

**CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE**  
**21 JANUARY 2020**

**MEDIUM TERM FINANCIAL STRATEGY 2020/21 – 2023/24**

**MINUTE EXTRACT**

**Medium Term Financial Strategy 2020/21 – 2023/24**

The Committee considered a joint report of the Director of Children and Family Services and the Director of Corporate Resources which provided information on the proposed 2020/21 to 2023/24 Medium Term Financial Strategy (MTFS) as it related to the Children and Family Services Department. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed Mr. I. D. Ould OBE CC, Cabinet Lead Member for Children and Family Services, to the meeting for this item.

Arising from the discussion, the following points were raised:

**Service Transformation**

- i) The transformation programme continued to be targeted at the development and implementation of a sustainable, cost effective operating model for the department that improved outcomes for children and young people in Leicestershire. The department had significant transformation projects charged with delivering the MTFS savings – the development of the Care Placement Strategy, children's centres and early help services and services for pupils with High Needs.

**Proposed Revenue Budget**

- ii) The total gross proposed budget for 2020/21 was £330.9m with contributions from specific grants, health transfers and service user and partner contributions projected at £250m (including £110m, excluding schools, of services funded from the Dedicated Schools Grant). The Director informed the Committee that the table at paragraph 10 of the report, which detailed the proposed net budget, was titled 2019/20, but was in fact the figures for 2020/21.

**Growth**

- iii) Growth over the next four years totalled £20.895m, including £7.795m in 2020/21. In response to a query, it was stated that this figure was the amount that would be required if the department took no action to reduce

demand or to change the way it was working. Work was currently taking place to determine how to reduce demand on the service and the costs, and in terms of social care placements, it was hoped that the introduction of the Care Placement Strategy would have an impact on the unit cost of placements.

- iv) The Lead Member for Children and Family Services confirmed that the department would be receiving no additional money, but he was gratified by the additional funding that the department had received over the last five years. He gave assurance that the department had a number of statutory duties and these would continue to be met.
- v) In relation to G1 – social care placements – there was currently 622 looked after children in Leicestershire, and current projections indicated an increase of 12%. It was noted that a number of children had entered the system with significant and complex needs and a question was asked around whether these children entered the social care system from another area of the system or whether their complex needs were unknown. The Director explained that some young people would have been identified and other areas of the service would be working with them. In the main, however, young people were being identified as a result of a greater understanding of criminal exploitation; these were generally older young people with greater complex needs. As a result, there was significant additional pressure on the system in terms of the type of placement required. This was at a time when the market was very challenged due to a reduction in the number of available places and higher costs from providers.
- vi) The increase in the average weekly cost of provision was noted. The average weekly cost to social care of external residential placements was £7,390 (an increase of over £300 per week) and for 16+ supported accommodation placements, it was £1,330 (an increase of £117 per week).
- vii) It was stated that the department was working on a service redesign for residential care and this included preventative work. Work had already taken place around those on the edge of care, how to work with partners to deliver services to young people, and how to work with families to keep children at home.
- viii) In relation to G4 – social care staff – increased caseloads – the department had remained reliant on agency staff and investment in additional social worker capacity was therefore required. It was noted that the department was introducing a new operating model and was in the early stages of considering ways of working to reduce demand on the service. A review would be undertaken that would analyse ways of working, and this would include the role of Barnardo's as the department's strategic partner.

- ix) Attention was drawn to G9 – Unaccompanied Asylum Seeking Children (UASC) – where the demand on the budget continued to increase. There were currently 103 UASC for whom Leicestershire County Council had responsibility and although the Home Office had increased its funding rates, this was still not sufficient.

### Savings

- x) Activities continued to be undertaken to reduce social care placement costs. This included the recruitment of foster carers, the development of a new local framework for providers and the Dedicated Support Team working intensively with high cost placements or those at risk of breakdown.
- xi) CF3 – Early Help Review – highlighted the realisation of the full year impact of savings and related to staff notice period and property costs that could not be realised until 2020/21. It was agreed that the long term impacts of the review would need to be monitored. In response to a query, it was agreed that there was a link between vulnerable families and criminal exploitation. As part of the review, money had not been taken from frontline staff so families could continue to be supported at the same level. As part of the growth received for 2020/21, the department had strengthened its work with more vulnerable young people and had put in additional resources for those who were being criminally exploited.
- xii) Significant progress was being made across the department in relation to staff absence (CF4) and it was anticipated that the target for 2020/21 was achievable.

### Dedicated Schools Grant/Schools Block

- xiii) For 2020/21, the Dedicated Schools Grant (DSG) remained calculated in four separate blocks – Schools Block, Central School Services, High Needs and Early Years. In relation to the Schools Block, 2020/21 continued the move towards a National Funding Formula for schools. In respect of school formula funding, this represented a cash increase of 6%.
- xiv) The funding allocation for the Central School Services block was being reduced nationally from 2020/21; this would be a financial pressure for the medium term as the funding was phased out but the commitments retained.
- xv) For the High Needs Block, it was noted that Leicestershire received £2.1m funding to ensure that local authorities did not receive a funding reduction as a result of the introduction of the formula. Confirmation of the 2020/21 grant was not expected until March 2020 – this included additional funding announced by the DfE in September 2019 and was an increase of 7% from the 2019/20 baseline.

- xvi) The 2020/21 MTFS set the overall Schools Budget as a net nil budget at local authority level. However, there was an annual funding gap of £10.531m which would be an overspend against the grant. It was anticipated that the department would be required to submit a recovery plan to the DfE for each year of the MTFS.
- xvii) 26 new primary and three new secondary schools were expected to be built in Leicestershire in the medium to long term. The revenue requirement was difficult to assess, although early estimates suggested that the cost could be managed within the existing grant. Expenditure was expected to rise annually from 2021/22 and annual underspends in growth funding would set aside in the DSG Earmarked Fund to meet the peak.

### School Funding Formula

- xviii) It was noted that the minimum per pupil funding levels had been made mandatory. Despite the overall increase in budget, some schools remained on the funding floor and would experience a real terms decrease in income.
- xix) The introduction of two additional factors to the school funding formula – sparsity and pupil mobility – would ensure that the Leicestershire formula fully reflected the National Funding Formula. This had been supported by the Schools Forum and would be considered by the Cabinet at its meeting on 7 February 2020.

### High Needs

- xx) The escalating cost of providing SEND services was one of the main financial pressures impacting local government nationally. For 2020/21, it was estimated that the funding gap would be £11m and the cumulative deficit was expected to total £19m. The financial deficit was expected to continue increasing and the department was looking at how it could reduce demand.
- xxi) Concern was raised that local authorities would be required to set aside revenue funding to offset liability and that this would require expenditure reductions in other areas of the authority. The Director confirmed that this was a national funding issue and that the local authority would be unable to sustain the level of overspend from the High Needs Block. Although a programme was in place to reduce the budget, the amount of funding coming to local authorities was a national issue and placed significant pressure on the County Council.

### Other Funding Sources

- xxii) Grants were largely received from the DfE, who to date had not confirmed many of the allocations. However, it was assumed that the grants would continue at the 2019/20 levels.

### Capital Programme

- xxiii) The programme focused on two significant areas, one of which was the need to provide additional primary school places. It was estimated that additional places would be delivered in 2020/21. The programme also included an investment in SEND provision to increase local provision and would provide a total of 500 additional SEND places.

#### RESOLVED:

- a) That the report and information now provided be noted;
- b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 27 January 2020.

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