

<b>Meeting:</b>	<b>Children and young people scrutiny committee</b>
<b>Meeting date:</b>	<b>Tuesday 12 January 2021</b>
<b>Title of report:</b>	<b>2021/22 Budget setting</b>
<b>Report by:</b>	<b>Leader of the council</b>

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose**

To seek the views of the children and young people scrutiny committee on the budget proposals for 2021/22, both capital and revenue, as they relate to the remit of the committee.

The draft proposals show an overall increase of £4.2m in the proposed base revenue budget for children and families. This follows a review of the base budget requirement and the identification of savings to enable a funded budget to be proposed.

Three new capital projects totalling £1.7m are recommended for consideration, being accessibility and maintenance works at various school sites.

The committee is invited to make recommendations to inform and support the process for making cabinet proposals to Council regarding the adoption of the budget and associated budget framework items, including providing constructive challenge to the cabinet's proposals.

## **Recommendation(s)**

**That:**

- (a) the committee determine any recommendation it wishes to make to Cabinet in relation to the 2021/22 budget proposals specifically affecting children and young people.**

## Alternative options

1. There are no alternatives to the recommendations; Cabinet is responsible for developing budget proposals for council consideration and it is a function of this committee to make reports or recommendations to the executive with respect to the discharge of any functions which are the responsibility of the executive. The council's budget and policy framework rules require Cabinet to consult with scrutiny committees on budget proposals in order that the scrutiny committee members may inform and support the process for making Cabinet proposals to Council.
2. It is open to the committee to recommend alternative spending proposals or strategic priorities; however given the legal requirement to set a balanced budget should additional expenditure be proposed compensatory savings proposals must also be identified.

## Key considerations

3. The proposed 2021/22 revenue budget is based on the provisional local government financial settlement and an assumed total council tax increase of 4.99%, 1.99% increase in core council tax and a 3% adult social care precept. This increases the band D equivalent charge to £1,652.30 representing an increase of £1.51 per week. This is the maximum increase permitted, a higher increase would require the support of a referendum.
4. The current financial year is facing unprecedented pressures in response to the national pandemic Covid-19. Central government has awarded grants to local authorities to manage these pressures, however this is expected to cover around 70% of the cost. Children and Families are currently forecasting a £4.3m overspend in 2020/21 and this largely reflects the cost pressure in placements costs.
5. The council has high ambitions for children in Herefordshire and the services that work with them and their families. Children's Safeguarding and Family Support Services are undertaking a transformation programme which involves fundamental culture and practice change. This includes children's social work as well as multi agency safeguarding and early help practice.
6. The transformation programme encompasses service redesign, recruitment and retention, prevention and intervening early, establishing services that support moving to independence in adulthood. The underlying aim is to improve the quality of services in Herefordshire as well as capacity.
7. The practice and culture change is underpinned by introducing and embedding a practice framework "Signs of Safety" across social work and early help teams, as well as with partner agencies, strengthening management capacity and quality, strengthening the capacity of social work by enabling smaller caseloads through staff recruitment and retention, improving the support for good social work practice including business support and the use of technology. The implementation of Signs of Safety commenced in 2020. Signs of Safety implementation includes significant changes to the MOSAIC recording system to support the practice change. These changes are taking place from January 2021.

8. The children and families whole family approach is set out in the attached presentation slide deck. Further work is being done to map the transformation programme and savings targets to this work.
9. The transformation programme projects covering Signs of Safety implementation, Edge of Care and returning home, fostering sufficiency and moving some children appropriately from residential to fostering, the potential to have a new children's home in Herefordshire, and the enhancement of services for children aged 16 or over, particularly those with care experience moving to adulthood, is overseen by a transformation board and a clear approach to project management, supported by a dedicated senior project manager. In addition there is a continued focus on early help, recruitment and retention, quality of practice and working with the child and family, exploring all age approaches including the provision of short breaks and working with the Talk Community approach to work with local expertise and support.
10. The transformation programme has already started to deliver improvement through investment and a focus on performance and quality. This includes an enhanced approach to early help, including the Early Help Hub (started in September 2020) and Domestic Abuse Hub (in 2020) to augment the work of the Multi-Agency Safeguarding Hub; the Edge of Care (ECHO) service that started in June 2020. These complement the investment in legal services, social workers (including the use of agency workers), managers, family support workers, and business support to support high quality consistent practice. Significant work has been done to improve the accuracy, timeliness, depth and use of performance information. We have also enhanced our quality assurance system and work.
11. The transformation programme is underpinned by practice aims:
  - We will keep children within their families wherever we can and it is safe to do so
  - We will provide a robust early help offer, to prevent issues escalating
  - We will intervene at the lowest level of intervention wherever possible, and in accordance with our Herefordshire Safeguarding Children Partnership Right Help Right Time levels of need framework
  - We will work with families, recognising their strengths, and developing positive working relationships
  - We will take swift action to protect children when that is identified as what children need
12. We are at an early stage of our long term transformation programme. It can take councils between five and eight years to achieve sustained cultural and practice change, in how children and families are supported and enabled to achieve change themselves where appropriate. We do have variable practice in some areas and some areas that require improvement.
13. Evidence so far indicates that children and families are:
  - increasingly receiving support earlier and the right support at the right time and staying with or returning to their families
  - increasingly receiving better quality work due to lower caseloads, increase in supervision, informed management practice, more permanent staff and social workers supported by business support
  - experiencing poor practice is picked up through performance information, audit and quality assurance and learning is taken into service improvement
  - increasingly benefiting from multi agency work that supports their needs and achieves change

14. Staff have said to Essex Local Authority our Partner in Practice, sponsored by the Department for Education (DfE) that they are positive about many of the changes and about working for Herefordshire.
15. The DfE, Local Government Association and Ofsted are recognising the positive changes taking place. We have received positive feedback from Essex in the diagnostic work that they have undertaken in 2020 that we know ourselves, our pace of change in some areas particularly during the pandemic has been very impressive and they can see the difference in quality of practice from when they came in 2019. The service and legal services have also received positive feedback from the family court judge on court work. We will continue to work with and seek out external review and feedback to support our improvement.

### **Proposed children and families 2021/22 revenue budget**

16. The proposed children and families revenue budget for 2021/22 is shown below:-

<b>Directorate</b>	<b>20/21 revised base £k</b>	<b>Pressures £k</b>	<b>New 21/22 base £k</b>	<b>Savings £k</b>	<b>Base Budget £k</b>
Children and families	32,678	6,623	<b>39,301</b>	(2,390)	<b>36,911</b>

17. In addition to the net budget proposal above is the dedicated school grant (DSG) budget of £140m devolved to maintained schools throughout the County.

### **Challenges**

18. The children and families budget has for a number of years spent more than allocated, primarily on supporting children in care and care experienced young people. 9 out of 10 councils in a County Council's Network survey in 2020 predicted an overspend on children's social care budget which indicates the level of pressure nationally and locally being experienced by councils.
19. We continue to have relatively high reliance on agency social workers in some particular teams. We value the contribution they make but do want to increase the number of permanent staff. We are being successful in recruiting newly qualified workers. They do and will need support as we grow our own. Our investment in Signs of Safety and in a package of retention and recruitment measures is showing impact. This will take several years but will produce reduced spend if we are able to achieve sustained change over a three year period.
20. We continue to focus on improving the consistency and quality of practice across all teams. There is evidence from audits that this is improving overall and will continue to be a significant area of focus for the next two years, there are some areas of practice that require improvement.
21. Placement choice and price is affected by COVID19. Nationally, demand is increasing cost and reducing choice. Herefordshire has experienced a reduction in the number of children and young people in care overall through 2020, but an increasing use of residential provision. The investment in the early help and edge of care (ECHO) services

is to address some of the longstanding pressure to become open to children’s social care or to become looked after. The reconfiguration of services to place family support work alongside the assessment and child in need work enables more direct work to be undertaken earlier with families.

22. A shortage of foster care placements nationally and an increased pressure on residential placements and specialist placements also affects availability and price. The recent cabinet decision to enhance allowances and fees as well as provide council tax exemption for Herefordshire Council foster carers will support retention and recruitment. This should also enable savings to be made. We plan to invest in enhancing our marketing and recruitment work to support this. The investment made in Widemarsh Street and in Bath Street provides more local supported accommodation that will enable young people in care to be supported towards independence in adulthood. This is right for them and also should achieve savings.
23. The level of savings are the stretch targets and are dependent upon detailed work with individual children and their families, making sure that decisions are right for them. That by doing this the council also achieves value for money and over time reduces the pressure on spend to meet children’s needs with higher cost services and placements.
24. The above challenges relate primarily to children and families supported through early help, family support and social care. There are additional challenges as a result of the pandemic and also some longer term challenges which were national issues prior to the pandemic. These include:
  - Special Educational Needs and Disabilities (SEND) - increases in numbers of children with Education, Health and Care plans, specialist provision “full” locally and across the country. The national picture of High Needs Block spending over nationally provided budget across many local authority areas is an illustration of this. Herefordshire, whilst traditionally being able to manage the overall dedicated schools grant within allocation, is also facing significant pressures. National government is looking at a longer term solution for this issue and there is due to be a national SEN review.
  - Lack of opportunity for young people for education, training, employment with training significantly increased by the effects of pandemic and recession. Herefordshire Council is taking part in national initiatives to address this. This includes the potential to develop a multi-agency youth hub to provide guidance and advice for young people including those with care experience.
  - Increase in children eligible for free school meals, around 25% increase in October 2020 from October 2019. Anticipate this will increase further due to an expected recession.
  - Emotional wellbeing and mental health of children and young people.
  - There may therefore be further demand for early help and safeguarding services and other council and partner services and support as a result of the impact of the pandemic and economic impact on families.

25. To enable a funded budget to be proposed for 2021/22 savings are required, these are summarised below:

Description	£000
Supported accommodation for care leavers	320

Step down residential to in house foster carers	1,000
Prevention of children becoming looked after; reunification of looked after children with families	400
Recruit 30 new foster carers per annum for 5 years	200
Full cost recovery of traded services	20
Manage inflation and secure contract efficiencies	450
<b>TOTALS</b>	<b>2,390</b>

26. A full equalities and environmental impact assessment of these savings is underway. The savings targeted are grouped by theme in the table below:-

<b>Market intervention</b>	<b>Streamlining business</b>	<b>Income generation</b>
Supported accommodation for care leavers	Manage inflation and secure contract efficiencies	Full cost recovery of traded services
Step down residential to in house foster carers		
Prevention of children becoming looked after; reunification of looked after children with families		
Recruit 30 new foster carers per annum for 5 years		
<b>1,920</b>	<b>450</b>	<b>20</b>

27. Attached at appendix 1 is the key directorate challenges & issues of delivering the above.

### **Capital investment proposals**

28. There are three new capital investment proposals (proposed to be added to the existing capital investment budget) in relation to children and families, these are summarised below and a business case is provided at appendix 2:-

- School Accessibility Works (£240k). There are two known children with EHC Plans who are transitioning into schools. One into primary, the other from primary into secondary. The final places will not be known until April/May 2021, however,

these children will need an accessible school for September 2021. Therefore this budget has been put in place to provide what adaptation works may be required.

- Schools Maintenance Grant (£1,195k). This is an annual grant award from the Department of Education to carry out capital improvement works across maintained schools. The programme of work is prioritised using condition surveys.
- Childrens S106 (£300k). S106 arrangements are put in place with developers and education are allocated their share once paid. The work progresses based on the area and spent in line with the agreement.

### **Budget setting timetable**

29. Council will be asked to approve the 2021/22 budget on 12 February 2020; this will follow confirmation of the final financial settlement for 2021/22 which is expected in late January. Council will also be asked to approve the updated medium term financial strategy (MTFS), treasury management strategy, council tax reduction scheme and the capital strategy at the same meeting.
30. This paper is the first in the 2021/22 budget setting timetable shown below:-

<b>Action</b>	<b>When</b>
Consultation with parish and town councils	Nov-20
Independently led focus group consultation (this will include businesses)	Nov-20
Online survey	19 December 2020 – 8 January 2021
Children and young people scrutiny	12-Jan-21
Adults and wellbeing scrutiny	13-Jan-21
General scrutiny	15-Jan-21
Cabinet – consultation responses, proposed budget, capital and Medium Term Financial Strategy (MTFS)	28-Jan-21
Council – approval of budget, capital and MTFS	12-Feb-21
Council – council tax setting	05-Mar-21

### **Community impact**

31. The budget proposals demonstrate how the council is using its financial resources to deliver the priorities within the County plan.
32. The council is committed to delivering continued improvement, positive change and outcomes in delivering key priorities.

33. In accordance with the principles of the code of corporate governance, Herefordshire Council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development, and review.

## **Environmental Impact**

34. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
35. Whilst this overarching budget setting document will not detail specific environmental impacts, consideration is always made to minimising waste and resource use in line with the Council's Environmental Policy. A specific environmental impact assessment for the service specific budget proposals will be considered as appropriate to seek to minimise any adverse environmental impact and actively seek opportunities to improve and enhance environmental performance.

## **Equality duty**

36. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it
37. Service specific equality impact assessments will be completed when the service specific proposals are developed to assess the impact on the protected characteristic as set out in the Equality Act 2010. The duty means that the potential impact of a decision on people with different protected characteristics is always taken into account when these assessments have been completed then we will consider mitigating against any adverse impact identified,

## **Resource implications**

38. The financial implications are as set out in the report. The ongoing operational costs including, human resources, information technology and property resource requirements are included in the draft budget and will be detailed in separate governance decision reports as appropriate.

## Legal implications

39. When setting the budget it is important that councillors are aware of the legal requirements and obligations. Councillors are required to act prudently when setting the budget and council tax so that they act in a way that considers local taxpayers. This also covers the impact on future taxpayers.
40. The Local Government Finance Act 1992 requires a council to set a balanced budget. To do this the council must prepare a budget that covers not only the expenditure but also the funding to meet the proposed budget. The budget has to be fully funded and the income from all sources must meet the expenditure.
41. Best estimates have to be employed so that all anticipated expenditure and resources are identified. If the budget includes unallocated savings or unidentified income then these have to be carefully handled to demonstrate that these do not create a deficit budget. An intention to set a deficit budget is not permitted under local government legislation.
42. The council must decide every year how much they are going to raise from council tax. The decision is based on a budget that sets out estimates of what is planned to be spent on services. Because the level of council tax is set before the year begins and cannot be increased during the year, risks and uncertainties have to be considered, that might force higher spending more on the services than planned. Allowance is made for these risks by: making prudent allowance in the estimates for services; and ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.
43. The council's budget and policy framework rules require that the chairmen of a scrutiny committee shall take steps to ensure that the relevant committee work programmes include any budget and policy framework plan or strategy, to enable scrutiny members to inform and support the process for making cabinet proposals to Council.
44. Section 106 of the Local Government Finance Act 1992 restricting councillors voting on certain matters where they are in arrears of council tax, does not apply to scrutiny function as the views from scrutiny on the budget are not a recommendation for approval, a resolution or any other type of decision. As a result a s106 check of councillors arrears has not been undertaken.

## Risk management

45. Section 25 of the Local Government Act 2003 requires the S151 officer to report to Council when it is setting the budget and precept (council tax). Council is required to take this report into account when making its budget and precept decision. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.
46. The budget has been updated using the best available information; current spending, anticipated pressures and the provisional settlement. This draft will be updated through the budget setting timetable.
47. The impact of the worldwide pandemic, Covid 19, continues to provide uncertainty and have far ranging consequences throughout the county. The challenges to our economy, to the vulnerable members of our communities and to our continued wellbeing are huge. The budget proposals prioritise keeping resident's safe.

48. The known most substantial risks linked to the pandemic have been assessed as part of the budget proposals in this report and reasonable mitigation has been made where possible. Continued financial support from central government has been confirmed as part of the provisional financial settlement for 2021/22. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process.
49. There are also the additional general risks to delivery of budgets including the delivery of new homes, EU exit, government policy changes and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.
50. Demand management in social care continues to be a key issue, against some specific areas of inequalities amongst families and young people. This report provides an update on the measures being implemented to address these risks.

## Consultees

51. Local consultation with parish and town councils, businesses and organisations was completed in November, 17 events were held with 96 participants. Responses supported:-
  - People said it was important to avoid short-termism
  - Working with partners was supported
  - Transferring assets to communities was supported
  - Discretionary services least valued were street lighting, archive services and parks and open spaces
  - Increasing charges for parking and cremation was least popular
  - People wanted a high quality service and VFM for social care
  - Use of technology was seen as both an opportunity and a threat to vulnerable residents
  - 45% of people thought the proposed council tax & social care precept increase of 4.99% was about right
  - Over 70% of people wanted to support households in financial difficulty
  - The majority said they would support a Herefordshire Community Lottery and Herefordshire Voluntary Community Contribution Scheme
  - Overall local priorities matched the council's priorities in the County Plan and Delivery Plan
52. An online public consultation was open between 18 December 2020 and closes on 8 January 2021 in the form of a Residents Survey and Organisation (business) Survey. The results of this survey will be reported to Cabinet.

## **Appendices**

- Appendix 1 Savings key directorate challenges & issues
- Appendix 2 Capital investment proposals business cases
- Appendix 3 Committee presentation

## **Background papers**

None identified

## **Glossary of terms**

- MOSAIC The council's care management system
- S151 officer Chief finance officer