

# LEEDS CITY COUNCIL

## 2014/15 BUDGET REPORT

### Directorate: Children's Services

#### 1 Introduction

- 1.1 This report has been produced in order to inform members of the main variations and factors influencing the Directorate's budget strategy for the 2014/15 financial year.

#### 2 Service Context

- 2.1 The Council has a statutory duty and responsibility to safeguard and promote the welfare of the 180,000 children and young people across Leeds. Working in partnership with families, communities, schools, businesses and Children's Trust Board partners, there is a clear and agreed vision to improve outcomes for children and families and for Leeds to be a child friendly city. Our ambition is for Leeds to be the best city in the country for children to be born, grow-up, learn and have fun.
- 2.2 Children's Services has faced considerable cuts in national grants over the last few years, which has been in the region of £18m. This is in the context of significant service demand pressures with a 32% increase in the birth rate over the last decade and a changing demographic mix. This has increased demand across all the services that we provide and fund and will present significant challenges in respect of the supply of school places, the number of referrals and potentially increase the cost of high level services such as children in need, special educational needs and children in the care of the authority.
- 2.3 Despite this increase in demand improvements have been seen across all of the 12 priority areas set out in the Children and Young Peoples Plan, with marked improvements in the 3 obsessions. In contrast to the national picture, Leeds has successfully, and safely, reduced the number of looked after children by around 5.3% over the last year. Our budget strategy for 2014/15 is guided by our requirements to help ensure that children and young people are kept safe, receive good quality education and any additional support needs are identified and addressed. We are also guided by our priority to create better life chances for children and young people across the City. The increasing demand, in conjunction with the renewed national focus on child protection resulting from serious case reviews in other local authorities, together with the increasing challenges within the new unannounced inspection framework, will all combine to create significant tensions across the system as the resources we have at our disposal continues to reduce. The significance of our duty to safeguard and promote the welfare of children continues to be recognised in the results of the corporate budget consultation with children's social care services and services for children with SEN/children with disabilities identified as the top two spending priorities across all council services. The forthcoming Children and Families Bill will bring with it additional risks and pressures for SEN and complex care services due to increased and different levels of provision that will be required for children and families.
- 2.4 The budget challenges facing the Council over the coming years necessitate a transformational re-design of services for children, young people and families. Over recent financial years, the prioritisation of resources to support vulnerable children and families has seen improvement in all of our CYPP priorities and our 3 strategic obsessions. The

medium-term budget strategy must be based on sustaining these improvements and continuing to support the strategy around protecting the service around child protection and safeguarding whilst at the same time continuing to invest in preventative and early intervention services. The budget proposals for 2014/15 are a stepping stone to a longer-term vision for children and family services which will be underpinned by the new Citizens@Leeds integrated approach across the whole Council. It will include;

- Exploring a geographically targeted service for young people at a level which is affordable from the perspective of the 2015/16 budget. The scope of the new service design could include: the targeted youth work service, attendance service and the Youth Offending Service. Consideration will also be given to including the personal advisers for children in care, Signpost and ASB. The service could also be responsible for the commissioning of information advice and guidance, youth work and other more targeted services.
- Children's Services will work with schools, colleges and other learning providers to review and challenge the learning offer to young people. Complementing these teams with capacity from Employment and Skills, DWP, VCFS will enable us to plan and respond together at an individual and family level. The 3 community hub pilots offer an immediate opportunity to test out the approach.
- Exploring possible models for improving child and family services building on the current locality and cluster arrangements and Best Start model, focusing on improvement through the empowerment of families. The service re-design could include looking at the valuable contribution our children's centres provide and further building on strengths in this area. The re-design work would also include the review of locality assets in line with the wider corporate asset review with a focus on securing the sustainability of services for children and families.

2.5 This vision and associated partnership refresh would support a rise in children deemed 'ready for school (better speech, nutrition and social skills), reductions in harmful adult behaviours that have negative impacts on the child's development (eg, substance abuse and domestic violence), significant rises in take up of childcare, early years development and learning, improved parenting skills, significant support for child poverty and family debt issues, stronger social and community capital and also develop a new Learning Improvement Service which will secure our statutory responsibilities. This will continued to be underpinned by changes to the way we deliver services, building on the successes of Kinship Care, Restorative practice and Family Group Conferencing.

### **3 Explanation of variations between adjusted 2013/14 and 2014/15 -£4,198k (-3.17%)**

3.1 The variation can be summarised as follows:

	£000s	£000s
<b>Net Managed Budget 2013/14</b>		<b>134,893</b>
Adjustments		
• Transfers of functions	-	405
• Other adjustments	-	2,222
<b>Adjusted Net Managed Budget 2013/14</b>		<b>132,266</b>
Changes in prices		
• Pay	1,348	
• Price	1,094	
• Income	- 367	2,075
Full Year Effects	-	332
Demand/Demography		1,220
Other Budget pressures		
• Net changes in funding		7,619
• Investment into services for children in care and prevention and intervention		4,459
• Other pressures		2,449
<b>Total Budget Increases</b>		<b>17,490</b>
Savings		
Procurement	-	680
Strengthening Families - Building a Child Friendly City	-	5,765
Becoming an efficient and enterprising Council		
• Business Improvement	-	783
• Vacancy Management, ELI, Leadership & Management, etc	-	975
Income, charging and trading		
• Nursery Fees - £3/day increase (8.33%)	-	222
• Additional trading/cost reductions	-	850
Contributions from Public Health	-	770
Other efficiencies and savings proposals	-	11,643
<b>Total savings</b>	<b>-</b>	<b>21,688</b>
<b>Net Managed Budget 2014/15</b>		<b>128,068</b>

## **3.2 Adjustments**

- 3.2.1 The net £0.4m of transfers of functions relates to the delegation of the £0.5m of youth activity funding to Area Committees, the transfer of funding and responsibility to Facilities Management for the children's centres and the transfer of the ICT Business Relationship Management function into Children's Services from Strategy and Resources.
- 3.2.2 The £2.2m of 'other adjustments' relates to the decision to reduce bureaucracy across the Council by reducing the number of recharges for internally provided services.

## **3.3 Changes in prices – pressure of £2.075m**

- 3.3.1 Provision has been made for a 1% growth in staffing budgets in 2014/15. No provision will be made for inflation on running cost budgets other than where there are specific contractual commitments and on utilities.
- 3.3.2 Nursery Fees (saving of £0.39m) - childcare is provided in 33 sites and the Council is the 7<sup>th</sup> largest childcare provider in the country providing early education and child care in areas of disadvantage to promote good educational outcomes for children and child care to support parents and carers into work. The Council currently subsidises the cost of the childcare provision by around £1m with a further £600k of funded free places provided for children who are deemed 'in need'.
- 3.3.3 The current nursery fee in a local authority run children's centre is £36 per day. As mentioned above, this charge is subsidised and continues to compare favourably with other childcare providers across the city. The proposal in the 2014/15 budget strategy is therefore to increase nursery fees by £3 per day, from £36 to £39 per day, which represents an increase of 8.33% increase. This increase will generate an additional £0.39m of income which is £0.22m above inflation.

## **3.4 Full year Effects - net saving of £0.33m.**

- 3.4.1 The 2014/15 budget strategy recognises the full-year savings (£0.45m) of the changes to the City Learning Centre provision that were agreed in 2013/14. These savings are partially mitigated by £0.12m of full-year costs associated with the implementation of the Child Abuse and Neglect Multi-systemic Therapy Team that works with families to keep children at home with increased safety.

## **3.5 Demand/Demography – pressure of £1.2m**

- 3.5.1 As mentioned at paragraph 2.2, Children's Services continues to face significant pressures. The general increase in the birth rate has increased demand across all the services. Specifically, the number of requests for service and referrals to Safeguarding, Targeted and Specialist Services could potentially increase the cost of high level services such as children in need, special educational needs and children in the care of the authority. The overall strategy to continue to invest in the expansion of preventative services will help to mitigate the impact of this demand with the 2014/15 budget strategy recognising demand-related financial pressures in the home to school transport budgets (£1.07m) and the Direct Payments budgets (£0.15m)

## **3.6 Other Budget pressures - pressure of £14.5m**

### **3.6.1 Net Changes in funding – pressure of £7.619m**

- 3.6.1.1 Education Support Services - the budget proposals recognise an estimated £0.75m reduction in the Education Services grant in 2014/15. In addition, Government has already announced a £200m national reduction in funding from April 2015 (a further cut of £2.5m for Leeds) on top of the impact of academy conversions. This will necessitate a fundamental restructure of our education support services in 2014/15 to take effect from April 2015.
- 3.6.1.2 Adoption Reform Grant (£2m reduction in funding) – Government had previously confirmed that the Adoption Reform Grant would cease at the end of March 2014 resulting in the loss of £2.6m of grant funding for Leeds. More recently, an announcement has been made that the grant would be extended, albeit at a much reduced level (£50m nationally) with the allocation for Leeds for 2014/15 being £0.65m
- 3.6.1.3 The Department for Education have recently announced a new Special Educational Needs (SEN) grant of £70m nationally which will be allocated to local authorities to implement the SEN reforms and the new, joined-up approach across education, health and care services from birth to 25. Government has recently announced the individual local authority allocations, with the Leeds set to receive £0.9m in 2014/15.
- 3.6.1.4 The 2014/15 budget proposals also recognise the non-recurrent borrowing from accumulated reserves which was factored into the 2013/14 budget Strategy in order to support the medium-term strategy to maintain and expand investment in prevention and early intervention.
- 3.6.15 The budget strategy reflects anticipated reductions in funding from the Youth Justice Board in respect of the Youth Offending Service partnership and reductions in the budgeted income from health partners.

### **3.6.2 Investment into services for children in care and prevention and intervention – pressure of £4.459m**

- 3.6.2.1 The budget proposals include £4.5m of investment to expand key preventative services and includes additional funding to support the in-house fostering service, additional investment in order to continue to expand Family Group Conferencing, additional funding for alternative care placements such as special guardianship orders and adoption support as well as increased funding to support young people leaving care via supported and semi-independent living.

### **3.6.3 Other Pressures – pressure of £2.449m**

- 3.6.3.1 The 'other pressures' covers a number of areas including additional investment into the restorative practice programme, PFI related borrowing costs, investment into the modernisation of the Leeds Learning network, investment to support the new social care information system as well as additional funding to support social worker recruitment and retention and investment into the social care transition team.

### **3.7 Funded Service Growth**

- 3.7.1 The budget proposals for 2014/15 include an additional £3.5m for the provision of an additional 1,750 early education and childcare places for vulnerable 2-year olds across the City. These places are funded by the Dedicated Schools Grant, are part of the national programme, and will be delivered through the Council's children's centres and commissioned provision from private, voluntary and independent providers.

3.7.2 In addition, the budget proposals also include an additional £1.19m for the provision of an additional 550 early education and childcare places. These places are again funded by the Dedicated Schools grant and will be delivered through the Council's children's centres and also commissioned from private, voluntary and independent providers.

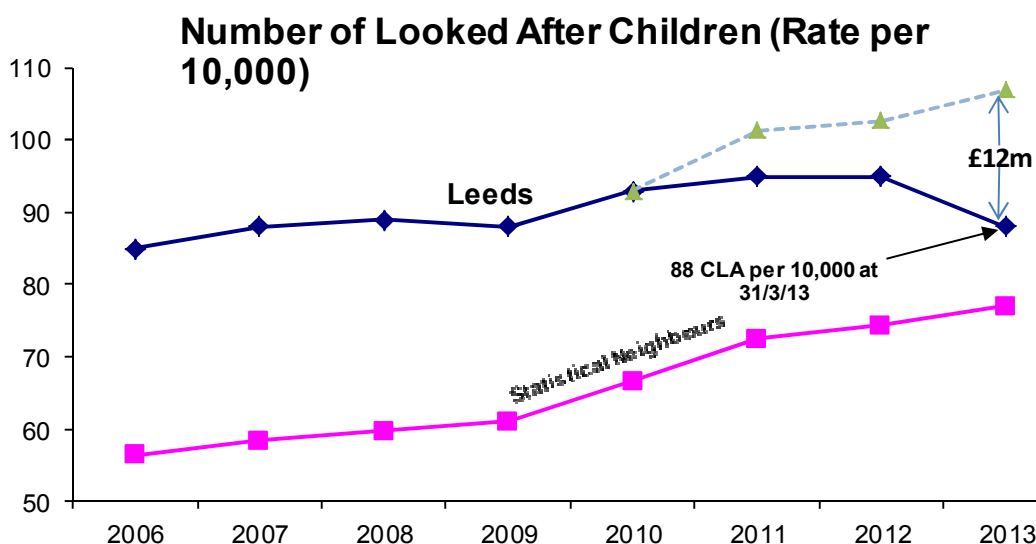
### **3.8 Efficiencies and savings - £21.7m**

3.8.1 **Building a Child Friendly City (saving of £5.77m)** – Children's Services currently look after 1,357 (as at January 2014) children and young people from Leeds. The majority of these children and young people (around 1,000) require good quality, stable foster care in a family based environment. We currently provide this through a mix of in-house foster carers, independent fostering agencies and people from the child's extended family. A further 200 children who are in the care of the Authority are cared for in family based environments with prospective adoptive families or in some cases with their own parent(s) as part of their permanency plan.

Where children and young people are suited to family-based care, for example due to the extent of their emotional and behavioural needs and/or disabilities, they may be placed in residential care. There are currently around 100 children and young people who are cared for in our in-house residential homes and in externally provided residential settings. Externally provided residential and foster care is generally more expensive than the in-house provision and a key part of our strategy is to ensure that we have sufficient in-house placements of the right type and quality to meet the needs of those children and young people who do need our care.

The programme of activity around safely reducing the total number of children in care whilst also changing the mix of placement provision has already delivered significant savings across recent financial years with savings of over £6m forecast to be achieved in 2013/14 across the externally provided placement budgets. This is contrary to the national position and comparisons with our statistical neighbour authorities where there have been increases the children in care population since March 2009 (an increase of 12% nationally).

It should be noted that if Leeds had followed a similar trend then we be spending an additional £12m in 2013/14 on our looked after children. The 2014/15 budget continues to reflect this strategic obsession and 'Budget Plus Strategy' with proposed savings of £5.8m included from reducing the number of externally provided fostering and residential placements.



3.8.2 Becoming an efficient and enterprising Council - savings of £1.76m are anticipated in 2014/15 through the implementation of the Business Management Review, additional vacancy management savings as well as the exploiting opportunities for people to leave the organisation through the early leaver initiative.

3.8.4 **Income, Charging & Trading** – an additional £0.85m of traded income is anticipated in 2014/15. The Directorate is reviewing all potential opportunities to trade services. The principal location for the identified savings target is learning improvement which recognises the financial pressures in that area due to the continuing reduction in the Education Services Grant.

3.8.5 **Contribution from Public Health (saving of £0.8m)** – Children’s Services are commissioned by public health to deliver a healthy schools programme, parent information and support around public health issues 0-5 and support for teenage pregnancy. The service also commissions a number of specialist service including counselling for adults, speech and language therapy in the earliest years and infant mental health services. The 2014/15 budget strategy includes an additional £0.77m public health funding in respect of these commissioned services.

3.8.6 **Procurement (saving of £0.68m)** – all budgets have been reviewed as part of the budget process. Savings of £0.68m are proposed across the Directorate by cash-limiting all non-essential running cost budgets. In addition, procurement savings are also built into the anticipated savings on externally provided residential and fostering placements in line with the regionally negotiated White Rose framework.

3.8.7 **Other Efficiencies and Savings Proposals - £11.6m**

3.8.7.1 **Children’s Centres (saving of £1.6m)** – there are 57 Children’s Centres across the city employing around 900 staff across schools, the Council and two voluntary sector organisations. Our children’s centre Ofsted inspection outcomes are above the national average and the service is key in the Child Friendly City plan to close the attainment and health inequality gap. Leeds is committed to keeping children’s centres open as part of ensuring that every child in Leeds has the best start in life and to do this we need to ensure that our centres are financially sustainable. The proposals to enable this include reviewing the childcare ratios and overheads, the funding formulae across all children’s centres, management capacity and options around full-time/sessional provision.

3.8.7.2 **Transport (savings of £1.8m)** - through a process of review and public consultation during 2013, Executive Board agreed to changes to the home to school transport policies and other provision changes. These agreed changes will see the phased removal of the major areas of discretionary spend on the following:

- Free non-statutory transport to faith schools
- Free travel to a school of parental preference (in circumstances where the Council is unable to provide a school place within 3 miles of home) and
- Free travel at age 16+ to school sixth forms or colleges of further education.

Further work will be completed during 2014 on the offer for children and young people with a statement of special need (due to be renamed Education Health and Care Plan following enactment of the new Children and Families Bill). The Transport Policy continues to meet all of the Council's statutory duties for home to school transport, as well as assistance needed to meet our obligations towards looked after children and other social care requirements.

The work proposed is based on the mandate received from Executive Board and will describe the available options to deliver services and assistance to those learners with special educational needs. As part of this a review of the current discretionary provisions for those aged 16-25 is being undertaken. The options will be designed to fully meet the changing statutory obligations encompassed in the Children & Families Bill, but will have the effect of delivering further transport savings, whilst providing assistance to meet individual need in the most appropriate and cost effective way. Consideration will also be given to how best we can offer personal budgets.

Total savings of £4.6m are anticipated in 2014/15 which is an additional £1.8m over and above the £2.8m of savings that were built into the base budget through the 2013/14 budget strategy.

3.8.7.3 **Youth Offer (saving of £0.83m)** – the budget proposals for 2014/15 recognise the full-year implementation of the Youth Offer which was agreed at Executive Board in July 2013, including the formula for the distribution of the targeted youth resource and a £0.5m youth activity fund which is delegated to Area Committees. Savings of £0.44m are anticipated in 2014/15 through the implementation of the Youth Offer.

In addition, the proposal is to reduce the net cost of the range of education/youth activities by a total £0.39m in 2014/15 by reducing the subsidy for Herd Farm (£0.1m), Lineham Farm (£0.1m) and the Armley LAZER Centre (£0.09m) through a combination of cost reductions and income generation. In addition, savings of £0.08 arising are anticipated from the South Leeds Youth Hub community asset transfer.

3.8.7.4 **Duke of Edinburgh Awards Scheme (saving of £0.16m)** – the Youth Service provides the administration and training support to school and other providers to support the Duke of Edinburgh licencing requirements. Historically, the Youth Service also delivered the award. The 2013/14 budget for the Duke of Edinburgh is £0.16m and the proposal is to reduce this to nil in 2014/15. Options to achieve these savings will include; staffing changes as a result of the change in service; increased charges to schools to cover training and administration and; charges to young people where there is demand for provision. A further option would be to hand responsibility for licencing to the regional office.

3.8.7.5 **Semi-independent living and leaving care (saving of £0.25m)** – young people leaving care often need a great deal of support as they make the transition into adulthood, for



example the provision of supported living, finding appropriate accommodation, seeking employment/training, etc. As part of the programme of activity around reducing the need for young people to be in care, Children's services have successfully de-escalated a large number of placements for young people, for example from specialist residential placements to semi-independent living placements with (in some cases) intensive support from personal advisors and/or social workers. Experience suggests that where de-escalation is done in an appropriate and considered way, young people thrive and more readily move on to full independence.

In addition, the process for young people to register for welfare benefits - attending appointments, completing forms and sending supporting documents to the department for work and pensions can sometimes lead to delays in the process which can be costly as children's services have a duty to provide equivalent funding, which cannot be reclaimed whilst benefit claims are being processed.

Savings of around £0.25m are proposed for 2014/15 through the deployment of a specialist welfare rights worker and through the de-escalation of semi-independent living packages.

- 3.8.7.6 **Families First Programme (saving of £0.75m)** - through our Families First programme, the Council can claim payment by results income from the Department for Communities and Local Government for successfully 'turning families around'. For each family worked with there is an opportunity to receive income of £4k based partly on receiving an attachment fee and partly on payment by results. In years 2 and 3 the attachment fee reduces and the payment by results element increases. In light of the success of the programme in Leeds, and recognising revised criteria for claiming the payment by results income, it is anticipated that by successfully turning around 80% of families that we will generate £0.75m of additional income.
- 3.8.7.7 **Review of Education Welfare Services/Attendance (savings of £0.5m)** – the Attendance Service provides statutory and non-statutory support to children, families, schools and clusters to identify and overcome barriers to children accessing their educational entitlement to secure regular attendance at school. The statutory duties involve the use of legal measures against parents/carers who fail to ensure their child receives an appropriate education by regular attendance at school. The non-statutory functions delivered across clusters based on levels of need and includes providing a family-support function directly to children and families based on assessment and the identification of appropriate support.
- The Service will continue to provide both statutory and non-statutory support (in many other local authorities the service has been retracted to statutory functions only) however, recognising the changing landscape of education provision, and the continuing reduction in the Education Services Grant, the proposal is to achieve savings of £0.5m in 2014/15 through a combination of; Staffing reductions, including the Early posts through the Early Leavers Initiative, exploring the potential to combine with other functions and developing an improved and expanded traded offer.
- 3.8.7.8 **Child and Adolescent Mental Health Services (savings of £0.5m)** - Child and Adolescent Mental Health Services (CAMHS) are a vital part of supporting the emotional and mental health of children and young people. Leeds CAMHS service is delivered by Leeds Community Health Trust and jointly commissioned through a single specification between the Children's Services and Leeds SE CCG. The Therapeutic Social Work Team (TSWT) is delivered by Children's Services with clinical psychology consultancy support from the CAMHS service. The proposed savings in 2014/15 will be achieved through efficiencies of core delivery between the Therapeutic Social Work Team and the

CAMHS Service leading to staffing savings of £0.3m, efficiencies in management in both services enabling savings of £0.1m, reducing duplication with other services £.05m, and developing efficiencies in the CAMHS support for other services such as substance use which will save a further £0.05m.

- 3.8.7.9 **Youth Offending Service (savings of £0.67m)** – the Youth Offending Service (YOS) works with children and young people (aged 10-17 years) who have offended and help prevent them getting into further trouble. We achieve this by working together with young people and their parents or carers, the victims of crime and other agencies and organisations in the local community. The bulk of the required savings will be made from a service wide restructuring over the next year. In addition, the service has already deleted a number of posts and is proposing to merge the YIP/PAYP youth crime prevention programmes as well as exploiting the move to new premises to implement more flexible working arrangements to free-up resource for more face to face work with young people.
- 3.8.7.10 **Review of Music Support Services and Music Centre Provision (savings of £0.2m)** – the proposal is to reduce the base budget subsidy for the Music Support Service by £0.05m together with savings of £0.15m from reviewing Music Centre provision across the City.
- 3.8.7.11 **Review of Intensive Family Support Services and Family Placement Budgets (saving of £0.3m)** - there are currently 3 commissioned providers of family intervention service in the city whose services are split on a geographical basis. In addition there are currently 3 in house family intervention service teams, also split on a geographical basis. These services operate to an evidence based model providing intensive family support to families identified as vulnerable by Children’s Services Social Work, the Families First programme or clusters. Given the mixed economy of provision there is an opportunity to review how we provide the family intervention service across the City looking at both in-house and commissioned services.
- 3.8.7.12 **Public Law Outline (saving of £0.2m)** - The public law outline is a process designed as a last measure before issuing care proceedings. A formal process involving legal letters are sent to parents in order to encourage them to engage better with professionals to alleviate concerns. The proposed savings recognise that more effective preventative services and the investment in Family Group Conferencing should mean earlier resolution of concerns leading to reduce need for costly legal processes.
- 3.8.7.13 **Review of in-house residential provision (saving of £0.9m)** – this proposed saving reflects the success in reducing the demand for residential placements for older children and young people. The savings proposal reflects the review of residential provision includes releasing the £0.4m base budget for the opening a residential home and the shift from relatively large group homes to smaller homes that can potentially accommodate children and young people with more challenging needs and behaviours.
- 3.8.7.14 **Review of Gypsy, Roma Traveller Achievement Service (saving £0.1m)** – savings of £0.1m are proposed from a review of the team, its role and function and whether there are opportunities for efficiencies through more integrated working with other Directorates.
- 3.8.7.15 **Range of other savings and efficiencies (saving of £2.9m)** – these include a range of proposals across the Directorate including additional capitalisation/trading within the Built Environment Team (£0.2m), release of the £0.34m base budget provision relating to the reduction in the Education Services Grant, savings across the consolidated workforce development budgets (£0.25m), reviewing the Voice and Influence and Family Hub teams as well as a review of contracts and commissioned services across the

Directorate. In addition, the proposals include a range of other efficiencies and savings around staffing reductions, including the deletion of budgeted vacant posts.

## 4 Net Revenue Charge

4.1 The following table provides a summary of the net revenue charge for the service which brings together the net managed budget and those budgets managed outside the service.

	£000s
Net Managed Budget	128,069
Managed Outside Service	33,929
Net Cost of Service	161,998
Transfers to/from earmarked reserves	- 7,600
Net Revenue Charge	154,398

## 5 Risk Assessment

5.1 In determining the 2014/15 budget, consideration has been given to all the risks which are managed within the directorate's overall risk management framework. Within this framework, a register of those items considered to carry the highest risk and therefore requiring careful and regular monitoring has been prepared.

5.2 The key risks in the 2014/15 budget for this directorate are as follows;

- a) The number of children and young people in the city is increasing which places greater demand for services for children and families. In particular, the wider financial and economic climate can have a significant impact and requests for service/contacts have already increased by 8.2% in 2013 with a rise of 14% in the referrals for social care services. The combination of rising demand and reducing resources will place significant pressures across the system.
- b) In addition to the risks around demand and resources it should be highlighted that the statutory duties to safeguard and promote the welfare of children and young people mean that Children's Services are the only element of the Council that is the subject of an unannounced inspection regime. As a result of national concerns around child protection and safeguarding, Government has recently strengthened the inspection framework and increased its duration from two to four weeks.
- c) The implementation of the range of proposals within the Children and Families Bill will also present challenges in 2014/15 and beyond, specifically around Special Educational Needs (SEN) where the Bill will extend the SEN system from birth to 25 alongside the requirement by September 2014 that all new statutory assessments will result in an integrated Education, Health and Care Plan with extended rights and protections for young people in further education and training, in addition to offering families personal budgets.
- d) The budget proposals for 2014/15 include £26m of savings/efficiencies by March 2014. The need to deliver this significant programme of in-year savings at the same time as developing the transformational re-design proposals for 2015/16 onwards will require significant leadership and programme management capacity, at a directorate and corporate level.

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