



CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE
16 JANUARY 2017

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

MEDIUM TERM FINANCIAL STRATEGY 2017/18–2020/21

Purpose of Report

1. The purpose of this report is to:
 - a) Provide information on the proposed 2017/18 to 2020/21 Medium Term Financial Strategy (MTFS) as it relates to the Children and Family Services Department;
 - b) Ask members of the Committee to consider any issues as part of the consultation process, and make any recommendations to the Scrutiny Commission and the Cabinet accordingly.

Policy Framework and Previous Decisions

2. The County Council agreed the current MTFS in February 2016. This was the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2017/18–2020/21 was considered by the Cabinet on 13 December 2016.

Background

3. The MTFS is set out in the report to Cabinet on 13 December 2016, a copy of which has been circulated to all members of the County Council. This report highlights the implications for the Children and Family Services Department.
4. Reports such as this one are being presented to the relevant Overview and Scrutiny Committees. The views of this Committee will be reported to the Scrutiny Commission on 25 January 2017. The Cabinet will consider the results of the scrutiny process on 10 February 2017 before recommending a MTFS, including a budget and capital programme for 2017/18 to the County Council on the 22 February 2017.

Service Transformation

5. The transformation programme is targeted at the development and implementation of a sustainable, cost effective operating model for the Children and Family Services Department that improves outcomes for children and young people in Leicestershire.

6. The programme is shaped by national legislation changes and local drivers affecting service delivery such as increasing cost and demand for placements for both looked after children and children and young people with special educational needs.
7. The aims of the programme are;
- To continue to provide high quality services for children, young people and families in Leicestershire within the context of the MTFs
 - To implement a future operating model that is sustainable and flexible to respond to future demands and changing service requirements either locally or as the result of changing legislation.
8. The aims set the high level objectives of the transformation programme which are;
- To meet MTFs savings through effective and efficient service redesign and commissioning.
 - To lower the cost of provision across the department with a specific focus on placements for looked after children and children and young people with special educational needs.
 - To remodel the way the department works in line with the target operating model.
 - Support further integration across functions within and outside the department.
 - Understand and sustainably manage the demand on Children and Family Services.
9. The programme will be dynamic and respond to;
- Expected legislative changes in the role of local authorities in education and specifically running schools over the period of the MTFs.
 - The continued reform in social work practice.
 - Any recommendations arising from the OfSTED Inspection.

Proposed Revenue Budget

10. The table below summarises the proposed 2017/18 revenue budget and provisional budgets for the next three years. The proposed 2017/18 revenue budget is shown in detail in Appendix A.

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Original prior year budget	60,899	60,500	58,475	57,125
Budget Transfers and Adjustments	166	0	0	0
Sub total	61,065	60,500	58,475	57,125
Add proposed growth (Appendix B)	1,370	850	840	830
Less proposed savings (Appendix B)	-1,935	-2,875	-2,190	-1,070
Proposed/Provisional net budget	60,500	58,475	57,125	56,885

11. Detailed service budgets 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.

12. The central contingency also includes provision for an annual 1% increase in the employers' contribution to the Local Government Pension Scheme based upon the 2016 triennial actuarial revaluation of the pension fund.
13. The total gross proposed budget for 2017/18 is £279.5m with contributions from grants, health transfers and service user contributions projected of £219.0m. The proposed net budget for 2017/18 totals £60.5m and is distributed as follows:

Net Budget 2017/18	£ million	
Directorate	0.4	0.6%
Safeguarding Assurance	4.7	7.6%
Social Care	37.8	62.5%
Targeted Early Help	9.9	16.4%
Education, Learning & Skills	4.8	8.0%
Commissioning and Development	2.9	4.9%
Department Total	60.5	

Other Changes and Transfers

14. A number of budget transfers (totalling a net increase of £0.2m) were made throughout the 2016/17 financial year and are now adjusted for in the updated original budget. These transfers are:
- £1.2m for pay and pension inflation transferred from the central inflation contingency;
 - - £0.2m for functions transferred to other departments
 - - £0.8m in contracts related to the Early Help and Prevention Review transferred to Public Health
15. Growth and savings have been categorised in the appendices under the following classification:

- * item unchanged from previous MTFS;
 ** item included in the previous MTFS, but amendments have been made;
 No stars new item.

This star rating is included in the descriptions set out for growth and savings below.

Savings have also been classified as Transformation or Departmental and highlighted as "Eff" or "SR" dependent on whether the saving is seen as an efficiency or a service reduction or a mixture of both. "Inc" denotes those savings that are funding related or to generate more income.

Growth

16. Growth over the next four years in the local authority budget total £3.9m, including £1.4m in 2017/18. The budget increases are outlined below and summarised in Appendix B.

17. G1 - Social Care Placements – £860,000 2017/18 rising to £3,380,000 by 2020/2021
The number of looked after children continues to be variable, in the current financial year the number rose from 469 in March to 508 in August before falling to 493 in November. Demographic growth within Leicestershire suggests that the number of looked after children will continue to increase over the period of the MTFS by 15%, this is driving the requirement for financial growth. However whilst demographic growth can be assessed with some level of certainty it is not possible to predict any changes arising from national high profile child protection cases or the level of unaccompanied asylum seeking children particularly should the Home office determine that participation in the National Transfer Scheme mandatory.

Whilst numbers of children are increasing the average unit cost of placements are reducing as a result of management actions taken which include strengthening the decision making process, reviewing high cost placements and implementation of a new commissioning process. Hence despite growth reflecting changing demographics and an increased number of placements the net change in the budget, over the 4 year MTFS, is a reduction of £890,000 as a result of the savings outlined below (CF2). The actions taken to date have improved the 2016/17 financial position allowing a £700,000 contingency to be created should there be an extraordinary spike in numbers, which has been experienced in past years.

18. G2 - Social Work Pressures - £510,000 2017/18
Legislation changes such as Social Work Reform, the Mental Capacity Act, Deprivation of Liberty and SEND reform have all changed the way social work staff are required to operate. Additionally whilst the placement budgets have been flexed to meet the increasing needs of looked after children staffing numbers have been unchanged. Additional resource is required to ensure that social worker caseloads are maintained at appropriate levels, to ensure that assessment is robust and responsive and improving and strengthening the approach to children's rights. The growth will increase staffing capacity across a number of functions including First Response, Child Protection, Strengthening Families and Safeguarding.

Savings

19. Details of proposed savings for the local authority budget are set out in Appendix B and total £1.9m in 2017/18 and £8.1m over the next four years in total.

Transformation Savings

20. ** CF1 (Eff) New Departmental Operating Model - £200,000 2017/18 rising to £500,000 2018/19
A departmental management restructure was envisaged for early 2016 but delayed pending the recruitment for a new Director. A plan has now been developed that will address the interim staffing arrangements within the department and establish a new senior structure (Grades 18 to 15). This will deliver savings of £200,000 in 2017/18 but will not deliver the full requirement of £500,000 until 2018/19 as it is necessary to review all management roles at grades 14 to 12 and will therefore be a part year effect in 2017/18.
21. ** CF2 (Eff) Reduced Cost / Demand Social Care Placements – £1,000,000 2017/18 rising to £4,260,000 2020/21
Placement decisions are, and will continue to be, made according to the individual needs of the child. However the departments strategy for addressing the growing costs

of placements continues to focus upon firstly preventing, and then reducing the number of high cost placements whilst increasing the number of lower cost placements. Analysis of the type of placement and the financial position confirms the positive impact of actions taken to date, resulting in fewer children in external residential care and a movement to lower cost provision. The average unit cost for children's placements has seen a reduction of 9% from the position in 2015/16. This is largely due to the number of complex high cost external residential placements being used falling by 20% from the end of the last financial year. The savings plan continues this strategy and requires the establishment of an additional 75 (50%) foster care placements over the term of the MTFS.

22. CF3 (Eff/SR) Admin / Business Support Review - £100,000 2017/18 rising to £250,000 2020/21

A significant number of service areas within the department have been reviewed over recent years but the administration / business support function has remained largely unchanged. This review will consider both the administration and business support functions, the service offer and the number of posts required to deliver a new service offer. This is a complex review given the functions carried out, the location of the services and the dependencies with other reviews. It is estimated that savings of £100,000 will be achieved in 2017/18 rising to £250,000 in 2018/19.

23. Early Help and prevention Review and CFS Related Services

A number of CFS services are intrinsically linked with those considered within the Early Help and Prevention Review and a number of savings options are proposed, some of which will be delivered by the Early Help and Prevention Programme (EHAP) and some departmentally.

CF4 (Eff/SR) Review Children's Centre Programme - £1,000,000 2019/20

Cabinet received a report on 17 June 2016 presenting the findings of an independent review of the Council's early help and prevention services. The report identified the potential to achieve savings within the children's centre programme through reconfiguring services geographically, reducing the number of centres, reviewing the formula used to allocate funding across centres and building voluntary sector and parental capacity. The department and the transformation unit are developing a number of options to deliver the proposed saving for decision in 2017 which is aligned to and managed through the EHAP governance arrangements.

CF5 (SR) £340,000 + CF13 (SR) £360,000 Careers Information, Advice and Guidance - Total £700,000 delivered in 2018/19

Currently schools have responsibility for the provision of universal careers information, advice and guidance and local authorities responsibility for vulnerable learners. The current contract encapsulates the local authorities statutory responsibility for identification and monitoring of NEET (young people aged 16 -19 not in education employment or training) and the provision of services to vulnerable learners. It is proposed to further focus the contract on specific cohorts of children which will lead to a 50% reduction in the contract value, £0.34m of this saving is attributed to EHAP and £0.36m to departmental savings.

Departmental Savings24. CF6 (Eff/ SR) Review the contribution of the Local Safeguarding Children's Board (LSCB)- £40,000 2017/18

The LSCB operates across Leicestershire and Rutland and is independent of the local authority. It is funded from a range of partner contributions from the County Council, Police, Health, Probation and Rutland. It is also intrinsically linked to the Safeguarding Adults Board as they are jointly operated and located within Children and Family Services. The overhead costs of both Boards are met by the County Council. A wider review of the LSCB will consider the proportionality of partner contributions and its method of operation. In recognition of this it is proposed that the Leicestershire contribution is reduced by £40,000 (32%).

25. CF7 (SR) Review Leicestershire Educational Excellence Partnership (LEEP) - £245,000 2017/18

LEEP is a partnership between the council, maintained schools and academies in order to further collaboration between schools and improve educational attainment and provides funding to schools for pump priming improvement activities. The school improvement system has changed nationally over recent years from a local authority led function to one of school to schools and peer to peer support, this system has been supported through the introduction of teaching schools and national local leaders of education within schools who are able to access funding directly from the Department for Education. With the exception of two schools secondary schools are now academies and some 40% of primaries, many in multi-academy trusts who have a role to play in improvement activity. It is therefore proposed that a review should be undertaken to determine the future of this budget. The Department for Education (DfE) has recently announced that £50m is being made available to local authorities for school improvement activities, currently no detail is available on the operation of the grant or the level of funding at local authority level.

26. CF8 (Inc) Education of Children in Care - £95,000 2017/18

This service was established prior to the introduction of the Pupil Premium for looked after children which is allocated by the local authority to either individual or group needs by the Virtual Head. It is proposed that the funding within the service budget for learning support assistants is substituted against the Pupil Premium realising a saving for the local authority. This substitution accords with the grant guidance issued by the Education Funding Agency (EFA).

27. CF9 (Inc) Charge for Academy Conversion - £70,000 2017/18

Leicestershire is one of the few authorities that does not charge schools for the academy conversion process which absorbs a significant amount of officer time largely to complete the land and asset transfer, the financial closedown of accounts for maintained schools and for guidance, support and co-ordination of the process. The process becomes more complicated and carries an additional cost where the converting school is a Voluntary Aided school where the Diocese holds the assets and is the employer of staff. It is proposed that a graduated charge is introduced of £5,000 for Voluntary Aided schools and £3,500 for Community Schools from April 1 2017. Schools formally undertaking conversion but not completed by that date would incur no change.

28. CF10 (Eff/Inc) Educational Psychology - £75,000 2017/18 rising to £300,000 2019/20
The educational psychology service provides a number of services to schools in addition to the local authority's statutory duties. It is proposed that the service be aligned only to the prescribed statutory duties and that the potential for income generation is explored.

Early Help and Prevention Review

29. * CF11 (SR) Remodelling Early Help £110,000 2017/18
This is the final phase of savings from the former T8 Remodelling Early Help programme of work and will be achieved through the reduction of a service manager and the cessation of a temporary contract.
30. CF12 Early Help £500,000 2018/19
A number of services across the department contribute to the early help offer and have and continue to be consolidated to offer service efficiencies. Whilst it is recognised both locally and nationally that early help services prevent the need to acute services these are non-statutory by nature. It is proposed that further savings are developed alongside the EHAP programme of work.

Dedicated Schools Grant

31. For 2017/18 the Dedicated Schools Grant (DSG) remains in three separate blocks, the basis for each block however is changed. The Department for Education (DfE) undertook a 'baseline' exercise early in 2016 in preparation for the expected introduction of the schools national funding formula which results in the school and the high needs blocks adjusted to reflect actual expenditure rather than historic patterns of spend. The early years block reflects the introduction of the early years national funding formula in April 2017.

Funding Block	Areas Funded	Basis for Settlement
Schools Block £368.28m	<p>This block funds delegated budgets for all Leicestershire primary and secondary schools and academies and also the two 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>For 2017/18 this block includes funding formerly paid through the retained duties element of Education Services Grant in respect of the local authorities statutory</p>	<p>The Schools Block Unit of Funding (SBUF) is £4,156.59 and based upon the pupil numbers recorded in the October 2016 schools census.</p> <p>Leicestershire is the 3rd lowest funded for this element of the settlement out of 151 authorities and compares to an England average of £4,618.63</p> <p>This block reflects the funding provided through school delegated budgets in 2016/17</p>

	<p>duties for all schools including education welfare, asset management, premature retirement costs</p> <p>Funding for academies is recouped from the settlement and paid directly to the academy by the EFA.</p>	
High Needs Block £63.16m	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 is based upon local authorities expenditure for 2016/17</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 48th lowest funded at £712.82 against an England average of £863.04</p>
<p>Early Years est £28.01m (3 & 4 year olds)</p> <p>2 year old disadvantaged places £3.2m (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>From September 2017 FEEE will increase from 15 to 30 hours for the parents of eligible children.</p> <p>The introduction of the national early years funding formula in April 2017 requires changes to the formula used to fund providers</p>	<p>The settlement is based upon January 2016 pupil numbers and will be adjusted for January 2017 and 2018 pupil data</p> <p>From April 2017 the early years national funding formula is implemented and the allocation is now based on individual pupil characteristics. Leicestershire is one of 48 local authorities receiving the lowest rate of £4.30 per hour, this however is an increase of 13.5% from the equivalent 2016/17 rate</p>
£462.65m	2017/18 Estimated DSG (Included Early Years estimates)	

Schools Block

32. It was anticipated that the Schools Block DSG and delegated school budgets would be generated through the implementation of the National Funding Formula (NFF) from April 2017. The DfE have confirmed that the NFF has been delayed until April 2018 through a consultation launched in December which sets out the proposals in more detail, a response to the consultation is being formulated.
33. 2017/18 funding rates within the schools block remain unchanged since 2015/16. Schools will not receive any increase in funding to meet inflationary pressures such as pay, national insurance and pension inflation nor for additional costs such as the Apprenticeship Levy. Both maintained schools and academies are reporting financial pressures, especially where schools are affected from reducing numbers as a result of age range changes.
34. It has been confirmed that the Minimum Funding Guarantee (MFG) will remain at minus 1.5% per pupil. MFG is calculated at pupil level and provides protection from the change in the underlying data within an individual school budget but does not protect against falls in pupil numbers. School with falling rolls may see cash reductions in budgets in excess of 1.5%.
35. A Schools Funding Formula Review working group consisting of headteachers, governors and school business managers have reviewed the school funding formula within the constraints of the funding settlement and the transition to the NFF and no changes to the formula are proposed for 2017/18.
36. It is estimated that £3m of headroom will be present within the school block settlement, this will be transferred to meet increased financial pressure in high needs. It is not possible to confirm this value until individual school budgets have been calculated, given the date of the release of the schools budget dataset by the DfE this will not be completed prior to the release of this report and an update will be provided at the meeting if available.
37. The Schools Funding Formula Review Group also considered the allocation of the estimated £3m headroom to high needs. The group did not agree with the proposal to allocate the totality of the headroom to high needs and requested that the local authority use some of this to address a funding disparity at Key Stage 3 where the rates within the Leicestershire school funding formula being significantly below those used by comparator authorities.

High Needs Block

38. The 2017/18 DSG settlement confirms the baselining of the 2016/17 £7.2m transfer from the schools block to high needs, it is also confirmed that the proposed transfer of a further estimated £3m is permissible and that the decision rests with the local authority.
39. The DfE published the high needs settlement in July at £61.88m, the final settlement in December confirmed DSG at £63.16m which includes an uplift to the grant on the basis of population growth, significant financial pressures however remain. The position has been updated for the latest available information:

	2016/17 Forecast £,000	2017/18 Budget £,000	2018/19 Budget £,000
Placement Costs	54,015	54,950	56,620
Estimated Placement Growth		1,800	1,900
Other High Needs Expenditure	9,074	10,118	9,672
Total High Needs Expenditure	63,089	66,869	68,218
<u>Funded By:</u>			
Dedicated Schools Grant – High Needs	-52,761	-61,463	-61,463
Dedicated Schools Grant – Schools Block	-7,151	-3,000	-3,000
6 th Form Grants – Special Schools	-860	-860	-860
<u>Proposed Savings</u>			
SEN Placements		-725	-1,495
Other savings		-820	-1,400
Forecast Overspend	2,317	0	0
Funded from DSG Reserve	-2,317	0	0
Cost to Local Authority Budget	0	0	0

40. A further consultation on the movement to a formulaic basis for high needs DSG was issued by the DfE in December and suggests that Leicestershire would receive £2.8m less under the formula when compared to the 2016/17 baseline; this included the 2016/17 transfer of £7.15m from the schools block but not the further £3m from 2017/18. The DfE are to undertake a further exercise to determine whether they feel that further transfers between blocks is appropriate and should be included in the 2017/18 baseline.
41. The consultation proposes that no local authority will lose funding for 4 years, the 2017/18 decision by the DfE on retaining the estimated £3m in the baseline will therefore be a crucial decision. Both this and any further increase in cost and demand will need to be carefully factored into future SEND strategy and specifically the transformation project to reduce the level of SEN expenditure.
42. To respond to the need to reduce high needs expenditure a number of savings are proposed;

Specialist Teaching Services - £790,000 2017/18 rising to £1,350,000 2020/21

A review of the role and responsibility of the local authority in the provision of these services is being undertaken by external consultants. These are a complex set of services supporting children and young people with hearing and visual impairment, autism, early years inclusion and learning support. It is anticipated that the review will identify deliverable savings for implementation in September 2017/18 given that delivery is based on academic rather than financial years.

Reduced Cost and Demand – SEN Placements - £725,000 in 2017/18 rising to £1,495,000 in 2018/19

The prime focus for the newly appointed strategic led in this area is the reduction in costs. A number of changes have already been made reflecting the change in decision and commissioning processes that have been successful in delivering cost reductions in children's social care. A programme of work is being compiled through the transformation unit which will holistically review the provision of high needs support services and the thresholds at which they are accessed. The savings target is set at a minimum, the expectation is that the planning process should set out to exceed this value to provide capacity to deal with any future issues

Review of Budget Allocation Oakfield Pupil Referral Unit £30,000 2017/18 rising to £50,000 in 2018/19

The funding system introduced nationally in 2013 changed the manner in which Pupil Referral Units (PRU) were funded; locally provision has changed from Key Stages 1, 2 & 3 to primary provision only. The service offer has also changed and now includes support to prevent pupils being excluded rather than making provision after exclusion. Additionally the White Paper included a proposal that schools should become financially responsible for this provision. It is timely to review the funding level and methodology for determining the funding allocation from the local authority.

Schools Causing Concern

A review of this budget was originally planned of £100,000 in 2017/18 rising to £250,000 in 2020/21, however proposed changes by the DfE to funding historic commitments in the schools block announced in December 2016 have resulted in this saving not being achievable. Its removal is factored into the high needs position presented in this report.

43. The County Council has a statutory responsibility to support children and young people with special educational needs (SEN). The direct consequence of this is that if expenditure cannot be contained within the available grant and if the Schools Forum do not approve a carry forward of a DSG deficit, then other resources will need to be diverted to fund the shortfall. For 2016/17 DSG earmarked funds are available to fund the forecast £2.3m overspend. Remaining earmarked funds are fully committed, meaning that this will not be possible for future years.

Early Years Block

44. From April 2017 the DfE will introduce the National Early Years Funding Formula (EYFF) which changes both the methodology used to generate local authority funding and the basis upon which nursery education providers are funded. It also establishes a new requirement for local authorities to 'passport' 95% (93% 2017/18) of funding to providers.
45. A further change to the funding mechanism for maintained nursery schools is implemented through the introduction of the EYFF and it will no longer be permissible to fund maintained nurseries at a higher rate than other providers which reflects a higher cost base, this will result in reduced funding for the Countesthorpe Nursery which currently receives £6.80 per hour compared to £3.58 - £ 3.65 for private, voluntary and independent providers.
46. The nursery is run by the Headteacher and Governors of Greenfield Primary School, Countesthorpe, which is a large 630 place, maintained school located nearby. The

Headteacher, Governing Body and staff at the Nursery are keen to relocate and operate the provision as a governor run provision rather than a maintained nursery, they are working with the County Council to implement this scheme through the statutory process which commenced on 3 January with a public consultation on the proposed change. All parties involved see this as a positive step towards safeguarding the future of the Nursery.

47. The settlement provides an overall increase in funding of 13.5%. The criteria set for the formula to determine provider budgets will require some change to the way funding is distributed. Consultation on options with providers is underway and the Schools Forum will consider the consultation response in February.
48. The Free Entitlement to Early Education (FEEE) for 3 and 4 year olds will increase from 15 to 30 hours for eligible parents in September 2017, the DfE are requesting local authorities to consider whether they will be in a position to make the extended offer available from April and this is being considered. The Early Learning and Childcare Service has been, and continues, working with providers to support this expansion.

Savings Under Development

49. The MTFs is balanced in 2017/18 and shows shortfalls of £2.8m in 2018/19 rising to £23.9m in 2020/21. To help bridge the gap a number of initiatives are under development to generate further savings. Once business cases have been completed savings will be confirmed and included in a future MTFs. Several initiatives will involve the Children and Family Services, the principle ones are:
 - Review of the County Council's role in running schools
The 2016 White Paper 'Educational Excellence Everywhere' set out the DfE's ambition for educational excellence and set out the end of local authorities role in running schools, it also set out the intention to revise statutory duties for local authorities. It is not known when or if the White Paper will continue in its current form. When the DfE sets out its expectation of local authorities in educational provision a review of the County Councils' role will be undertaken.
 - Disabled Children's respite care – new service model
Respite provision for children with disabilities is through private sector contract and delivered within an institutional setting. A service review is being undertaken to determine whether a family based solution is able to provide a more flexible and cost effective service.
 - Education of Children in care
The education of children in care service has been grown over recent years; benchmarking data has identified Leicestershire as a high spending authority in this area. A review is underway to assess the cost effectiveness of the current service model and offer.
 - Whole life disability
The County Council does not currently operate a fully integrated whole-life approach to disability services. Work is underway to establish the best options to deliver fully integrated care pathways for disabled people in Leicestershire, with the expectation that work can be undertaken in partnership to better meet the needs of service users. The County Council will also work with the private,

voluntary and independent sectors to develop a robust local offer for Leicestershire. It is anticipated that through a more joined up approach internally and with partners, efficiencies can be made and outcomes improved for service users.

Other Funding Sources

50. The specific grants for the department are;

- Dedicated Schools Grant (DSG) (£462.65m est). The purpose of this grant is detailed in the other sections 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 (£6.335m est). Passported to schools to raise the attainment of disadvantaged pupils. This figure excludes academy allocations which are paid directly by the EFA. Rates are unchanged from 2016/17 and the DfE have stated they will continue the grant for the term of the current Parliament.
- Universal Infant Free School Meals (£4.091m 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 which are paid directly by the EFA.
- PE and Sports Grant (£1.115m 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 which are paid directly by the EFA.
- Asylum Seekers (£0.35m est). This supports the cost of supporting unaccompanied asylum seeking children. The grant is variable and dependent upon the number and age of children supported.
- Staying Put Implementation Grant (£0.08m est). The Children and Families Act 2014 introduced a new duty on local authorities to support young people to continue to live with their former foster carers once they turn 18 (the 'Staying Put' duty). This duty came into force on 13 May 2014
- 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 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 (£0.4m). 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 2016/17.

- SEND Reform Grant (£0.4m). 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 2017/18 is confirmed.
- Troubled Families Programme (£0.9m est). Three elements of grant are received from the Government for this national programme, the first for engaging families within the programme, the second is payment for results for meeting the Governments targets and the third to fund a programme co-ordinator.

- Music Hub (£1.4m est). Leicestershire is the lead authority for the Music Hub providing joined-up music education provision, responding to local need and fulfilling the objectives set out in the national plan for Music Education across Leicestershire and Leicester City. The grant is paid by the Arts Council, no grant announcement has been made for 2017/18 but it is expected that funding will be in line with that for 2016/17.

Capital Programme

51. The draft Children and Family Services capital programme totals £37.2m over the next four years including £19.0m in 2017/18. The draft programme and funding are outlined below and summarised in Appendix C.

Draft Capital Programme 2017-21

Basic Need grant allocations are confirmed for 2017/18 and 2018/19, the programmes for the final two years of the MTFs will be developed as announcements on future years funding are made by the DfE.

	2017/18 £,000	2018/19 £,000	Total
Provision of additional primary places	4,875	17,214	22,089
Birstall – completion of new primary school	3,248		3,248
Wigston – completion of area special school	4,246		4,246
Structural changes to the pattern of education – 10+ retention	3,020		3,020
OfSTED / Safeguarding works	50		50
School access	50		50
SEND Initiatives		1,000	1,000
School condition*	2,800	TBC	2,800
School Devolved Formula Capital*	700	TBC	700
Total	18,989	18,214	37,203

* Estimates, awaiting government announcement which was expected mid / late December 2016 but remaining unconfirmed.

52. The programme includes s106 funding of £2.195m in 2017/18, further funding will be introduced to the programme as funding become payable, the remaining financing for the programme of £35m is received through government grant from the DfE. The Basic Need Grant for 2017/18 is reduced to £4.525m and increases to £16.938m in 2019/20, an announcement on 2020/21 was expected in December, an update will be provided at the meeting should an announcement be made.
53. 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.

54. The programme is largely focused upon the need to provide additional primary school places based on the assessed need through the annual school capacity assessment which also provides the basis for the Basic Need capital grant. The location of the additional places can only be confirmed following the confirmation of school admissions for September 2017 and 2018 primary admissions.

2017/18 Capital Programme

The programme will conclude major schemes such as the new primary school at Birstall, the area special school at Wigston and of 10+ retention in Oadby, Shepshed and Castle Donington. Overall an additional 800 primary school places and 36 special school places will be delivered.

2018/19 Capital Programme

The programme remains under development and is expected to deliver c1,170 additional primary places across Leicestershire District Council areas as follows; Blaby 120, Charnwood 420, Harborough 105, Hinckley & Bosworth 390, Melton 30, North West Leicestershire 105. The programme also retains some funding for the development of initiatives to develop cost effective SEND provision.

55. 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 2018/19 onwards.
56. The capital programme has been constructed on the assumption that where additional school places will be required as a result of housing developments will be fully funded by s106 contributions. Currently build costs are generally in line with the level of contribution, however where schools are in conservation areas or have significant site restrictions contributions may be insufficient to meet costs. Discussions have commenced with District Councils to determine how such positions may be avoided.

Background Papers

Cabinet : 13 December 2016 – Medium Term Financial Strategy 2017/18 to 2020/21
<http://cexmodgov1/ieListDocuments.aspx?CId=135&MId=4608&Ver=4>

Circulation under local issues alert procedure

None.

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Appendices

Appendix A – Revenue Budget 2017/18
Appendix B – Growth and Savings
Appendix C – Capital Programme 2017/18 – 2020/21

Equality and Human Rights Implications

58. 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.
59. Many aspects of the County Council's MTFs may affect 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. Such assessments will be undertaken in light of the potential impact of proposals and the timing of any proposed changes. Those assessments will be revised as the proposals are developed to ensure decision makers have information to understand the effect of any service change, policy or practice on people who have a protected characteristic.
60. 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 Impact Assessment to be undertaken as part of the action plan.

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