

**Supplement to the agenda for**

# **Children and young people scrutiny committee**

**Thursday 29 November 2018**

**3.00 pm**

**The Council Chamber - The Shire Hall, St. Peter's Square,  
Hereford, HR1 2HX**

|  | <b>Pages</b>  |
|--|---------------|
| <b>8. SETTING THE 2019/20 BUDGET, CAPITAL INVESTMENT AND UPDATING THE MEDIUM TERM FINANCIAL STRATEGY</b> | <b>3 - 26</b> |



**2019/20 Budget  
Children and Families  
Scrutiny Committee**

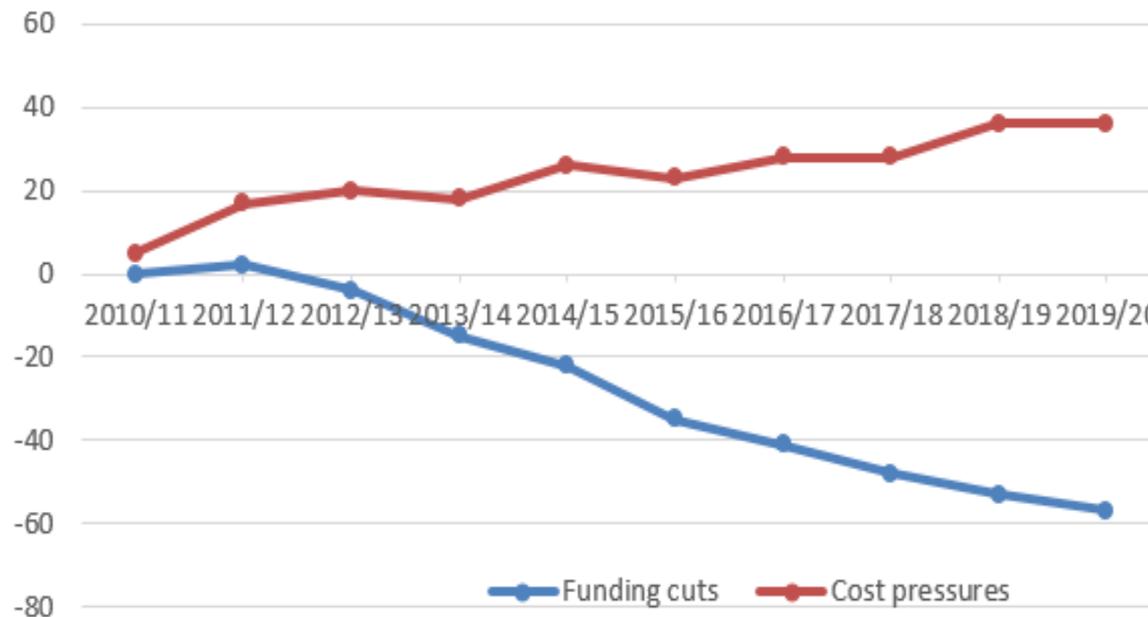
**29 November 2018**

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# What we have delivered...

- Reduction in revenue support grant

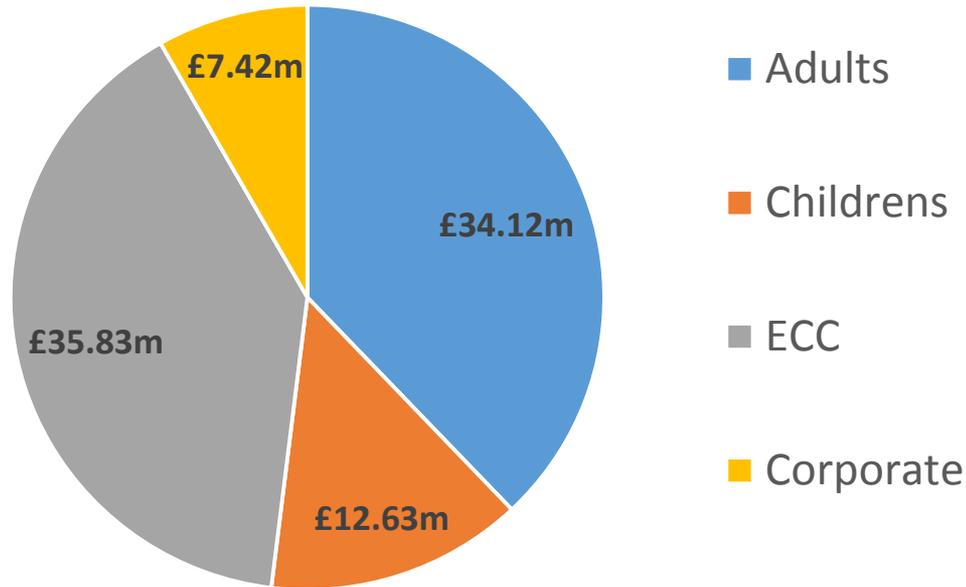
Chart Area Savings achieved/required from 2010/11 to 2019/20 (cumulative) £m



£93m savings

# £90m of achieved savings by 18/19

£90m of Savings by directorate



£77m of savings made between 2010 and 2017/18. A further £13m made in 2018/19

The current saving requirement for 2019/20 - 21/22 is £8m

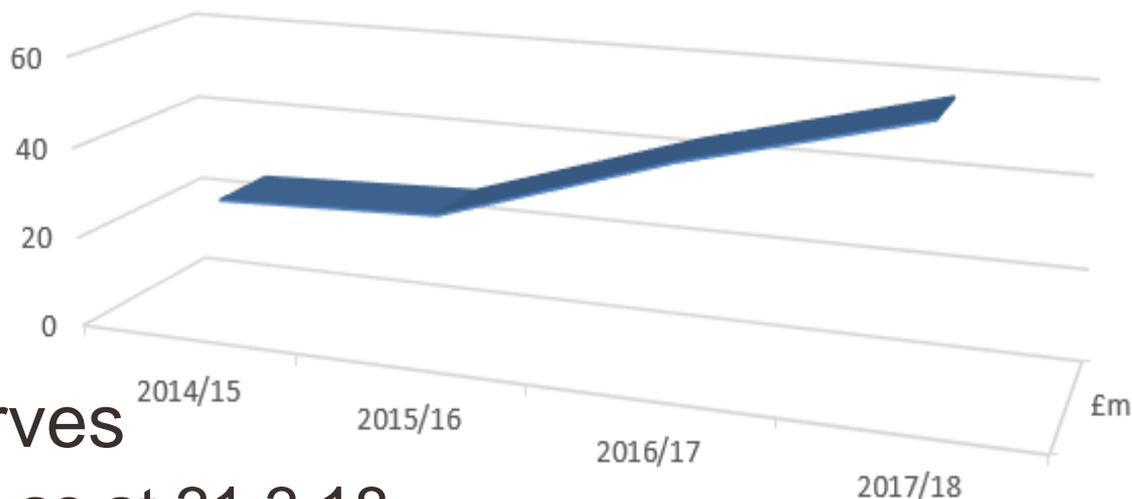
# Indicator of financial resilience

## Balance of Funding Including Fees and Charges



# Where we are...

earmarked reserves



## • Earmarked reserves

- Totalled £50.7m as at 31.3.18
- Cabinet reviewed in June 2018
- Going forward to be uplifted in 2018/19:-
  - £3.8m financial resilience reserve (MRP savings)
  - £2.3m additional final 2018/19 settlement monies

# Net Revenue Budget 2019/20

|                                   | £k             |
|-----------------------------------|----------------|
| Council Tax assumed 4.9%          | 103,908        |
| Business rates                    | 35,457         |
| Revenue support grant             | 620            |
| Collection fund surplus (one off) | 500            |
| New homes bonus                   | 2,029          |
| Rural services delivery grant     | 4,093          |
| Adult social care grant (one off) | 2,380          |
| <b>Total net budget</b>           | <b>148,987</b> |

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# The Base Net Budget requirement

| Directorate              | 18/19 revised base £k | Pressures £k  | Savings £k     | Base Budget £k |
|--------------------------|-----------------------|---------------|----------------|----------------|
| Adults and Communities   | 52,087                | 5,288         | (700)          | 56,675         |
| Children and families    | 23,958                | 3,427         | (200)          | 27,185         |
| Economy and Place        | 34,046                | 1,417         | (2,453)        | 33,010         |
| Corporate Services       | 9,424                 | 146           | (379)          | 9,191          |
| <b>Total Directorate</b> | <b>119,515</b>        | <b>10,278</b> | <b>(3,732)</b> | <b>126,061</b> |
| Central                  | 24,609                | (1,483)       | (200)          | 22,926         |
| <b>Total Net Budget</b>  | <b>144,124</b>        | <b>8,795</b>  | <b>(3,932)</b> | <b>148,987</b> |

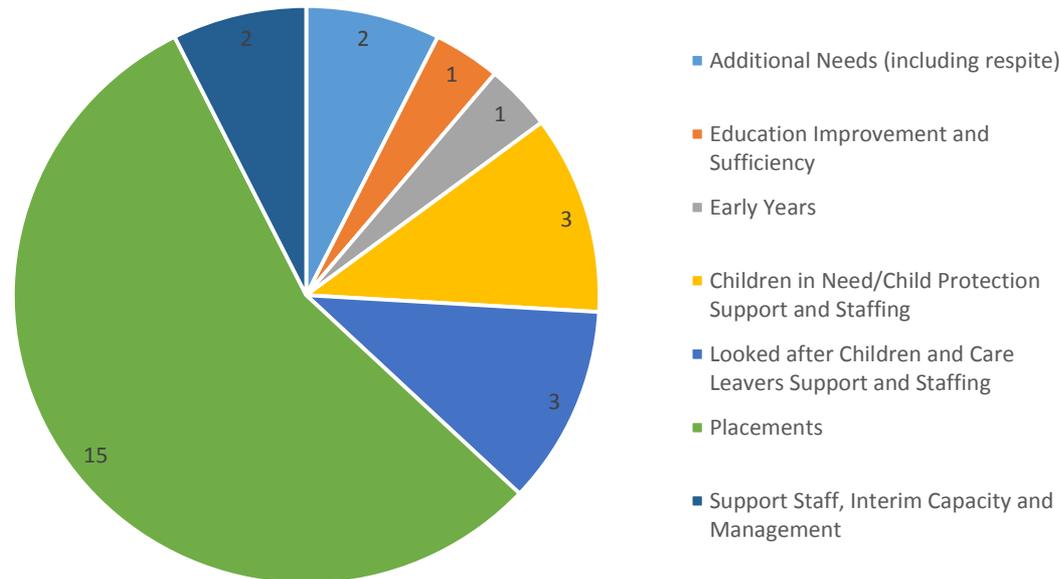
# Children and Families

|                            | Revised<br>base budget<br>18/19 | Savings | Market Forces<br>Supplement | Placement costs'<br>pressure | Contract and pay<br>inflation | 19/20<br>Budget<br>Total |
|----------------------------|---------------------------------|---------|-----------------------------|------------------------------|-------------------------------|--------------------------|
|                            | £000                            | £000    | £000                        | £000                         | £000                          | £000                     |
| <b>Proposed<br/>budget</b> | 23,402                          | (200)   | 500                         | 2,921                        | 562                           | <b>27,185</b>            |

# Expenditure in 18/19

Our net budget including reserve drawdowns is £25m. We are forecasting that we will spend £27m.

Expenditure in £m



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# High Needs - Herefordshire

## Primary

2,246 (16.7%) SEN support.  
222 (1.7%) have an Education, Health and Care Plan (EHCP).\*

## Secondary

1,476 (15.2%) SEN Support  
153 (1.6%) have an EHCP.

## Special Schools

332 will have a EHCP.

## 2017

SEN Support pupils in Herefordshire outperformed their peers across England at EYFSP (top quartile), Yr1 Phonics (top quartile), KS1 Reading and writing and maths (top quartile) and at KS2 RWM (top quartile)

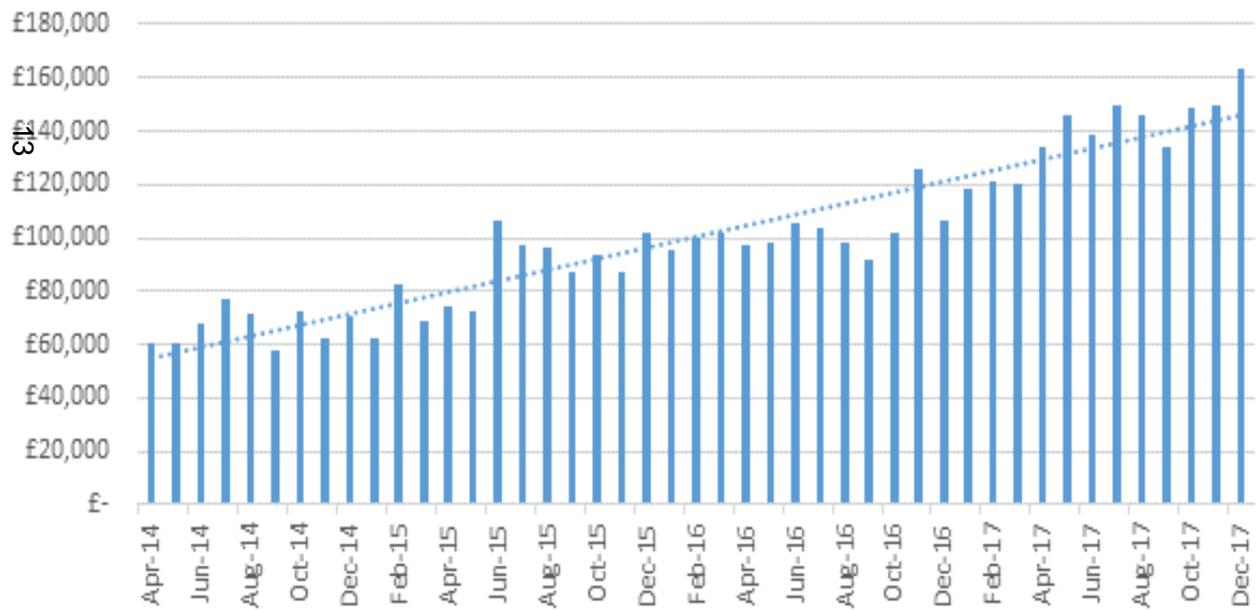
KS4 outcomes for students with SEN Support and those with a EHC Plan were below the national average in 2017.

Many of the children with an EHC Plan will not be entered for GCSE qualifications. Cohort sizes are small.

# High Needs

National - combined overspend on “high needs” education budgets among councils in England soared from £61m in 2015-16 to £195m in 2017-18. It is already expected to hit £200m this year. The figures cover 117 of England’s 152 councils, meaning the true figures will be higher.

## Mainstream School High Needs Top Ups



For 2019/20 further savings of £550k are currently being consulted on comprising:

- Reduce PRU to statutory places for Permanently Excluded pupils-£220k

- Savings in SEN support services through trading - £200k

- Reduce places re out county special schools - £50k

- Savings in joint Complex Needs funding - £50k

# LAC Placements Budget (£15m budget)

- “English councils overspend on children’s services by £800m in 2017”
- October- Herefordshire 2018/19 forecast to significantly overspend (c£2m)
- Residential – budgeted for 9 currently 18
  - 8 new and 1 step up from IFA (average annual cost £216k)
- Independent Foster care Agency (IFA)– budgeted for 63 currently 73
  - 19 new including 9 step ups from in house, 3 have ended, 1 step up to residential and 5 step downs to in house (£43k)
- Costs are rising, availability is significantly squeezed
- Have achieved savings of £500k in children no longer being looked after (MTFS) – masked by overall position

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# Retention of social workers

- £5k market forces supplement
- Individual learning fund of £250 to fund personal or professional development
- “Signs of Safety” practice model
- Sufficient management capacity – supervision
- Caseload – sufficient social workers, supported by family support and business support

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# Recruitment of social workers

400 vacancies across the West Midlands 140 FTE NOT filled by agency workers

Herefordshire has 18 FTE vacant social worker posts which are covered by agency workers – improvement since June when we had 12 posts uncovered out of 21 FTE vacancies

NB c.40% fieldwork roles covered by agency. Also have high number of newly qualified social workers

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- Collaboration with West Midlands region to attract agency workers from outside region at a higher rate
- Developing 'grow our own' by doubling intake of graduates, providing additional support and using apprenticeship levy to enable existing staff to train
- Developing proposals to attract from urban to rural and also overseas recruitment

# Planned Success in 2018-19 Looked After Children

Savings achieved - £500k

Up to 80 children identified who may benefit from a different permanency option such as reunification or special guardianship order

- ⇒ • Projecting that up to 41 children could cease being looked after by March 2019
- Plan to look at how we can support this further

# Planned Success in 2018-19 High Needs Funding

Herefordshire is one of a small number of local authorities in England not to be in deficit re high needs funding .

Decision with School Forum in 2013 that Herefordshire would ring-fence the three separate funding blocks introduced for Schools, High Needs and Early Years.

Accept with Schools Forum there is an absolute duty to meet need:

|   |       |
|---|-------|
| Reductions in high needs tariffs to mainstream schools/ post-16 providers | £300k |
| 81 Reduce tariff allocations re Pupil referral unit from Jan 2019         | £50k  |
| Increase charges to schools for PRU places                                | £40k  |
| Reduce budgets for SEN support services                                   | £55k  |
| Reduce cost of places at Resource units as per DfE                        | £160k |
| One of transfer of funding from Schools Block                             | £324k |
| Reduction in primary SEN protection scheme                                | £67k  |

# Weaknesses and Improvement - Ofsted June 2018

- Recognised the challenges over the last year
- Leaders and managers have not secured an environment for good-quality social work to flourish. Many weaknesses found mirrors 2014
- Majority of core practice requires improvement; too many children receive a poor service – visits, supervision, assessments and plans, quality assurance, performance management
- Pace and action to remedy some long-standing deficits too slow. Drift and delay for children before, during and after care proceedings. Outcomes not improved in a timely way.
- Decisions about whether some children who experience neglect need to become looked after are not taken swiftly enough.
- <sup>6</sup> Quality of management oversight and decision-making across the wider service is too variable; lack of management grip. Some staff feel disconnected from senior management.
- Recognise that plans being put in place. Too new to demonstrate impact
- Seen evidence of capacity to implement improvements in the children with disabilities service and in the care leavers and 16-plus team. Management team's response to s20 Children Act 1989 cases has also been effective
- Council has made a recent significant financial investment to support the development and improvement of children's social care services. Supported by a recent appointment to the senior management team of assistant director who brings a renewed focus to long-standing issues. The director of children's services is aware of the need to take robust and immediate action to strengthen his management team and there is very recent evidence of assertive action.

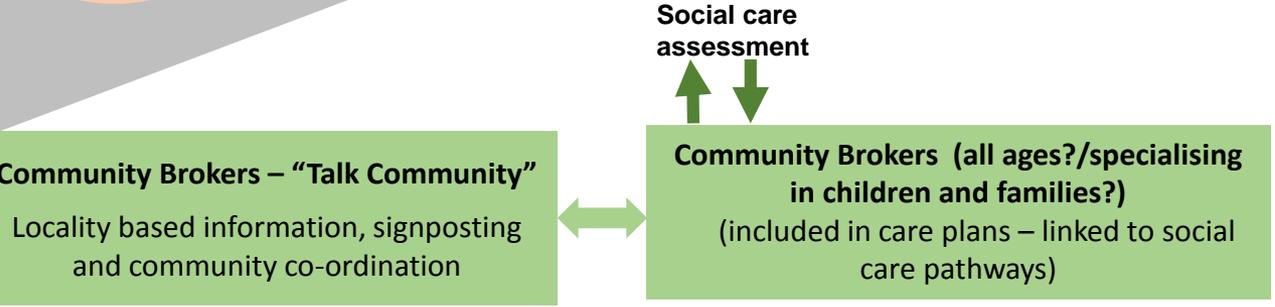
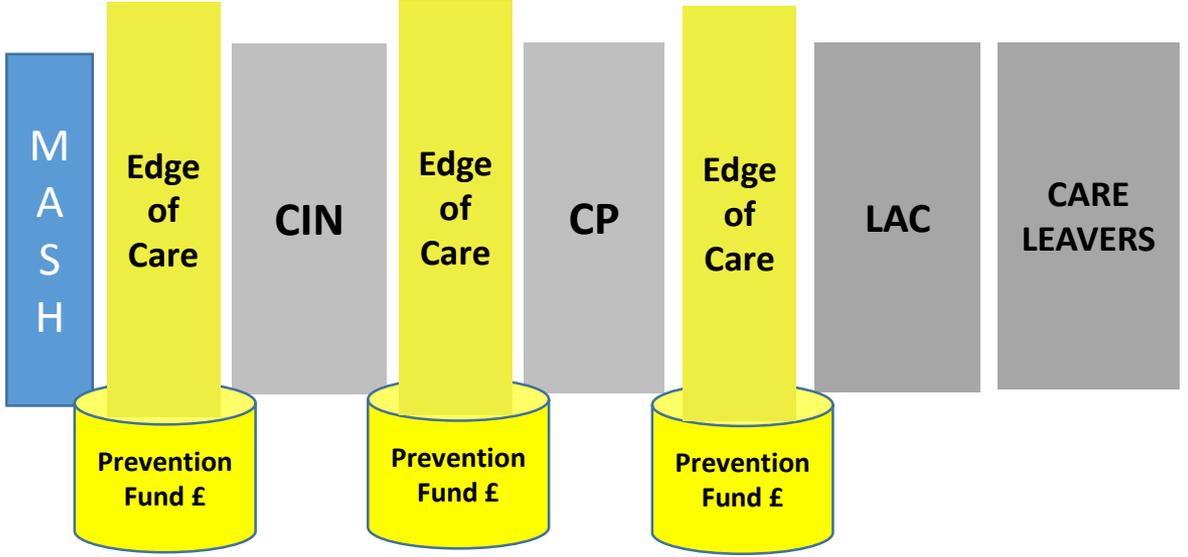
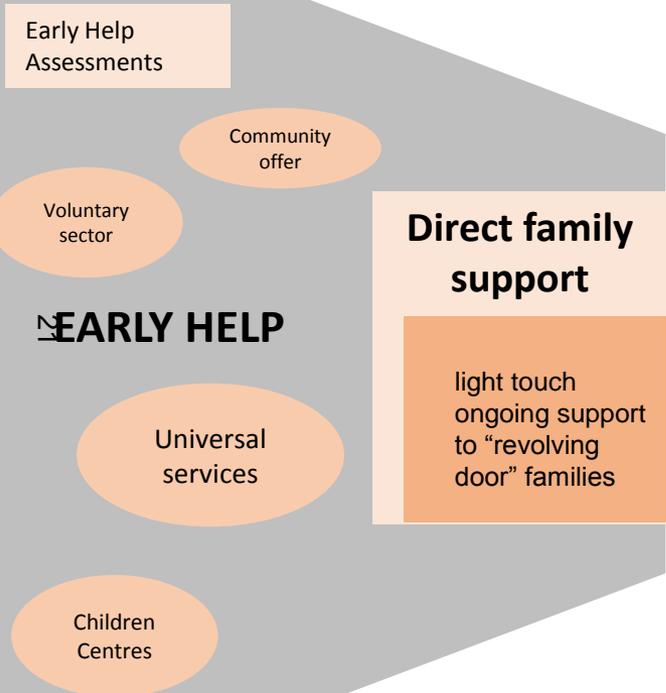
# Strengths from Ofsted –June 2018

- Children at risk of immediate harm receive prompt and responsive intervention, ensuring they are safeguarded
- No children seen were found to be at risk of immediate harm
- The vast majority of children in care live in good placements, where outcomes improve
- Passionate and committed staff who know the children
- Since 2014 senior leaders have made some progress and have improved practice in some areas – children with disabilities, children who go missing
- Praised work in MASH, 16+ team (leaving care); adoption, fostering, children at risk of sexual exploitation, approach to elective home education, UASCs, response to Section 20,
- Visits, assessments, supervision, recording – services for children in care and care leavers evident
- Recognised that we know ourselves – what they found we told them
- Recognised the investment cabinet had made and strengths of corporate parenting
- Recognised the positive work of Your Voice Matters and those that support our children and young people

# Investment approach to targeted prevention



EOC TEAM



# 2019-20 targeted approach

## Early Help

- Support communities
- Change our approach to our families that keep coming in and out of services
- Increase direct work with families, including mental health and drug addiction

## 22 Edge of Care

- Dealing with a crisis, require capacity to react quickly, robust all round support.

## Placement Stability

- Further support for foster carers
- Explore residential facility in Herefordshire

# Corporate

|                           | <b>Revised<br/>Base<br/>Budget</b> | <b>Savings</b> | <b>Contract<br/>Inflation<br/>Pressure</b> | <b>Feasibility</b> | <b>Pay<br/>Inflation<br/>Pressure</b> | <b>Total</b>  |
|---------------------------|------------------------------------|----------------|--|--------------------|---------------------------------------|---------------|
|                           | <b>£k</b>                          | <b>£k</b>      | <b>£k</b>                                  | <b>£k</b>          | <b>£k</b>                             | <b>£k</b>     |
| <b>Economy and place</b>  | 34,046                             | (2,453)        | 774  | 100                | 543                                   | 33,010        |
| <b>Corporate services</b> | 9,424                              | (379)          | 13   | 0                  | 133                                   | 9,191         |
| <b>Total:</b>             | <b>43,470</b>                      | <b>(2,832)</b> | <b>787</b>                                 | <b>100</b>         | <b>676</b>                            | <b>42,201</b> |

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# 2019/20 Assumptions

- Council Tax increase of 4.9% for 2019/20 ( includes 2% adults precept)
- Improved better care fund (ibcf) £5.7m (£4.5m Adults and £1.2m new schemes).
- Public Health grant of £9.0m
- Placement cost in Adults and Childrens based on current service users in August 18.

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# Running different race 2020/21 onwards

- Comprehensive spending review;
- Continuance of Adults precept or 2% extra on core?;
- Green paper – Adults Social Care;
- Schools High Needs block pressures;
- ICBF / BCF replaced?;
- Market changes;
- Business rate retention – work in progress – local determination of reliefs:

# Running different race 2020/21 onwards

- Spend to save changes coming on stream;
- Assumption that efficiencies will service part of pressures;
- Financial resilience reserve funding spend to save projects.