



CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE
22 JANUARY 2019

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

MEDIUM TERM FINANCIAL STRATEGY 2019/20–2022/23

Purpose of Report

1. The purpose of this report is to:
 - a) Provide information on the proposed 2019/20 to 2022/23 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 2018. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2019/20–2022/23 was considered by the Cabinet on 18 December 2018.

Background

3. The MTFS is set out in the report to Cabinet on 18 December 2018, 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 28 January 2019. The Cabinet will consider the results of the scrutiny process on 8 February 2019 before recommending a MTFS, including a budget and capital programme for 2019/20 to the County Council on 20 February 2019.

Service Transformation

5. The transformation programme continues to be 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 department has significant transformation projects charged with delivering the Medium Term Financial Strategy (MTFS) savings in relation to the development of the Care Placement Strategy, children's centres and early help services and services for pupils with High Needs;
- Care Placement Strategy – the department continues to develop this key strategy to effectively manage the Looked After Children (LAC) system through keeping numbers as low as possible by diverting children to use new and more forms of family support. This is linked to the changes being delivered through the Early Help Review. It will also enable the delivery of more cost effective placement solutions, including intensive family support, which will reduce the use of residential care. Where residential care is necessary ensuring it is cost effective. Additionally the fostering service will be developed to avoid and reduce the number of more costly Independent Fostering Agency (IFA) placements and extending the use of Adoption to include older and more challenging children. To support the delivery of the strategy a procurement exercise has been completed to secure a strategic partner through the establishment of the Children's Innovation Partnership. The contract was awarded to Barnardo's and the contract mobilised on 1 December 2018.
 - Early Help - The department will deliver the £1.5 million MTFS savings against Early Help (Children's Centres, Supporting Leicestershire Families (SLF), Youth Offending Services). Following extensive consultation the Family Wellbeing Service will become operational on 1 April 2019. The Supporting Leicestershire Families (SLF) programme is currently funded through a combination of the revenue budget, contributions from County Council earmarked funds, partner funding and the Government's Troubled Families grant. During the MTFS contributions from earmarked funds will be extinguished, savings are required as part of the Review of Early Help, and there are uncertainties over future partner contributions and grant funding. It is expected that partner and Government contributions will cease after current commitments have been met. This equates to a loss of £2.3m of income. The 2018/19 MTFS included setting aside £2m in an earmarked fund to allow the transition to a new model when Government and partner funding intentions are known.
 - High Needs – The Cabinet agreed a consultation on the development of local provision for children with Special Educational Needs and Disabilities (SEND) at its meeting on 18 December 2018. The High Needs Development plan will develop and embed an inclusive approach for children with SEND across schools and partners, modernise services and develop cost effective, high quality provision.
7. The programme will be dynamic and respond to;
- Legislative changes in the role of local authorities in education and social care
 - The continued reform in social work practice.

Proposed Revenue Budget

8. The table below summarises the proposed 2019/20 revenue budget and provisional budgets for the next three years. The proposed 2019/20 revenue budget is shown in detail in Appendix A.

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Original prior year budget	70,467	73,918	73,628	75,058
Budget Transfers and Adjustments	1,406	0	0	0
Sub total	71,873	73,918	73,628	75,058
Add proposed growth (Appendix B)	4,470	1,635	2,100	2,300
Less proposed savings (Appendix B)	-2,425	-1,925	-670	-700
Proposed/Provisional net budget	73,918	73,628	75,058	76,658

9. 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.
10. The central contingency also includes provision for an annual 1% increase in the employers' contribution to the Local Government Pension in line with the requirements of the actuarial assessment.
11. The total gross proposed budget for 2019/20 is £876.3m with contributions from specific grants, health transfers and service user and partner contributions projected of £218.4m (including £106.9m, excluding schools, of services funded from the Dedicated Schools Grant). The proposed net budget for 2019/20 totals £73.918m and is distributed as follows:

Net Budget 2019/20	£ million	%
Directorate	1,117	1.5
Safeguarding, Improvement and Quality Assurance	1,783	2.4
Children in Care	35,729	48.3
Field Social Work	12,295	16.6
Practice Excellence	321	0.4
Children and Families Wellbeing	10,002	13.5
Education Sufficiency	175	0.2
Education Quality and Inclusion	1,489	2.0
SEND and Children with Disabilities	5,822	7.9
Business Support and Commissioning	5,185	7.0
Department Total	73,918	100.0

Other Changes and Transfers

12. A number of budget transfers (totalling a net increase of £1.4m) were made throughout the 2018/19 financial year and are now adjusted for in the updated original budget. These transfers relate to inflation and pay awards.
13. 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 efficiency or a service reduction or a mixture of both. “Inc” denotes those savings that are funding related or to generate more income.

Growth

14. Growth over the next four years in the local authority budget totals £10.5m, including £4.5m in 2019/20. The budget increases are outlined below and summarised in Appendix B. Before the MTFS report to the Cabinet on 8 February, the provisional MTFS will be reviewed and if appropriate updated by the latest budget monitoring position for 2018/19. The social care placement budget and that for placements for children and young people with special educational needs and disabilities (SEND), in particular is subject to volatility.

15. The following paragraphs provide the detail for each growth item;

**** G1 Social Care Placements £3.3m 2019/20 rising to £10.2m in 2022/23**

Historically Leicestershire’s LAC population has been significantly lower than comparator authorities. This pattern is changing indicating that the children who need to be in care are coming into care; this position was confirmed by Ofsted. It is expected that this will stabilise over the next 2-3 years, resulting in Leicestershire being in line with new entries into care for other comparator authorities as a result of Edge of Care initiatives as part of the Care Placement Strategy being developed will help some children remain at home.

However, the numbers of Looked After Children (LAC) continues to increase nationally and, whilst the increase appears to be slowing, Leicestershire follows that pattern. The 2018/19 MTFS was based upon an expectation of 610, however based current trends it is expected that the number of LAC in March 2019 will be 600 which is an increase of 8%. A number of actions implemented in 2018, including the management of high cost places, the increased challenge to the type of placement and the introduction of the Dedicated Placement Support Team and the Multi-Disciplinary Intervention Support Team Leicestershire (MISTLE) are beginning to have an impact, particularly to the number of residential placements which are projected to fall from 70 to 58. Overall the number of children in foster placements is forecast to increase from 345 to 433 over the period of the MTFS, however as a result of Staying Put legislation and the Southwark Judgement the number of children in supported and semi-independent living is expected to grow from 54 to 74.

The current assessment of the current LAC trend and the impact of actions taken during 2018/19 result in a revised trajectory of an approximate 8% increase in 2019/20 falling to an annual rate of growth of 4% over the final three years of the MTFS. The financial impact of these changes result in an increased growth requirement of £1.5m from the 2018/19 MTFS, the overall increase over the 2019/20 MTFS period is £5.8m. The expectation remains that the number of LAC will be in line with statistical neighbours, LAC numbers and placement type are shown in the following table;

Placement	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
FOSTERING - INTERNAL	124	140	173	206	239	272
FOSTERING - INTERNAL SPECIALIST	3	11	16	21	26	31
FOSTERING - EXTERNAL UASC	16	10	10	10	10	10
FOSTERING - EXTERNAL MAINSTREAM	154	184	180	160	140	120
FOSTERING - TOTAL	297	345	379	397	415	433
CONNECTED FOSTER CARER	97	100	102	104	106	108
RESIDENTIAL CARE	64	58	60	62	64	66
SEMI-INDEPENDENT LIVING	50	54	60	63	68	74
ADOPTION	35	38	42	46	48	50
PLACED WITH PARENTS	10	5	5	5	5	5
TOTAL LAC	553	600	648	677	706	736

* G2 Supporting Leicestershire Families – transition to a new model when external funding ceases -£1.0m 2020/21

The SLF programme is funded through grant income, partner contributions and from the use of earmarked funds. The 2018/19 MTFs made provision of £1.0m per annum for 2018/19 and 2019/20 in order to maintain the service until autumn 2020, this removes this funding. The government's intentions on funding the national Troubled Families programme is currently uncertain; a review of the programme will be undertaken when the national funding position is identified which is expected to be confirmed in the next Comprehensive Spending Review.

G3 Special Educational Needs Assessment Service £0.575m 2019/20 rising to £0.71m 2020/21

The number of children with an Education, Health and Care Plan (EHCP) has grown by 32% since the introduction of Special Educational Needs and Disability (SEND) reform in 2014. This has created significant pressure on the Special Educational Needs Assessment Service (SENA) where resources have remained at pre-2013 levels. In order to meet the statutory duty for the assessment and monitoring of EHCP's and to respond to the growing challenges being encountered with High Needs expenditure there is a requirement for growth to increase the capacity of the service. It is expected that the SEND Reform grant (£0.309m) will continue until March 2020 before being incorporated into Revenue Support Grant. If this grant ceases then the growth requirement will increase.

G4 Unaccompanied Asylum Seeking Children £0.345m 2019/20

The department has managed overspends in this area over both 2017/18 and 2018/19 and demand continues to increase. This is an exceptionally volatile area with Unaccompanied Asylum Seeking Children (UASC) arriving spontaneously and becoming the responsibility of the Council. Government grant is received but is insufficient to fully meet costs. In March 2018 58 UASC were supported, this had risen to 68 in October 2018. Whilst the overall number of UASC has remained the same the proportion of those in care has reduced and the number accessing care leavers services has increased indicating that UASC are accessing social care services for longer.

G5 Agency Staff – Children's Social Care £0.25m 2019/20

The 2018/19 MTFS provided growth for the development to meet the challenges encountered in recruiting and retaining social workers, however it has remained a continued challenge. The department has introduced a Recruitment and Retention Strategy which is starting to have a positive impact, the social care workforce is subject to significant turnover and in order to retain caseloads at acceptable levels there will be an on-going need for agency staff to cover vacancies. This will be kept under review, particularly in light of the CIP and any resultant changes in working practices.

Savings

16. Details of proposed savings for the local authority budget are set out in Appendix B and total £2.4m in 2019/20 and £5.7m over the next four years in total. Additionally the High Needs Development Plan aims to ensure sustainable services for children and young people with Special Educational Needs (SEN) within the High Needs Block of the Dedicated Schools Grant (DSG). In order to achieve this objective cost reductions of £19.4mm are required over the period of the MTFS.

17. The following paragraphs provide the detail each savings item;

*** CF1 Eff New Departmental Operating Model - £0.1m 2020/21**

This target is unchanged from the 2018/19 MTFS. During 2018/19 a revised operating structure has been established and embedded for Heads of Service and for all business support across the department. The review of business support has identified further cost saving options for delivery in 2020/21.

**** CF2 Eff Growing Mainstream Internal Foster Carer Provision £0.5m 2019/20 rising to £2.0m 2022/23**

The annual target is unchanged from the 2018/19 MTFS and is extended to a further year. The fostering service has an internal target for the net increase in foster carers of 25 per year; this increase is delivered within the service as business as usual activity. 18 mainstream foster carers have been approved in the first three quarters. The projected gross increase for 2018/19 is 35 foster carers; a further 24 new entries into assessment are expected to be approved in 2019/20. The number expected to leave the service due to retirement or safeguarding issues is projected to be 20. Therefore the projected net recruitment in 2018/19 is 15. This falls short of the target but is offset by the savings achieved from recruitment of specialist carers. The expectation is that the growing success of recent recruitment campaigns the target will be fully achieved in 2019/20 but will be the subject of close monitoring.

****CF3 Eff Growing Specialist Internal Foster Career Provision £0.2m 2019/20 rising to £0.9m in 2022/23**

The annual target is unchanged from the 2018/19 MTFS other than extending it to a further year. Targets have been set per specialist placement type, requiring a total growth of 11 specialist carers in 2018/19. Between April to December 2018 10 specialist carers have been approved. There are a further 4 carers in assessment. The success of recruitment campaigns indicate that the 2019/20 targets should be fully achieved but will be the subject of close monitoring. It should be noted that campaigns for short breaks and respite carers have been paused due to a decrease in demand for this type of placement.

***CF4 Eff Develop Wrap Around Therapeutic Support Services £0.7m 2020/21**

This saving is unchanged from 2018/19. The contract for this intervention was awarded to Action for Children and aims to help children and young people who have experienced significant challenges to move from residential care to foster care. Work has begun with the first cohort of young people; it is expected that savings will accrue from 2020/21.

**** CF5 Eff/SR Early Help Review £1.25m 2019/20 rising to £1.5m 2020/21**

The Cabinet approved the new operating model for the integrated family and wellbeing service on 6 July 2018. The overall level of saving is unchanged, however £0.25m has been re-profiled to 2020/21, and whilst the new service structure will be in place from April 2019, some transitional costs relating to property and staff notice periods mean that the full saving will not now be fully realised until 2020/21

*** CF6 Eff – Disabled Children’s Respite Care £0.1m 2019/20**

Disabled children’s respite care is externally commissioned; effective contract management has enabled the annual contract value to be reduced. This service is due to be recommissioned in 2019/20.

*** CF7 Eff – Review of Staff Absence £0.075m in 2018/19 rising to £0.15m in 2020/21**

This saving is unchanged from 2018/19. Staff absence targets have been allocated to all departments based upon the intention to meet or exceed the County Council’s target of 7.5 days per FTE. There has been significant emphasis placed on absence monitoring across the department and the absence rate is reducing.

*** CF8 Eff/Inc. – Review the Educational Psychology Service £0.1m 2019/20**

This saving is unchanged from 2018/19 and will result from a combination of an increase in traded income and changes in the management structure. A review of the service functions is underway.

*** CF9 Inc. – Academy Conversion + £0.03m 2021/22**

This saving is unchanged from 2018/19. A savings target based on additional income through charging schools for academy conversion was included in the 2017/18 MTFS based upon the expectation within the White Paper – Educational Excellence Everywhere that by 2020 all schools would be progressing to academy status. Academy conversion however has slowed down and the savings target will be removed in full in 2021/22.

*** CF10 Eff – Review the Education of Children in Care Service £0.2m 2019/20**

This saving is unchanged from 2018/19. This saving will be achieved through funding non-statutory services from the increased Pupil Premium and the realignment of service contracts.

Dedicated Schools Grant

18. For 2019/20 the Dedicated Schools Grant (DSG) is calculated in four separate blocks as set out below;

Funding Block	Areas Funded	Basis for Settlement
<p>Schools Block £394.546m consisting of;</p> <ul style="list-style-type: none"> • School formula funding £392.172m • School Growth £2.374m 	<p>Individual budgets for maintained schools and academies.</p> <p>Growth funding to meet the revenue costs to meet the local authorities duty to ensure a sufficient number of school places through school expansion and the development of new schools</p> <p>DSG is notionally allocated to Leicestershire for all maintained schools and academies. A locally agreed funding formula is applied to this to determine school budgets, for maintained schools these are allocated directly by the local authority, for academies the funding is recouped from the settlement by the Education and Skills Funding Agency (ESFA) who then directly fund academies.</p>	<p>2019/20 is the second year of the National Funding Formula for schools which attributes units of funding to pupil characteristics. The grant settlement is based on;</p> <ul style="list-style-type: none"> • the aggregate of pupil led characteristics for each individual school • an allocation for school led factors based on 2018/19 expenditure. <p>These allocations will be fully delegated to schools. In addition a formulaic allocation for school growth will be retained to meet the future costs of new and expanding schools</p> <p>In respect of school formula funding this represents an increase of 3.3%, for growth this is an increase of 158.9%</p>
<p>Central School Services Block £3.369m</p>	<p>These funds historic financial commitments related to schools such as premature retirement costs, some budgets related to schools that are centrally retained e.g. admissions, servicing the Schools Forum and school copyright licences. This block now includes funding from the retained duties element of the former Education Services Grant for the responsibilities that local authorities have for all pupils such as school place planning and asset management.</p>	<p>This is distributed through a per pupil allocation basis and is retained by the local authority.</p> <p>Overall this is an increase of 2.5% over the 2018/19 baseline.</p>
<p>High Needs Block</p>	<p>Funds special schools and other specialist providers for high needs pupils and</p>	<p>The formula is based upon population of 0 -19 year olds and proxy indicators for</p>

Est £68.659m	<p>students, the pupil referral unit and support services for high needs pupils including high needs students in further education provision.</p> <p>As with the Schools Block this includes funding for special academies and post 16 providers which are recouped by the ESFA who then directly fund academies.</p> <p>Confirmation of the 2019/20 grant is not expected until March 2019.</p>	<p>additional educational need including deprivation, ill health, disability and low attainment. Also included is an element based on historic spend. The formula also includes a funding floor to ensure that local authorities do not receive a funding reduction as a result of the introduction of the formula; Leicestershire receives £4.337m through this element.</p> <p>The grant allocation includes the additional funding announced by the DfE in December 2018 and is an increase of 3.9% from the 2018/19 baseline</p>
Early Years Est £34.928m	<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>The grant is based on the universal hourly base rate plus additional needs measured with reference to free school meals, disability living allowance and English as an additional language. The factors as recorded on the early year's census in January 2019 and updated for the January 2020 census, final grant are not expected to be confirmed until May 2020.</p>	<p>The allocation is based on individual pupil characteristics and converted to a rate per hour of participation. Leicestershire receives the lowest rate of £4.30 per hour for 3 and 4 year olds and the lowest rate of £5.20 per hour for disadvantaged 2 year olds.</p> <p>The funding position is unchanged from the 2019/20 baseline</p>
£501.502m	2019/20 Estimated DSG	

19. The 2018/19 MTFS sets the overall Schools Budget at the level of DSG received and is therefore shown as a net nil budget at local authority level.

Schools Block

20. The Department for Education (DfE) has confirmed that the 'soft' school funding formula will be in place for 2019/20 and 2020/21. A 'soft' formula is where a National Funding Formula (NFF) calculates notional school allocations based upon pupil characteristics to which local authorities apply their own local funding formula to generate individual school budgets. The Leicestershire School funding formula reflects the NFF and will remain unchanged for 2019/20. The 2019/20 Schools Block DSG settlement is £394.5m (£392.2m NFF / £2.3m School Growth Fund), and this is based upon the 2017 October school census.
21. 2019/20 is the second year of the NFF; schools will receive a minimum per pupil increase in funding of 0.5% and a maximum increase of 3%. Despite the overall increase in budget, at individual school level a number of schools remain on the funding floor with an increase of 0.5% per pupil. These schools, despite additional funding, will experience a real terms decrease in income. As the funding guarantee is at pupil level schools with decreases in pupil numbers will see an overall decrease in budget allocation.
22. Within the Schools Block is a funding allocation of £2.3m to meet the revenue costs of additional school places within new and expanding schools. This allocation is formula based for the first time in 2019/20 and a significant increase from the £0.9m within the 2018/19 DSG. The revenue cost of commissioning a new school ranges from £0.5m to £0.8m for a primary and £2.2m to £2.5m for a secondary depending upon size and opening arrangements. 23 new primary and 2 new secondary schools are expected to be built in Leicestershire in the medium to long term. A reassessment of the financial commitment associated with new schools will be completed early in 2019 once the 2019/20 school funding formula values are confirmed.

High Needs

23. The provisional High Needs DSG is £68.659m and includes additional funding announced in December, but confirmed funding only to March 2020. Should this level of funding continue the DSG deficit is expected to begin to be recovered in 2022/23 and return to surplus in 2023/24. At the end of the 2019/20 MTFS period the cumulative deficit is estimated to be £5.2m.
24. The December funding announcement coincided with the publication of the 'Have we reached a 'tipping point?' Trends in spending for children and young people with SEND in England' report commissioned by the Local Government Association (LGA). This cites four main factors for increasing expenditure;
- 2014 SEND reform
 - Underlying demographic changes
 - National policy changes that have resulted in an environment in mainstream schools where inclusivity is not rewarded
 - Pressure in mainstream school budgets reducing the level of SEND support schools are able to provide

The report refers to pressures on demand that are beyond local authority control, authorities having no levers to allow them to effect costs and that there are structural features within the current SEND system which means there will continue to be a significant risk of overspending the high needs block, even if budgets were significantly

increased. It also suggests that a fundamental review is needed of the powers that local government need to act as an effective strategic commissioner of SEND provision.

25. The formula allocates funding across a set of pupil related indicators and also includes an allocation based on historic spend. For Leicestershire the grant includes circa £4.3m of protection funding, which is not guaranteed in the long term. The following table sets out the summarised income and expenditure position based on current estimated service demand and includes savings targets based upon the delivery of the proposed High Needs Block Development Plan.
26. The proposed High Needs Development Plan was considered by the Cabinet on 18 December 2018, where consultation was approved on the approach to planning, commissioning, and delivering SEND services. Consultation closes on March 31 2019.
27. The plan has been developed, and recognises and addresses the key cost drivers identified in the LGA research, and will deliver focused activities on three key areas:
 - To develop and embed an inclusive approach and practice amongst schools, LA staff and other settings
 - The modernisation of SEN services through;
 - Improved (joint) commissioning
 - Improved processes and decision making
 - Improved quality and assurance
 - Digitisation to support improved partnership working
 - The development of a range of cost effective, high quality provision for children and young people with special educational needs;
 - SEN units attached to mainstream schools
 - Development of special schools
 - Expansion of existing, or new build, area special school
 - Development of FE provision
28. The High Needs Development plan financial forecast has been updated to reflect the most recent budget and grant forecasts, and further revisions will be required as provision is developed and start up costs are confirmed and the additional places become operational. The revised position is shown in the table below and is dependent on matching individual education need to the timing and the cost of new provision;

	2018/19	2019/20	2020/21	2021/22	2022/23
	£,000	£,000	£,000	£,000	£,000
High Needs DSG	-67.455	-68.659	-68.659	-68.659	-68.659
Estimated Operational Expenditure	69.990	75.284	77.864	81.366	84.132
Estimated Project Expenditure	0.296	1.756	1.046	0.030	0.000
Total Potential Savings	0.000	-2.653	-7.251	-12.467	-19.852
Annual Funding Gap	2.831	5.728	3.000	0.270	-4.379
Funded From Reserve	-2.228				
Cumulative Funding Gap - DSG Reported Deficit	0.603	6.331	9.331	9.601	5.222

* Dependent on matching individual education need to the timing and the cost of new provision

29. A DSG deficit can be carried forward to the following year with the approval of the Schools Forum. Should approval not be granted then local authorities may seek adjudication from the Secretary of State. The Leicestershire Schools Forum agreed the carry forward of the 2018/19 High Needs Block Deficit at its meeting on 26 November 2018, annual approval will be required. In the short to medium term the High Needs deficit will be offset by funding for new school growth being carried forward.

Central Services Block

30. The central services block funds a number of school related expenditure items such as existing school based premature retirement costs, copyright licences under a national DfE contract for all schools and other historic costs.
31. This block also includes funding for the statutory duties that local authorities retain for all schools such as ensuring sufficient supply of school places. The 2019/20 provisional settlement is £3.3m an increase of 1.6%.

Early Years Block

32. There are no changes to the Early Years Block. Grant remains determined by the number of children participating in early years education. The funding will support the 30 hours Free Entitlement to Early Education (FEEE) for eligible parents and continued delivery of the early years offer for disadvantaged two year olds. The rate of funding is unchanged from 2018/19 at £4.30 per hour; a maximum of 5% of the overall settlement is retained to fund the early learning service that fulfils the local authorities statutory duty to ensure sufficiency of places for those parents that request one.

Other Funding Sources

33. The specific grants for the department are;

- Dedicated Schools Grant (DSG) (£501.5m est). The purpose of this grant is detailed in other sections of this report.
- Maintained School sixth forms (£0.7m est). This funding is paid to the local authority by ESFA) 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 ESFA.
- Pupil Premium (£5.6m est). Pass ported to schools to raise the attainment of disadvantaged pupils. This figure excludes academy allocations which are paid directly by the ESFA. Funding rates for free school meal and service children are unchanged from 2017/18, funding rates for looked after children and children adopted from care will increase by £400 to £2,300 per pupil. The DfE has stated it will continue the grant for the term of the current Parliament.
- Universal Infant Free School Meals (£3.8m 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 pass ported to schools to fund this responsibility. This figure excludes academy allocations which are paid directly by the ESFA. The grant has not been confirmed and is assumed to be at the same level as 2018/19.
- PE and Sports Grant (£1.8m est). The grant is pass ported 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 ESFA. The grant has not been confirmed and is assumed to be at the same level as 2017/18.
- Asylum Seekers (£0.4m 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. The grant has not been confirmed and is assumed to be at the same level as 2018/19.
- Virtual School (£0.05m est). The Children and Social Work Act 2017 places a new duty on local authorities to provide for the education of certain previously looked after children and supported by the provision of a specific grant. The grant has not been confirmed and is assumed at the same level as 2018/19.
- Personal Advisors to Care Leavers (£0.04m est). The children and Social Work Act extended the duty on local authorities to provide Personal Advisor (PA) support from age 21 to age 25 if they wish to access this support. The new burdens assessment suggested that this grant will increase in 2019/20; however the grant has not been confirmed and has been assumed to be at the same level as 2018/19.

- Youth Justice Good Practice (£0.5m est). The purpose of the Youth Justice Good Practice Grant is to develop good practice and commission research, with a view to achieving the 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. The grant has not been confirmed and is assumed to be at the same level as 2018/19.
- 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 2018/19 has been confirmed nationally, it is assumed that Leicestershire will receive the same proportion of the national funding as for 2018/19.
- Troubled Families Programme (£1.4m 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 service development. The grant has not been confirmed and is estimated based on payment by results targets.
- School Improvement Grant (£0.1m est). This was a new grant from September 2017 for local authorities to co-ordinate school improvement activity in mainstream schools.
- Early Years Disability Access Grant (£0.1m est). Supports access for children with disabilities to attend nursery providers
- Early Years Pupil Premium (0.2m est). Supports deprived children accessing the free entitlement to early education.

Capital Programme

34. The draft Children and Family Services capital programme totals £99.1m over the next four years including £24.6m in 2019/20. The draft programme and funding are outlined below and summarised in Appendix C. The programme for 2018/19 is set out in more detail than that for future years where both the need for school places and the grant funding from the DfE is less certain. It is envisaged that over the four years of the MTFS that an additional 2,500 school places will be created and new provision for children and young people with SEND will be created.
35. The programme is partially funded by external grant and developer S106 contributions:

Basic Need Grant - is received from the DfE based upon the need to create additional school places. Grants of £11.5m for 2019/20 and £8.7m for 2020/21 have been confirmed, the timing of announcements of grant for the latter two years of the MTFS are uncertain. The grant reflects the overall place need across the County and will be in both maintained schools and academies. The grant meets the infrastructure costs of creating new places, eligible revenue costs fall to be met from the local authorities growth fund funded from DSG.

Strategic Maintenance Grant – is received from the DfE for the maintenance of maintained schools only. Grant is based on a formula that considers pupil numbers and overall condition of the school estate. Allocations for the MTFS period are yet to be confirmed. It is expected that the grant will reduce as schools convert to academies.

S106 Contributions – it is estimated that a total of £3.463m of S106 contributions will be received in 2019/20 and £4.5m in 2020/21. Estimates for the latter two years of the MTFS are uncertain and are dependent upon the speed of housing developments. It is estimated that the full costs of new schools required on new housing developments will be fully funded from S106 contributions.

SEND Provision Capital Grant – this grant was announced during 2017/18 by the DfE and in response to the introduction of the National Funding formula for High Needs to provide local authorities with capital to develop cost effective SEN provision and is confirmed at £0.709m for 2019/20 and £1.2m in 2020/21. There is no indication that this funding will continue past this point.

Free School Bid

The programme includes a bid to the DfE for £8m to build a new 50 place special school for children with Social, Emotional and Mental Health (SEMH) needs, the outcome of this bid is expected early in 2019

Draft Capital Programme 2019/20 – 2022/23

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
MAIN GRANT FUNDING PROGRAMME					
Provision of Additional School Places	13,740	16,920	18,970	15,680	65,310
SEND Programme					
Social Emotional Mental Health (SEMH) Units	1,250	1,250			2,500
SEMH Special School - LA Developed	2,000	1,000			3,000
SEMH Special School - Free School Bid - subject to DfE approval	0	0	8,000		8,000
Post 16 SEND	500	500			1,000
Communication and Interaction Difficulty Units	770	500			1,270
Communication and Interaction Difficulty School	1,500	2,500			4,000
Expansion of Special Schools	1,500	1,000			2,500
Sub total - SEND Programme	7,520	6,750	8,000	0	22,270
Strategic Capital Maintenance*	2,300	2,000	2,000	2,000	8,300
Schools Devolved Formula Capital *	600	500	500	500	2,100
DDA / Schools Access / Safeguarding	200	200	200	200	800
Early Help - Building reconfiguration and refurbishment	300				300
Other Capital	3,400	2,700	2,700	2,700	11,500
Overall Total	24,660	26,370	29,670	18,380	99,080

* - awaiting Government announcement due, timing of which is uncertain.

Future Developments - subject to further detail and approved business cases	
S106 Schemes - externally funded tbc	
Early Years Provision	
Area Special School	

36. 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, and as prices are confirmed schemes will be re-evaluated and re-prioritised as necessary.

37. The programme is focused on two significant areas; 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. It is estimated that 895 additional places will be delivered in 2019/20; the location and number of the additional places can only be confirmed following the confirmation of school admissions in January and April 2019.

2019/20 Capital Programme

38. Schemes are focused on the need to develop additional primary school places. Significant schemes include primary provision at Hugglescote, Nailstone Dovebank and Thurnby Fernvale and contingency to address any unforeseen issues arising from September 2019 admissions data.
39. The programme also includes a total £22.27m investment in SEND provision to increase local provision through the development and expansion of SEN units and special schools to provide the infrastructure upon which the high needs development plan will be delivered.

2020/21 Capital Programme

40. The programme for 2020/21 is subject to change as the pattern of future admissions becomes known but also in respect of S106 schemes which are subject to sufficient housing growth to generate the additional pupils but also in regard to developments. Schemes will remain focused upon the provision of additional primary school places which will be delivered from the Basic Need grant and from specific S106 schemes together with year two of the SEND programme.

Background Papers

Report to Cabinet 18 December 2018 – Medium Term Financial Strategy 2019/20 – 2022/23
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5793&Ver=4>

Report to Cabinet 18 December 2018 – Special Educational Needs and Disabilities Provision – High Needs Block Development Plan
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5793&Ver=4>

Report to Schools Forum 26 November 2018 – Finance Update
<http://politics.leics.gov.uk/documents/s142494/Schools%20Budget%20Updatev2.pdf>

Report to Schools Forum 6 November 2018 – High Needs Block Recovery Plan
<http://politics.leics.gov.uk/documents/s142495/High%20Needs%20Block%20Recovery%20Planv3.pdf>

Circulation under local issues alert procedure

None.

Equality and Human Rights Implications

41. 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.
42. 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.
43. 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.

Appendices

Appendix A – Revenue Budget 2019/20

Appendix B – Growth and Savings

Appendix C – Capital Programme 2019/20 – 2022/23

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