high cost, high support settings into lower cost but still appropriate placements.</p> <p>The budget is also at risk from the impact of possible rises in levels of poverty, changes to the costs of care and support packages as a consequence of the challenges that some providers anticipate in recruitment as we progress towards Brexit; and population change in the County.</p>	<p>The budget has been set recognising the current pressures on sufficiency and costs; it assumes active management and cost control.</p> <p>Mitigation to prevent escalating costs is through strategies that centre on fewer children going into high cost placements, or spending less time in such provision through enhanced Edge of Care support and active recruitment of additional in-house foster carers.</p> <p>Early in 2018 a review of sufficiency of placements is planned; particularly short term/ emergency residential provision which may lead to an options appraisal for an alternative model of provision and strengthened market management.</p> <p>However, these mitigations, if successful, will take time to work through the system and it is recognised that the effects of these strategies are not likely to be realised in full within the 2018/19 financial year.</p>
Disabled Children's Service	12,203 (net)	The Disabled Children's Service (DCS) has seen a year-on year increase in children and families accessing the service and complexity of children's needs. More short break packages of care are being accessed and the cost of packages has been increasing.	Ensuring a consistent operating model for delivering services which is both financially sustainable and which achieves the best possible outcomes for children with disabilities and their families.

Education and Learning – General Fund	41,333 (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.</p>
School/College Transport	24,592 (net)	The number of pupils with personalised transport needs has been increasing with costs continuing to rise.	Continue work to manage demand for special educational needs (as below for High Needs DSG spending) Increase access to Independent Travel Training. Review policies for discretionary transport provision and increase local provision for children with special educational needs.
Education and Learning – Schools budgets	542,328 (gross)	<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. 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>

High Needs budgets	63,323 (net)	<p>The cost of educating pupils with complex educational and physical needs can be significant and volatile. In particular the number of students remaining in Education post 16 is rising. 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. Risk of more exclusions and increase in harder to admit children.</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 and management action to reduce placements within Alternative Provision and Independent Sector through work with Devon Inclusion Partnership.</p>
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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	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Children's Social Care						
Adaptations - Disabled childrens houses		132	130	127	130	130
Atkinson Unit - Front of house extension	1,101	17	0	0	0	0
Children in care (contingency)		5	0	0	0	0
Grants to adapt foster carers houses		40	40	40	40	40
Phoenix Lane (Tiverton) – Refurbishment to accommodate multi use facilities for social care	47	43	0	0	0	0
Total		237	170	167	170	170
Education & Learning						
Early Years provision (Kingsbridge) - New Facility	508	101	0	0	0	0
Vehicle Equipment Loans Pool - Schools		200	200	200	200	200
Devolved Formula Capital (DFC)		2,425	1,412	1,412	1,412	1,413
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
Abbotskerswell Primary School - Replacement of Block 90	20	4	0	0	0	0
Total		3,080	1,962	1,962	1,962	1,963
Childrens Services Total		3,317	2,132	2,129	2,132	2,133
Financed by:						
Borrowing - Internal		8	10	0	18	0
Borrowing - VELP		200	200	200	200	200
Capital Receipts - General		80	30	40	22	40
Direct Revenue Funds - Services		250	250	250	250	250
External Funding - Contributions		50	50	50	50	50
External Funding - Grants		2,729	1,592	1,589	1,592	1,593
Total	0	3,317	2,132	2,129	2,132	2,133

* Scheme Approvals have been included for individual projects.

This table does not show expenditure on capital projects currently programmed in financial year 2017/18 which may be deferred to 2018/19 owing to changes in project delivery timescales.

Abbreviations

Abbreviations used within the budget:

AONB	Area of Outstanding Nature Beauty
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 April 2015.
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
EFA	Education Funding Agency
ERDF	European Regional Development Fund
ESPL	Exeter Science Park Ltd
EU	European Union
FTE	Full Time Equivalent
IBCF	Improved Better Care Fund - Additional grant funding to supplement the Better Care Fund
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
NFPI	National Productivity Infrastructure Fund
PFI	Private Finance Initiative
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
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
SCOMIS	Schools Management Information Service
SEND	Special Education Needs and Dissability
UASC	Unaccompanied Asylum Seeking Children
VAWG	Violence against Women and Girls
VELP	Vehicle Equipment Loan Pool