



CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE - 18
JANUARY 2016

JOINT REPORT OF THE DIRECTOR OF CHILDREN AND FAMILY
SERVICES AND THE DIRECTOR OF CORPORATE RESOURCES

MEDIUM TERM FINANCIAL STRATEGY 2016/17 TO 2019/20

Purpose

1. The purpose of this report is to:
 - a) provide information on the proposed 2016/17 to 2019/20 Medium Term Financial Strategy (MTFS) as it relates to Children and Family Services; and
 - b) ask the Committee to consider any issues as part of the consultation process and make any recommendations to the Cabinet accordingly.

Policy Framework and Previous Decisions

2. The County Council agreed the current MTFS in February 2015. The draft MTFS for 2016/17 – 2019/20 was considered by the Cabinet on 12 January 2016.

Background

3. Reports such as this one are being presented to the Overview and Scrutiny bodies. The views of this Committee will be reported to the Scrutiny Commission at its meeting on 27 January 2016. The Cabinet will consider the results of the scrutiny process on 5 February 2016 before recommending a MTFS, including a budget and capital programme for 2016/17, to the County Council on the 17 February 2016

Financial Strategy

4. The MTFS was set out in the report to Cabinet on 12 January 2016, a copy of which has been circulated to all members of the County Council. This report highlights the implications for Children and Family Services.

Service Transformation

5. National policy changes continue to affect the department. Legislation currently progressing through Parliament which includes;
 - The Education and Adoption Bill changes intervention in failing schools and will result in more schools being required to enter into sponsorship arrangements

with an associated reduction in local authority maintained schools. It also sets out powers of the Secretary of State to hand over adoption services if they are judged to be failing;

- The Childcare Bill will introduce an entitlement to 30 hours of free childcare for eligible parents, an increase on the current 15 hours.

6. Transformation of services remains a key priority for the department over the period of the MTFs. The scale of the financial challenge for the department is framed by the increased need and cost of placements for Leicestershire's children in care. This will mean that some services are delivered differently. Ensuring that children are safe, supported and able to thrive through providing the right help at the right time remains the department's priority. Service redesign will continue to focus on removing duplication and achieving better value from commissioning service whilst increasing choice for children and families.

Proposed Revenue Budget

7. The table below summarises the proposed 2016/17 revenue budget and provisional budgets for the next three years.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Updated original budget	55,235	60,899	59,019	57,019
Other changes;	0	0	0	0
Budget Transfers and Adjustments	1,629	0	0	0
Sub Total	56,864	60,899	59,019	57,019
Add proposed growth	8,905	0	0	0
Less proposed savings	-4,870	-1,880	-2,000	0
Proposed/Provisional budget	60,899	59,019	57,019	57,019

8. Detailed budgets for 2016/17 have been compiled on the basis of no pay or price inflation. A central contingency will be held which will be allocated to services as necessary.
9. The proposed net budget for 2016/17 totals £60.899m is set out below:

	£000
Employees	37,493
Running Costs	221,838
Internal Income	-3,231
Gross Budget	256,100
External Income	-195,201
Net Budget	60,899

Other Changes and Transfers

10. A number of budget transfers (£1.629m) were affected through the 2015/16 financial year that are now adjusted for in the updated original budget for 2016/17. These occur as a result of budget transfers enacted during the year largely arising from the 2015/16

pay inflation and from services being transferred to the Department from other areas of the Council.

11. Growth is categorised in the appendices under the following classification;

- * Item unchanged from the 2015/16 MTFS
- ** Item included in the 2015/16 MTFS but amendments have been made
- No Star New item

12. Savings are categorised in the appendices under the following classification;

- * Item unchanged from the 2015/16 MTFS
- ** Item included in the 2015/16 MTFS but amendments have been made
- Eff Efficiency saving
- SR Service reduction
- Inc Income

Growth

13. Details of proposed growth are set out in Appendix B and total £8.9m. These are detailed in the following table;

Ref		2016/17 £,000
G1	<p>Increased Cost of Social Care Placements – the number of children in care has remained relatively stable but over the last few months there has been a significant increase in the number of 12-15 year olds with complex needs coming to the department's attention. Despite increased referrals to Early Help a proportion of these 12 -15 year olds have required high cost responses to address their particular needs, including challenging behaviour, severe emotional distress and/or sexual exploitation. The cost of provision for this type of need is significant and ranges from £140,000 to £312,000 per annum per case. Whilst numbers are relatively low, for 13 cases in the first quarter of 2015/16, the cost incurred has been c£2.5m and is a significant element within the 2016/17 growth.</p> <p>The growth is based upon the estimated 2015/16 overspend and an estimate of potential future growth in the number of children in care. The MTFS proposals however include a number of activities targeted at reducing both the cost and volume of current and future placements.</p>	7,900
G2	<p>Information Management Systems and Development – the department operates two key systems – Capita1 for all school and pupil related information and Frameworki for social care. The needs of these systems are dynamic and are often affected by legislation changes and the level of confidence needed in this information is significant. Additionally needs and requirements change as a result of</p>	390

	the need to present data to fulfil OfSTED requirements and provide robust performance management information. The cost of staff undertaking this role have been supported by the use of earmarked funds, however future changes are almost certain and it has become clear that there is a permanent need for this resource.	
G3	<u>Supporting Leicestershire Families (SLF) – Pooled Budget Contribution</u> – the SLF programme has to date been funded in part from Government grant from the Troubled Families Unit, part from partner contributions and partly from a one off contribution from LCC. It has been confirmed that the government grant will continue and discussions with partners has also secured commitment to future funding. This growth represents an on-going commitment from LCC to this successful programme to ensure it is able to continue on a sustainable basis.	500
G4	<u>Legislative Changes</u> – the Criminal Justice and Courts Act 2014 has been extended to require the police to transfer 17 years olds to local authority care where they have been charged with an offence but denied bail.	80
G5	<u>Increase in Grants for Care Leavers</u> – local authorities are required to provide leaving care grants to children leaving care and setting up their own home. Nationally OfSTED has been critical of authorities where the grant has been less than £2,000; this increase brings the grant in line with expectations.	35

Savings

14. Details of savings are set out in Appendix B and total £4.87m in 2016/17 rising to £8.75m in 2019/20. These are detailed below:

		£,000
CF1	<u>Remodelling in Early Help</u> – 2016/17 will see the completion of the ambitious programme to remodel early help services which has re-designed services. Together with partners in Health, Schools, District Councils, the voluntary sector, Community Safety and Youth offending services have been refocused on the most vulnerable children and young people. The programme has resulted in the co-commissioning of services and delivered integrated services. This saving is an increase of £200k from that within the 2015/16 MTFs.	-1,400
CF2	<u>Develop local, lower cost provision for complex social Care placements</u> – there are a number of providers for social care placements at any particular time and whilst it is possible to predict the need for some types of placement often those required for children with complex needs are	-2,000

	<p>limited at any one point and results in a premium cost. Although this represents a small number (13%) of the current children in care the costs are significant.</p> <p>By developing lower cost, local provision the County Council together with its partners can start to influence the market and reduce cost. A business case will be developed early in 2016 in order to fully understand the commercial viability of such a venture and specifically the investment needs and extent of potential savings which are scheduled for 2018/19.</p>	
CF3	<p><u>New Department Operating Model</u> – a number of changes in the department have been implemented in recent years, notably the integration of supporting Leicestershire families, including the transfer of youth offending and community safety which has allowed for the successful remodelling of early help services. Building on this model a new operating model will focus on targeted early help, by providing intensive family support at times of crisis, preventing and reducing the need for children to come into care and developing packages to enable children to move home sooner.</p> <p>This model has dependencies with the authority's overarching review of early help and prevention services and the recruitment of additional mainstream and level 6 foster carers.</p>	-500
CF4	<p><u>Reduce Cost and Demand for Social Care Placements</u> – Work undertaken on the reasons behind the 2015/16 overspend identified that cost and demand cannot be looked at in isolation in order to reduce the cost of placements, a number of activities combine to achieve this saving;</p> <p>Contract renegotiation – a number of contracts are in place for single and block purchases. A more structured and robust approach to contract management which includes identifying opportunities to reduce cost and achieve better value from commissioning decisions delivered savings during 2015/16 and will be applied routinely to placement decisions including annual provider negotiation on cost.</p> <p>Challenge to Care – a revised approach to placement commissioning decisions has been introduced. Whilst cost cannot be the determinant of an appropriate placement choice for children in care, the new process ensures that lower cost solutions where they are appropriate to need must be considered before exploring higher cost options.</p> <p>For children with complex needs placement choices need</p>	-1,900

	<p>to consider a child's social care needs alongside any health and educational needs. In terms of educational needs costs are met from the Dedicated Schools Grant (DSG) with the contributions decided on an individual basis, achieving health related contributions has been challenging. A formal framework will be agreed with all agencies on the extent of the contributions to a placement cost. This is due to be established to deliver this element of the saving in 2017/18. For the County Council this will also require the new framework to be incorporated in planning the 2017/18 High Needs budget to ensure that any additional requirement for DSG is considered.</p>	
CF5	<p><u>Reduction in Educational Psychology Service</u> – this is the full year impact of the service restructure approved within the 2015/16 MTFS effected in September 2015</p>	-150
CF6	<p><u>Increase in In House Foster Carers</u> – successful recruitment campaigns to increase the number of foster carers were undertaken in 2015/16. This activity will continue and focus upon increasing the number mainstream carers, currently the number of enquiries continues to exceed the target, a campaign is also focusing staff members. It is estimated that these campaigns will deliver an additional 12 carers for 2016/17 rising to a total of 35 for 2017/18 and is estimated to deliver an annual saving per carer of £15,000. This is a challenging target which will increase the percentage of placements in in-house provision from 59% to 80%.</p> <p>A further campaign is targeted at increasing specialist carers which will reduce the reliance on expensive Independent Fostering Agency placements. The recruitment target is 6 carers which will reduce costs by an estimated £100k per placement.</p> <p>This approach sets out an ambitious programme of transformation to the recruitment and retention of foster carers</p>	-920
CF7	<p><u>Early Learning & Childcare</u> – the 2015/16 MTFS approved the departments approach to fully fund the service from DSG which would deliver savings to the local authority budget.</p> <p>Whilst some savings have been achieved through effective establishment management the service will no longer provide services that are no longer a statutory responsibility. This will result in reducing the hours of improvement advice available to providers and targeting on those with most need, reducing the level of moderation on the Early Years Foundation Stage profile, removal of the</p>	-500

	<p>Bookstart co-ordinator post and the removal of the early years workforce development budget.</p> <p>The impact of the introduction of the Childcare Bill expected in 2016 will increase the entitlement to free childcare from 15 to 30 hours and proposes further changes to local authority responsibilities will also need to be considered within the service when details are known.</p>	
CF8	<p><u>Reduction in Senior Management</u> –the department was restructured in 2013, since this point a number of legislative changes have been enacted and Ofsted expectations and requirements have changed. It is now clear that the government’s intention is to reduce local authority statutory duties and their role in running schools. Additionally services have reduced as a result of successive MTFS savings.</p> <p>Senior posts that are vacant will not be recruited to and further reductions will be delivered following the launch of an HR action plan early in 2016. It is vital that, as much as possible, there is leadership and management stability in the lead up to and during the Ofsted inspection and the reduction will need to be carefully managed. This is however a significant reduction which will reduce leadership and management capacity.</p>	-850
CF9	<p><u>Childrens Home Closure</u> – the consultation closed on the proposed closure of Greengate House children’s home on 20 December 2015 and Cabinet will consider the consultation outcome at its meeting in February 2016.</p> <p>Greengate House is a children’s residential home located in Wigston. Greengate was built in 1974 and requires considerable immediate work to modernise and repair the building. The consultation considered the proposed closure of Greengate, this will allow the reinvestment of resources to recruit specialist foster carers who will provide the necessary support for the most vulnerable children in care in a family environment. Savings will be delivered largely from the reduction in premises and associated costs.</p>	-400
CF10	<p><u>Establish Regional Adoption Agency</u> – it is a government priority to increase the number of children adopted and reduce the timescale to complete the process. It is encouraging local authorities to merge in order to provide children an increased opportunity for adoption. The East Midlands Directors of Children’s Services have been successful in securing government grant to develop a regional approach and move swiftly to implement change. A consultant has been appointed by Lincolnshire County Council to progress the change, governance is in place</p>	-130

	<p>and a timetable for change is to be completed early in 2016.</p> <p>A reduction in the timescale for the adoption process will deliver savings within placement budgets.</p>	
--	---	--

15. It is also proposed to undertake some corporate transformational reviews to address the £19m gap in the MTFs. Once business cases have been developed savings will be confirmed and included in the MTFs. The reviews that will involve Children and Family Services are:

- Early Help and Prevention Review – see paragraph 85.
- Social Care / Special Educational Needs (SEN) Transport – review of the provision of transport to social care and SEN clients.
- Review of the approach to providing services for people with disabilities to develop a whole life approach

Grants

16. The specific grants for the department are;

- Dedicated Schools Grant (DSG) (£436.7 est). The purpose of this grant is detailed in the following section of this report.
- Maintained School sixth forms (£0.7m est). This funding is paid to the local authority by the Education Funding Agency (EFA) for maintained school sixth forms. The allocations are made according to a national formula and paid over to school in full. Academies with sixth forms receive this funding directly from the EFA.
- Pupil Premium (£6.4m est). Passported to schools to raise the attainment of disadvantaged pupils. This figure excludes academy allocations with are paid directly by the EFA
- Universal Infant Free School Meals (£4.6m est). The Children and Families Act 2014 placed a legal duty on all state-funded schools in England to offer a free school lunch to all pupils in reception, year 1 and year 2 from September 2014. This grant is fully passported to schools to fund this responsibility. This figure excludes academy allocations with are paid directly by the EFA
- PE and Sports Grant (£1.2m est). The grant is passported to schools to deliver additional and sustainable improvements to the provision of PE and sport for the benefit of all pupils to encourage the development of healthy, active lifestyles. This figure excludes academy allocations with are paid directly by the EFA
- Asylum Seekers (£0.2m). This supports the cost of supporting unaccompanied asylum seeking children. The grant is variable and dependent upon the number and age of children supported.
- Youth Justice Good Practice (£0.5m). The purpose of the Youth Justice Good Practice Grant is to develop good practice and commission research, with a view

to achieving the a reduction in youth re-offending, reduction in the numbers of first time entrants to the justice system and reduction in the use of youth custody

- Remand Reform (£ 0.04m). Local authorities became responsible for remands to youth detention in April 2013. The grant has not been confirmed but is assumed to be at the same level of that for 2015/16.
- SEND Reform Grant (£0.3m est). The Children and Families Act 2014 introduced significant changes in respect of supporting children and young people with special educational needs and disabilities (SEND) including the introduction of Education, Health and Care Plans, publication of the local offer of support services and the introduction of personal budgets. Changes have been supported by specific grant allocations by the Department for Education (DfE) and a further grant for 2016/17 has been indicated but the value has not been confirmed. It is assumed that the level of grant for 2015/16 will be unchanged
- Troubled Families Programme (£0.9m). Two elements of grant are received from the Government for this national programme, the first for engaging families within the programme and the second is payment for results for meeting the Governments targets.

Dedicated Schools Grant

16. The Dedicated Schools Grant (DSG) settlement remains in three separate blocks for 2016/17 and funding rates are unchanged from 2015/16. The DSG allocations for early education to 3 and 4 year olds will not be confirmed until January 2017 and the allocation for the most deprived 2 year olds will not be confirmed until June 2017. Both of these have been estimated for the purpose of the 2016/17 budget. Overall the Schools Budget remains set at the level of the grant received. A summary of the grant elements is detailed below:

Funding Block	Areas Funded	Basis for Settlement
Schools Block £369.1m	<p>This block funds delegated budgets for all Leicestershire primary and secondary schools and academies and also the three studio schools in Leicestershire.</p> <p>Some budgets e.g. school copyright licences, school related premature retirement costs are centrally retained by the local authority with the approval of the Schools Forum.</p> <p>Funding for academies is recouped from the settlement and paid directly to the academy by the EFA.</p>	<p>The Schools Block Unit of Funding (SBUF) is £4,238.28 and based upon the pupil characteristics recorded in the October 2015 schools census. The figure is an increase of £8.99 per pupil as a result of the change in funding arrangements for Studio Schools</p> <p>Leicestershire is the 10th lowest funded for this element of the settlement out of 151 authorities (11th lowest 2015/16) and compares to an England average of £4,744.08</p>

	The funding rate is slightly increased as a result of a technical adjustment relating to the incorporation of Studio Schools into the settlement.	The funding settlement maintains the additional 'Fair Funding' allocations granted for 2015/16
High Needs Block £45.5m	Funds special schools and other specialist providers for high needs pupils and students, the pupil referral unit and support services for high needs pupils including high needs students in further education provision.	<p>The settlement remains based upon expenditure for 2012/13, adjusted for changes in the number of high needs places commissioned with an element of national growth in funding.</p> <p>As the settlement is not based upon pupil / student numbers there is no national comparator against which to measure relative funding. However converting the settlement to a per pupil basis using pupil data in the other elements of the DSG settlement places Leicestershire 17th lowest funded at £487.47 against an England average of £677.61</p>
<p>Early Years £18.8m (3 & 4 year olds)</p> <p>2 year old disadvantaged places £3.3m (est)</p>	<p>Funds the Free Entitlement to Early Education (FEEE) for 2, 3 and 4 year olds and an element of the early learning and childcare service.</p> <p>This allocation includes a provisional allocation of £0.3m for the early years pupil premium which will be adjusted in future years for actual take up</p>	<p>The settlement is based upon January 2015 pupil numbers and will be adjusted for January 2016 and 2017 pupil data</p> <p>The FEEE for 3 and 4 year olds funding rate of £3,363.36 of is unchanged from 2015/16 and Leicestershire remains 10th lowest funded against an England average of £4,314.28</p> <p>This settlement now includes funding for FEEE for 2 year olds. Whilst the settlement for this element of DSG will not be confirmed in June 2016 the rate of funding has been confirmed at £4,607.50 per place, Leicestershire is one of 52 authorities funded</p>

		at the lowest rate.
£436.7m	2016/17 Estimated DSG (Early Years estimates)	

17. The DfE have announced that they intend to review the basis for DSG funding for 2017/18 onwards. This review is expected to be widespread and consider each of the DSG blocks, the stated aims of the review are:
- Schools Block – to move towards a national funding formula where each pupil with the same pupil characteristics will be funded at the same rate irrespective of the local authority in which they are educated.
 - High Needs Block – to move to a formulaic allocation of funding reflecting need rather than the current historic funding basis.
 - Early Years – to move to a national early years single funding formula.
18. A consultation on the 2017/18 proposals is expected early in 2016. It is expected that this will consider both the allocation of funding to the local authority and the basis of allocation to both schools and early years providers. A further consultation is expected on the Education Services Grant (ESG) which it is anticipated will consider the statutory duties of the local authority for all maintained schools and academies.
19. Local authorities have a statutory responsibility to maintain a funding formula for all maintained schools and academies in its area. The Government's Autumn Statement included the intention to remove local authorities role in running schools and the removal of a number of statutory duties, it is unclear whether this will include the removal of this statutory duty and the cessation of local authorities role in the allocation of schools funding.
20. There are a number of financial and other pressures within the schools and services that DSG funds:
- School Funding – School funding increased for some as a result of the 2015/16 'Fairer Funding' settlement but otherwise has been maintained within cash flat settlements since 2010. Many schools and academies are now reporting that they are finding it difficult to set balanced budgets, especially those academies with falling rolls as a result of age range changes. These financial pressures will be compounded as it is necessary to reduce school funding to meet the pressure in the High Needs block in 2016/17.
 - High Needs – this element of the grant has seen no financial increase since 2013, however the demand for education services supporting the needs of vulnerable children and an overall increase for placements for young people with Special Educational Needs (SEN) is resulting in an overspend in 2015/16 and is expected to continue into 2016/17. The overspend is being funded from the DSG reserve.
 - For 2016/17 some funding is being diverted from the Schools Block, including a reduction of 1% in the Age Weighted Pupil Unit (AWPU) which is the basic pupil rate within school delegated budgets. There is a considerable challenge in meeting the needs of pupils with high needs from within the grant funding available. The provision of support to meet the needs of children with an

Education, Health and Care Plan, and those with a SEN support plan, is a statutory responsibility of the local authority.

- National Living Wage – this will have a significant impact on DSG funded services and will include school delegated budgets, special educational needs placements and the free entitlement to early education. The additional costs will need to be met from the grant which will affect the financial position of both maintained schools and academies and the level of services that will be able to be centrally funded. It will also increase the financial difficulties being experienced in some schools and academies.
- Funding School Growth – current planning information across Leicestershire’s District Councils, including the new Braunstone/Leicester Forest East Primary school, suggests a total of 18 new schools – 16 primary and 2 secondary providing 7,620 additional places- will be built and require start-up funding to 2024. DSG is funded on a single, lagged pupil count, opening new schools requires local authorities to meet two terms of costs with no corresponding increase in grant. The long term funding requirement is currently assessed at £21.2m but may change if and should developer plans for new homes change, the impact on the DSG reserve by future over and under spends and any future school funding changes affecting the level of resource within the school funding formula.

School Budgets

21. The framework for local authorities to calculate individual school budget is unchanged for 2016/17, albeit there are some national changes to the data within the national dataset issued by the EFA on which school budgets must be based. There has been no review on changes to the school funding formula for 2016/17 and it remains unchanged from 2015/16, it will however be necessary to reduce the Age Weighted Pupil Unit (AWPU) rate by 1%.
22. Local authorities are required to use a data provided by the EFA to construct school budgets and are largely unable to use local data. The dataset was issued in December 2015 and includes a national update to the Income Deprivation Affecting Children Indices (IDACI) from 2010 to 2013 data, this data is used within the Leicestershire formula to allocate deprivation funding. The updated data results in significant movements in the deprivation ranking of schools which will affect funding levels. The full implications of this will only be identified once all school and academy budgets have been fully modelled on the revised data. Reductions may be moderated by the Minimum Funding Guarantee (MFG) and schools subject to significant gains may be limited by the ceiling required to fund MFG.
23. The MFG remains nationally set at minus 1.5% per pupil. As MFG is a per-pupil reduction schools with falling rolls may see their budgets reduce by more than 1.5% overall. Additionally some items funded within the formula i.e. rent and rates are not considered within the MFG calculation.
24. The school budgets shown within this report are draft budgets until such point they are recalculated using the October 2015 dataset and the complexity of pupil movements arising from September 2016 age range changes.

25. The EFA has confirmed that the proposed 2016/17 school funding formula 'appears to be' compliant with the school funding regulations. School budgets were modelled to reflect the pupil data from the October 2015 school census, these will be updated for the new 2015 data to be issued to individual schools following consideration by the Schools Forum on 22 February 2016. Whilst the Schools Forum is unable to make changes to the funding formula for schools, the Forum is vested with some decisions on the budgets that are centrally retained by the local authority and also the policy for funding school growth.
26. The methodology remains unchanged for funding schools undertaking or affected by age range changes and the pupil number count continues to include an adjustment for estimated changes in roll for September 2016 which will be adjusted in 2017/18 budgets when actual numbers will be confirmed, this change has again been approved by the Secretary of State. The admissions data upon which the pupil number adjustment is made suggests demographic growth in some schools affected by age range changes in 2016, there is no mechanism within the school funding framework to fund schools for such growth, but it is difficult to isolate this from the impact of age range changes. As there is no mechanism within the current national funding arrangements to fund schools from general demographic growth and / or school decisions on admission numbers it is inequitable that schools subject to age range changes are, the current process will need to be reviewed to inform 2017/18 school budgets.
27. Schools unaffected by age range change remain on the national pupil number count and are funded on pupil numbers from the October 2015 school census as required by the school finance regulations.
28. Local authorities are required to fund start-up costs for new schools and for diseconomies of scale there may be until they have a full contingent of year groups. The new Fossebrook school will open for a September 2016 intake. It is therefore necessary to establish a growth fund and the criteria for its allocation, this will be considered by the Schools Forum on 14 January 2015. The lagged school funding system means that these costs will need to be met within the current level of DSG and may require a further short term reduction in school delegated funding from 2018/19 onwards if no headroom is available in the DSG settlement and / or the ability to create a reserve is restricted. For 2015/16 the DSG reserve is reducing as a result of overspending SEN budgets.

Pupil Premium

29. The DfE has not formally issued a full pupil premium settlement for 2016/17 but has released the per pupil funding rates which are unchanged from 2015/16. Confirmed allocations are not expected until June 2016, the allocations are passported to schools for eligible pupils on the school roll and retained by the local authority for children in care to support Personal Education Plans (PEP). It is estimated that the allocation for maintained schools will be £4.6m;

Pupil Premium Payable for;	2016/17 £
Primary Free School Meals Ever 6 (any pupil eligible for free school meals in the last 6 years)	1,320
Secondary Free School	935

Meals Ever 6 (any pupil eligible for free school meals in the last 6 years)	
Children from service families	300
Looked after children	1,900
Children adopted from care, left care under a special guardianship or residence order	1,900

Academies

30. The government is currently consulting on changes to legislation on under performing schools through the Education and Adoption Bill. This will require schools defined as coasting to convert to academy status as a sponsored academy, additionally the stated government intention on removing the local authorities role in running schools will increase the number of maintained school academy conversion and will require resourcing as the government's intentions become clear and conversion rates become apparent. Current resources exist to meet the current expected conversions for 2016/17 but any significant increase in the number for academy conversions may need additional resourcing.
31. Although academies receive their funding directly from the EFA it replicates the formula allocation of maintained schools, in addition the EFA provides the Education Services Grant (ESG) for those services that are no longer provided by the local authority and may apply different protections to that seen through the MFG.
32. The ESG also provides funding to authorities for;
- the services it provides to all schools and academies such as strategic planning of the education service, development and maintenance of the school funding formula and strategic capital planning
 - the services it provides only to maintained schools such as ICT infrastructure, finance and HR

Academies receive the general rate direct from the EFA and a 'top-up' rate for the responsibilities transferred to them from local authorities.

33. A reduction in ESG has been confirmed for 2016/17 of 11% and reduces the general rate paid to local authorities and academies. The rates for both 2016/17 are;

	2016/17 £ per pupil	2015/16 £ per pupil
Retained Duties (paid to local authorities for every pupil at maintained schools and academies)	15	15

General Funding Rate (paid to local authorities for pupils in maintained schools and to academies for their pupils)	77	87
---	----	----

34. No funding protection is given to local authorities, however tapered protection will be paid to academies for the reduction in ESG, academies with low levels of ESG will not see a fall of more than 1% of their total funding, for academies currently receiving high levels of ESG may encounter a reduction of up to 3% of their total funding. The level of protection will be individual to each academy.
35. The Autumn Statement identified a national reduction of ESG of £600m. The overall published 2015/16 local authority allocations are £564m, and can be expected to remove the grant for local authorities. A consultation is expected early in 2016 and, given that the grant funds the local authority's statutory duties for maintained schools and academies, this will affect the requirement to deliver services and the associated funding reduction.
36. ESG is not a specific grant into Children and Family Services but accounted for as corporate income. Overall the level of grant is affected by the number of pupil in academies and by pupil numbers in schools that convert during the financial year. The total ESG received by the County Council is estimated to be £3.6m (£4m 2014/15) the reduction, and likely removal of the grant is factored into the future MTFS.

Capital Programme

37. The capital settlement for Children and Families Service 2016/17 continues to be provided by DfE grant for schools, some of which are yet to be confirmed. The proposed capital programme is shown at Appendix C.
38. The capital programme is aligned to the school place planning strategy 'In the Right Place' which was approved by the Cabinet on 19 November 2015 and the programme has been developed to target the priorities as set out in the strategy.
39. There are a number of risk that may affect the capital programme in the future:
- The programme continues the assumption that the Basic Need Grant remains sufficient to meet the number and cost of additional school places and that the grant and developer contributions remain sufficient to meet the capital costs of new school places, this presents an overall inherent risk to the programme but also to the local authorities statutory responsibility to provide additional school places where required.
 - The capital maintenance grant remains insufficient to meet the assessed maintenance requirements for schools.
 - No grant is received to ensure that schools remain suitable learning environments, including the reconfiguration of a school campus where that would result in a more efficient use of a schools site, or the development of specialist provision for pupils with special educational needs.

- There are a number of mobile and temporary buildings on maintained school sites. Many of these buildings are reaching the end of their useful life, additionally a number are subject to temporary planning permissions which are not being renewed by planning authorities. There is currently no identified source of capital to address these issues.

40. The Corporate Schools Group, which consists of senior officers from Children and Family Services and Corporate Resources are considering these issues and developing a strategy in the medium term to minimise these risks and identify potential solutions. This also needs to consider any opportunity to meet revenue costs associated with the delivery of the capital programme which are currently partially met from earmarked funds to the end of 2016/17.

Basic Need

41. Basic Need Grant funds growth in the number of school places in maintained schools, academies and free schools and the establishment of new schools. Local authorities are required to consider the need for additional school places in all providers equally based on local needs and priorities. Any new school established is now required to be a Free School and local authorities are required to enter into a competitive process that determines its operator. The grant allocation is based upon information collected through the annual School Capacity Survey (SCAP) which collects information on school capacity and pupil number forecasts within clusters of schools and informs the number of additional places required. The information

42. The EFA have announced the grant for 2016/17 and 2017/18, a further announcement for 2018/19 is expected in January. The confirmed allocations are;

	2016/17 £,000	2017/18 £,000	Total £,000
Allocation	26,397	4,524	30,921

43. The draft programme has been developed on a priority basis and within that schemes are at different stages of development. For some schemes contractors' prices have been obtained for others costs are indicative and based on exemplar and / or similar schemes. In order to minimise risk where contractors prices have not yet been obtained contingency is held to mitigate against any increase in cost, as prices are confirmed schemes will be re-evaluated and re-prioritised as necessary.

44. The proposed programme is based on predicted future pupil numbers for each individual school and academy based on the historic pattern of pupil admissions, schemes may need to be revised should future school admission patterns and / or the expectations of housing growth change. This is particularly relevant to the proposed programme for 2017/18 onwards.

45. For schools entering into sponsored academy arrangements sponsors seek to minimise any financial risk and this includes expectations that any immediate capital works are completed. The capital programme makes provision for campus redevelopment works on academy sites where to do so allows the local authority to meet its priorities as set out within the place planning strategy.

46. The draft schemes are grouped under the following priorities within the place planning strategy, the significant schemes are;

Place Planning Priority	Proposed Schemes	2016/17 £,000	2017/18 £,000
Key Priority 1 - To provide the additional primary schools required	This allocation will provide the necessary funding for additional places for September 2016 and 2017 and will include the delivery of 17 additional classrooms and extensions and adaptations and includes; <ul style="list-style-type: none"> • Additional classrooms at Kibworth C of E, Long Clawdon, Ratby, Sileby Redlands and Farndon Fields • Extension at Barwell schools • Conversion of the former Mount Grace campus to primary provision 	9,758	2,777
	To provide new primary schools; <ul style="list-style-type: none"> • Completion of Fossebrook - the new school serving Braunstone and Leicester Forest East an • New school at Birstall Hallam Fields 	3,804	2,851
Key Priority 2 – To ensure there is a good supply of secondary schools in each locality offered through well planned, sustainable and viable solutions	<ul style="list-style-type: none"> • To deliver structural changes to schools to enable 10+ retention in Wigston, Shepshed, castle Donington and Oadby 	4,880	
Key Priority 3 – To fulfil the commitment to the programme of special schools	Completion of the final area special school in Wigston	8,000	2,000

47. The programme will also provide £0.1m to contribute to schemes necessary to ensure access to schools for children with disabilities and to meet any safeguarding requirements identified through Ofsted in maintained schools. Additionally an allocation of £0.85m is included to complete the replacement of mobile classrooms at Cossington primary for which a permanent replacement is necessary as a result of planning requirements.

Capital Maintenance

48. This grant is payable to local authorities in order to maintain suitable learning environments and is received for maintained schools only. The 2016/17 grant allocation has not been announced but it is estimated to be £3.4m and is allocated to maintenance priorities such as boiler replacement, structural repairs and electrical works.

Devolved Formula Capital

49. Devolved formula capital is paid to local authorities on a national formula which is based upon pupil numbers in maintained schools with the funding being passported directly to schools. Academies also receive the grant directly from the EFA. No announcement has been made on 2016/17 funding but it is expected that funding levels will remain as for 2015/16 and grant is estimated to be £0.74m

Recommendation

50. The Committee is asked to consider the report and any views they may wish to make to report to the Scrutiny Commission.

Background Papers

Report to Cabinet 12 January 2016 – Provisional Medium Term Financial Strategy 2016/17 to 2019/20

<http://ow.ly/MWEaf>

Report to Schools Forum 14 January – School Funding 2016/17

<http://cexmodgov1/ieListDocuments.aspx?CId=1018&MId=4562&Ver=4>

Report to Children and Young Peoples Scrutiny and Overview Committee 19 January 2015 – Medium Term Financial Strategy 2015/16 – 2018/19

<http://cexmodgov1/ieListDocuments.aspx?CId=1043&MId=4204&Ver=4>

Report to Cabinet 7 October 2015 – Proposed Closure of Greengates Children's Home

<http://cexmodgov1/ieListDocuments.aspx?CId=135&MId=4504&Ver=4>

Circulation under local issues alert procedure

None.

Officers to Contact

Lesley Hagger, Director of Children and Family Services

Tel: 0116 305 6340

E-mail: Lesley.Hagger@Leics.gov.uk

Chris Tambini, Assistant Director, Director of Finance, Corporate Resources

Tel: 0116 305 6199

E-mail: chris.tambini@leics.gov.uk

Jenny Lawrence, Finance Business Partner – Children and Family Services

Tel: 0116 305 6401

E-mail: Jenny.Lawrence@Leics.gov.uk

Appendices

Appendix A – Revenue Budget 2016/17 -2019/20

Appendix B – Growth and Savings 2016/17 – 2019/20

Appendix C – Capital Programme 2016/17 – 2019/20

Equality and Human Rights Implications

51. Public authorities are required by law to have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimisation;
 - Advance equality of opportunity between people who share protected characteristics and those who do not; and
 - Foster good relations between people who share protected characteristics and those who do not.

52. Many aspects of the County Council's MTFs may impact upon service users who have a protected characteristic under equalities legislation. An assessment of the impact of the proposals on the protected groups must be undertaken at a formative stage prior to any final decisions being made. Assessments are being undertaken in light of the potential impact of proposals and the timing of the proposed changes. Those assessments will be revised as the proposals are developed.

53. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council Organisational Change policy which requires an Equality and Human Rights Impact Assessment to be undertaken as part of the Action Plan.

This page is intentionally left blank

CHILDREN & FAMILY SERVICES

PROPOSED REVENUE BUDGET 2016/17

Net Budget 2015/16 £		Employees £	Running Costs £	Internal Income £	Gross Budget £	External Income £	Net Budget 2016/17 £	Schools £	Early Years £	High Needs £	Dedicated Schools Grant £	LA Block £
1,531,000	Total Directorate	558,770	129,420	-1,320	686,870	-5,870	681,000	18,500	44,230	154,037	216,767	464,233
1,992,063	First Response	1,980,377	46,650	0	2,027,027	-34,964	1,992,063					1,992,063
2,086,495	Safeguarding Unit	1,943,875	272,465	-114,000	2,102,340	-15,845	2,086,495					2,086,495
176,220	LSCB	273,661	214,802	-40,500	447,963	-271,743	176,220					176,220
4,254,778	Safeguarding Assurance Total	4,197,913	533,917	-154,500	4,577,330	-322,552	4,254,778	0	0	0	0	4,254,778
2,234,461	Specialist Assessment & Response Locality 3	1,955,971	688,290	0	2,644,261	-409,800	2,234,461					2,234,461
1,563,192	Specialist Assessment & Response Locality 2	1,364,342	213,600	0	1,577,942	-14,750	1,563,192					1,563,192
2,166,046	Specialist Assessment & Response Locality 1	1,921,146	265,350	0	2,186,496	-20,450	2,166,046					2,166,046
2,509,119	Fostering, Adoption & Placement Team	2,348,796	281,915	0	2,630,711	-121,592	2,509,119					2,509,119
1,983,453	Childrens Management	190,003	1,793,450	0	1,983,453	0	1,983,453					1,983,453
17,265,926	Operational Children Placements	1,266,690	21,933,856	0	23,200,546	-79,620	23,120,926					23,120,926
3,142,913	Disabled Children Service	1,060,518	2,185,815	0	3,246,333	-103,420	3,142,913					3,142,913
1,442,620	Strengthening Families	1,352,030	105,540	0	1,457,570	-14,950	1,442,620					1,442,620
32,307,730	Social Care Total	11,459,496	27,467,816	0	38,927,312	-764,582	38,162,730	0	0	0	0	38,162,730
4,748,198	Children's Centres	2,633,292	1,545,884	0	4,179,176	-7,100	4,172,076					4,172,076
2,243,574	Supporting Leicestershire Families North	2,145,815	57,682	0	2,203,497	-2,268	2,201,229					2,201,229
1,823,508	Supporting Leicestershire Families South	1,748,579	31,792	0	1,780,371	-1,428	1,778,943					1,778,943
2,065,903	Early Help Support Services	1,725,783	456,935	-311,295	1,871,423	-81,075	1,790,348					1,790,348
-1,841,338	Supporting Leicestershire Families Income	176,963	985,950	-1,040,171	122,742	-1,661,416	-1,538,674					-1,538,674
1,543,987	Youth Offending Service	2,190,581	694,868	-370,487	2,514,962	-1,045,052	1,469,910					1,469,910
470,450	Community Safety	182,679	323,771	0	506,450	-36,000	470,450					470,450
11,054,282	Targeted Early Help Total	10,803,692	4,096,882	-1,721,953	13,178,621	-2,834,339	10,344,282				0	10,344,282
47,616,790	TOTAL CHILDREN'S SOCIAL CARE & EARLY HELP	26,461,101	32,098,615	-1,876,453	56,683,263	-3,921,473	52,761,790	0	0	0	0	52,761,790
1,361,488	Education Sufficiency Total	908,627	763,317	-170,456	1,501,488	-140,000	1,361,488	279,615	0	756,439	1,036,054	325,434
23,799,854	0-5 Learning	961,582	22,163,273	0	23,124,855	-35,000	23,089,855		22,821,782	0	22,821,782	268,074
2,367,487	5-19 Learning	302,790	2,412,672	-286,380	2,429,082	-61,595	2,367,487	248,000			248,000	2,119,487
26,167,341	Education Quality Total	1,264,372	24,575,945	-286,380	25,553,937	-96,595	25,457,342	248,000	22,821,782	0	23,069,782	2,387,561
4,857,766	Specialist Services to Vulnerable Groups	4,129,871	1,628,040	-164,811	5,593,100	-272,067	5,321,033			4,333,022	4,333,022	988,011
3,108,239	Education of Vulnerable Groups	617,512	2,450,827	-16,100	3,052,239	0	3,052,239			1,998,407	1,998,407	1,053,832
7,966,005	Education of Vulnerable Groups Total	4,747,383	4,078,867	-180,911	8,645,339	-272,067	8,373,272	0	0	6,331,429	6,331,429	2,041,843
49,104,058	Special Educational Needs	596,367	52,236,667	0	52,833,034	-250,661	52,582,373	0	0	52,007,007	52,007,007	575,366
84,598,892	TOTAL EDUCATION, LEARNING & SKILLS	7,516,749	81,654,796	-637,747	88,533,799	-759,323	87,774,476	527,615	22,821,782	59,094,875	82,444,272	5,330,204
211,551	Commissioning & Procurement	197,782	14,869	0	212,651	-1,100	211,551				0	211,551
0	Transformation Total	599,986	34,000	-633,986	0	0	0				0	0
772,695	Admin & Committees	913,969	329,733	-81,007	1,162,695	0	1,162,695	8,570			8,570	1,154,125
533,339	Schools Copyright	42,099	491,240	0	533,339	0	533,339	451,380			451,380	81,959
0	Music Services	1,202,905	809,700	0	2,012,605	-2,012,605	0				0	0
1,570,000	Human Resources	0	1,640,000	0	1,640,000	-70,000	1,570,000	674,890			674,890	895,110
2,876,034	Business Support Total	2,158,973	3,270,673	-81,007	5,348,639	-2,082,605	3,266,034	1,134,840	0	0	1,134,840	2,131,194
3,087,585	TOTAL COMMISSIONING & DEVELOPMENT	2,956,741	3,319,542	-714,993	5,561,290	-2,083,705	3,477,585	1,134,840	0	0	1,134,840	2,342,745
357,864,908	Total Individual Schools Budget	0	367,077,979	0	367,077,979	-8,177,341	358,900,638	359,063,236	0	-162,598	358,900,638	0
0	Dedicated Schools Grant Recoupment	0	-263,364,800	0	-263,364,800	264,424,800	1,060,000	0	0	1,060,000	1,060,000	0
922,000	Central Department Costs	0	922,000	0	922,000	0	922,000	51,724	210,842	659,434	922,000	0
-438,757,203	Total Dedicated Schools Grant	0	0	0	0	-444,678,517	-444,678,517	-360,795,915	-23,076,854	-60,805,748	-444,678,517	0
-79,970,295	Total DSG Items	0	104,635,179	0	104,635,179	-188,431,058	-83,795,879	-1,680,955	-22,866,012	-59,248,912	-83,795,879	0
56,863,972	TOTAL C&FS	37,493,361	221,837,552	-3,230,513	256,100,400	-195,201,429	60,898,971	0	0	0	0	60,898,971

This page is intentionally left blank

Children and Family Services - Proposed 2016/17 - 2019/20 Growth and Savings**GROWTH**

Reference		2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
G1	Increased Cost of Social Care Placements	7,900	7,900	7,900	7,900
G2	Information Management Systems Development / Maintenance	390	390	390	390
G3	Supporting Leicestershire Families Pooled Budget Contribution	500	500	500	500
G4	Legislative Changes	80	80	80	80
G5	Increase in Grant payable to Care Leavers	35	35	35	35
		8,905	8,905	8,905	8,905

Reference	Eff/SR/ Income	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
-----------	-------------------	-----------------	-----------------	-----------------	-----------------

SAVINGS**References used in the following tables**

* items unchanged from previous Medium Term Financial Strategy

** items included in the previous Medium Term Financial Strategy which have been amended

Eff - Efficiency saving

SR - Service reduction

Inc - Income

CHILDREN & FAMILY SERVICES**Transformation**

**	CF1	SR	Remodelling Early Help	-1,290	-1,400	-1,400	-1,400
	CF2	Eff	Develop lower cost social care provision			-2,000	-2,000
	CF3	Eff	New Departmental Operating Model		-500	-500	-500
	CF4	Eff	Reduced cost / demand Social Care Placements	-1,100	-1,900	-1,900	-1,900
			Total	-2,390	-3,800	-5,800	-5,800

Departmental

*	CF5	SR	Reduction in Educational Psychology Service	-150	-150	-150	-150
	CF6	Eff	Increase in House Foster Carers	-580	-920	-920	-920
	CF7	SR	Early Learning & Childcare	-500	-500	-500	-500
	CF8	SR	Reduction in Senior Management	-850	-850	-850	-850
	CF9	Eff	Childrens Home closure	-400	-400	-400	-400
	CF10	Eff	Establishment of Regional Adoption Agency		-130	-130	-130

Total

-2,480	-2,950	-2,950	-2,950
--------	--------	--------	--------

TOTAL

-4,870	-6,750	-8,750	-8,750
---------------	---------------	---------------	---------------

This page is intentionally left blank

CHILDREN AND FAMILY SERVICES DRAFT CAPITAL PROGRAMME 2016/17 to 2019/20

Basis of Forecast	Estimated Completion Date	Gross Cost of Project £000		2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
<u>MAIN GRANT FUNDING PROGRAMME</u>								
<u>Commitments b/f</u>								
School Accommodation Programme:								
BA	Mar-17	2,694	- To provide additional primary school places	1,615				1,615
BA	Mar-17	4,007	- To provide additional primary school places (new school at Braunstone)	2,200				2,200
BA	Mar-17	1,600	- Mobile Replacement (Cossington)	850				850
BA	Apr-17	1,250	- Improvement to Early Help Hubs	340				
<u>New Starts</u>								
School Accommodation Programme:								
BA	Mar-18	29,685	- To provide additional primary school places	8,143	2,777			10,920
			- To provide additional primary school places (new school at Birstall)	1,604	2,851			4,455
			- To ensure a good supply of secondary school places	100				100
			- To complete the area special school programme	8,000	2,000			10,000
			- To seek opportunities to address structural changes to the pattern of education where this can be linked to basic need (10+ Retention)	3,870				3,870
			- Wigston Campus Masterplan, secondary adaptations to support 10+ removal	1,000				1,000
		50	- Schools Access Initiative	50				50
		50	- Ofsted and Safeguarding	50				50
F	Mar-17	3,392	School Condition * - Boiler Replacement - Structural Repairs - Electrical	3,392				3,392
		42,728	Sub-total	31,214	7,628	0	0	38,842
F	Mar-17	743	Schools Devolved Formula Capital *	743				743
		43,471	Overall Total	31,957	7,628	0	0	39,585

* awaiting Government confirmation

This page is intentionally left blank