

LEEDS CITY COUNCIL 2015/16 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 for the 2015/16 financial year.

2 Service Context

- 2.1 The Council has a statutory duty and responsibility to safeguard and promote the welfare of the 183,000 children and young people across Leeds. Leeds has set out a bold ambition to be the best city and the best council in the UK. We can only achieve this if we are the best city for children and young people to grow up in. This ambition is captured within our vision for Leeds as a 'Child Friendly City'. We are working to achieve this through our shared partnership strategy - the Leeds Children and Young People's Plan 2011-15 and the new plan for 2015-19 which is currently being developed and consulted on. Within this we have identified five outcomes: that children and young people can be safe, healthy, do well in learning, have fun growing up and have a voice and influence over the decisions affecting them, and crucially three obsessions: to safely and appropriately reduce the number of children looked after; to reduce the number of children and young people not in education, employment or training; and, to increase engagement in all phases of education.
- 2.2 A relentless focus on these obsessions galvanises the city around the difference that partners can make to contribute to Leeds becoming a child friendly city. Restorative Practice underpins our approach. We aim to work *with* children and families as opposed to doing things *for* them or *to* them, providing high support and high challenge, and empowering children and families to take responsibility for making positive and productive decisions about their lives and renegotiating a new 'social contract' between the various representatives of 'the state' and the citizens of Leeds based on 'high support and high challenge' practices.
- 2.3 Children's Services continues to face significant demand pressures including an increase of approximately 5,000 in the number of children and young people across the city since 2009 as well as a changing demographic mix. These changes have increased demand across all the services that we provide and commission and 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. However, despite this increase in demand and in contrast to much of the national picture, Leeds has successfully, and safely, stabilised and reduced the number of looked after children.
- 2.4 Childcare is provided across 33 different sites and the Council is the 7th largest provider of childcare in the country supporting early education and subsidised childcare in areas of disadvantage and deprivation to promote good educational outcomes for children and child care to support parents and carers into work. Our children's centre inspection outcomes continue to be above the national average and the service is a key element in the Child Friendly City plan to close the health equality and attainment gap.

- 2.5 Over recent financial years, the prioritisation of resources to support vulnerable children and families has seen huge improvement in our 3 strategic obsessions. The medium-term budget strategy is based on sustaining these improvements and continuing to support the over-arching strategy around protecting the service around child protection and safeguarding whilst at the same time continuing to invest in preventative and early intervention services. Our vision is to build a fully-integrated Children's Services Directorate that will offer a seamless multi-agency service to vulnerable children, young people and their families working at a locality level in partnership with schools, clusters and other partners.
- 2.6 By taking an innovative approach through the fundamental restructure and locality programme, we will look to;
- Enable more children and young people living safely and appropriately in their own family network.
 - Translate steady progress on improving outcomes for vulnerable children and families into step changes in outcomes resulting in 'whole system' transformation.
 - Reduce significantly demand and repeat demand for resource intensive services.
 - Transform the local social care system so that it is based on restorative principles and less reliant on statutory intervention.
 - Redefine the role and status of social work locally - use the skills and expertise of social workers to support early help interventions – improve the effectiveness of early help interventions thereby supporting retention within the profession.
 - Invest to save through systemic investment in restorative based early help and preventative work; reducing both the cost of the care system and the lifetime costs of social care cases to the wider system and the Leeds pound.
 - Embed significant culture change across partnerships to ensure the new ways of doing things become sustainable.
- 2.7 The intention is to transform the social care system by building on the Leeds restorative model. We will strengthen restorative frontline practice so that a "restorative offer" is a fundamental entitlement of anyone involved in or at risk of statutory intervention. We will work locally *with* families and communities to develop relationships and build capacity, rather than doing things *to* or *for* them. We will re-define the role of social work and use the skills and expertise of social workers to support early help interventions – improving their effectiveness and supporting retention within the profession. We will develop the range of evidence based services to provide intensive high support and high challenge through partnership working with our 25 multi-agency clusters of children's services across the city. The intention is to further develop our restorative based early help and prevention offer so we can continue to effectively identify and tackle issues at the earliest possible stage on a 'whole system' scale. These teams would support our strategy at a local level, securing the best solutions for those children, young people and families requiring additional help.
- 2.8 Our budget for 2015/16 is guided by our statutory duties to help ensure that children and young people are kept safe, receive good quality education, and that 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 whilst at the same time recognising the changing role of the local authority particularly with regards to education support and the changing relationship with schools.

- 2.9 The 2015/16 budget proposals are set in the context of the vision outlined above. In 2015/16 Children's Services face pressures of some £11.7m, including £1.8m of inflationary pressures and £6.2m of grant and funding changes, including a £2.4m reduction in the Education Support grant primarily as a result of a Government decision to cut the national grant by £200m.
- 2.10 In addition, there are demand pressures of approximately £1.4m primarily in respect of home to school transport and a further £1.5m of other recurrent budget pressures.
- 2.11 The budget also includes a proposal to invest a further £1m by March 2017 to support and enhance those services that work with children and young people who are at risk of child sexual exploitation and those who go missing. Recognising these significant financial challenges, the 2015/16 budget proposals include a range of savings and efficiency proposals of some £16.6m across the Directorate.
- 2.12 One of the biggest challenges facing the City and one that could impact on the City's 'growth strategy' is around the inequality gap. This is clearly apparent in respect of the life chances of those young people in our care or those on the edge of care. The budget for 2015/16 includes an additional £0.25m to establish '**The Leeds Guarantee**', where every vulnerable young person, starting with those leaving our care, will be guaranteed a supported opportunity for employment, training or further education. This support will significantly improve employment prospects of this most vulnerable group and will greatly enhance our ability to fulfil the ambition to be the first 'NEET Free City'.

3 Budget Proposals

- 3.1 This budget represents decrease of £5,220k (4.1%) when compared to the adjusted 2014/15 budget summarised in the table attached to this report:

3.2 Adjustments - £1,727k

- 3.2.1 The 2015/16 budget takes into account the transfer of the Performance and Intelligence functions to Central and Corporate as well as the transfer of the running cost budgets for the Adam's Court office accommodation.
- 3.2.2 Employer's Superannuation - following finalisation of the level of superannuation contributions required in 2014/15 to meet current employees' liabilities and an annual lump sum for past employees, the combined rate was reduced from 15% to 14.5%. This saving was transferred to general reserves in 2014/15 and an adjustment of £324k has been made in 2015/16 to reflect this permanent adjustment.

3.3 Changes in prices – pressure of £1,782k

- 3.3.1 Provision has been made for the impact of the nationally agreed pay awards for 2015/16. 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 – estimated saving of £0.39m.** The current nursery fee in a local authority run children's centre is £39 per day. This charge continues to be subsidised and compares favourably with other childcare providers across the city. The proposal in the 2015/16 budget is therefore to increase nursery fees by £2 per day, from £39 to £41 per day, which represents an increase of 5.1% increase. This increase will generate an additional £0.39m of income which is £0.1m above inflation.

3.4 Full year Effects – saving of £479k

- 3.4.1 The 2015/16 budget recognises the on-going financial implications from the changes to the home to school/college policies and procedures, resulting in a net pressure of £230k primarily due to the decision to defer the implementation of the policy changes to post-16 SEN resulting in a budget pressure of £1.25m in the coming year.
- 3.4.2 Changes to employee' terms and conditions will enable savings of £0.7m in 2015/16 specifically around changes to essential car users, changes to car mileage rates and ending pay protection arrangements.

3.5 Demand/Demography - pressure of £2,355k

- 3.5.1 There are continuing national concerns around child protection and safeguarding, including recent high profile cases around child sexual exploitation. The Children's Services budget includes additional investment of £1m by March 2017 to expand and enhance those services that work with children and young people who are at risk of child sexual exploitation and those who go missing.
- 3.5.2 Home to School/College Transport – the 2015/16 budget recognises demand pressures of £1.4m in respect of home to school/college transport, particularly around children and young people with special educational needs and disabilities.
- 3.5.3 The 2015/16 budget makes provision for additional demand in respect of Unaccompanied Asylum Seeking Children (additional £150k) and also increasing costs arising from Direct Payments and Personalised Budgets (£50k).

3.6 Grant Fallout - pressure of £6,188k

- 3.6.1 As mentioned above, the budget recognises the impact of the £2.4m further reduction in the Education Support Grant, primarily as a result of the £200m cut in the national grant level. In response, the ambition is to retain a 'Leeds Learning Improvement function' through the development and implementation of a business model that would generate an additional £1.7m of income through trading with schools and academies in Leeds and also with other local authorities.
- 3.6.2 The budget also recognises the changes in the Troubled Families Grant (Families First Leeds) funding (pressure of £750k), cessation of the Adoption Reform Grant (£650k pressure) as well as changes to the SEND Reform and SEND Implementation Grant (net pressure of £850k) in 2015/16. The move from allocation to take-up in respect of funding for vulnerable 2-year old early education/childcare will create a net pressure of £850k, in addition to the end of funding support for the development of multi-systemic therapy, and a £500k pressure from non-recurrent Social Fund income for section 17 payments.

3.7 Other Budget pressures - £1,820k

- 3.7.1 Other budget pressures recognised in the budget include £0.7m to fund recruitment and retention in front-line social work teams and slippage on the review of in-house residential provision. The budget also takes into account a £0.8m due to the slippage on the financial sustainability of the network of children's centres which was included in the 2014/15 base budget and £0.3m of other pressures across the Directorate.

3.8 Funded Service Growth

- 3.8.1 **Social Care Innovation Fund** - In February 2015, Children's Services secured £4.8 million of funding from the Department for Education's Innovation Programme. This funding will be used in 2015/16 to transform the whole children's social care system in the city, implementing a restorative, family-centred model that works with families to build the skills, support and resilience so that they can find their own solutions to the challenges they face. The funding will support a significant increase in Family Group Conferencing across the City and expand this service to families blighted by problems such as domestic violence or child protection proceedings.
- 3.8.2 In 2015/16 Government has increased the target for the number of eligible two year olds for which the Directorate has to commission early education/childcare up to 4,500 places, equivalent to around 40% of the two year olds in the City. As at December 2014, actual take-up of places was in the region of 2,520, with approximately 900 further places in development. Reflecting the statutory target for Leeds, the 2015/16 budget allows for both the take-up of the further 900 additional places in addition to the creation of a further 1,100 places by March 2016. Additional funding of around £1.9m, funded through the schools budget, has been built into the 2015/16 budget to support the expansion.

3.9 Service Changes

- 3.9.1 **Children's Services Directorate – Fundamental Restructure Programme (£1.4m saving in 2015/16)**. The budget challenges facing the Council in 2015/16 and 2016/17 will necessitate a fundamental re-design of services for children, young people and families if we are to continue to support the strategy which we have in place. The proposals to achieve this vision as detailed in paragraph 2.6 above will generate a saving of £1.4m in 2015/16.
- 3.9.3 **Early Intervention and Prevention (£3.08m saving)**. Taking a partnership approach, particularly with schools and health, the proposal is to build on the current locality and cluster model by devolving and delegating targeted support services to work in localities. A key principle underpinning this will be the development and implementation of multi-agency and multi-disciplinary teams based in localities, working in close partnership and co-located with schools and clusters of schools. This will enable efficiencies and savings by reducing management and administration, more targeting of resources and reduced duplication, and by changing the balance of funding across partners.

Children's Centres are an integral part of this programme and work is continuing to support the network of 57 children's centres across the city to be financially sustainable in the medium-term with savings of £1.6m built into the 2015/16 budget. Proposals include looking at management capacity and overheads, as well as opportunities around partnership working.

- 3.9.4 **Best Council Plan Objective – Building a Child Friendly City (£0.1m saving)**. In respect of Looked After Children, 2015/16 budget continues to reflect the success of our strategic obsession and 'Council Plan Priority' around safely and appropriately reducing the need for children to be in care with further proposed budget savings of £0.1m from further reducing the number of externally provided fostering and residential placements in addition to changing the mix of placement provision. Aligned to this programme, the budget recognises the need for additional investment to support Special Guardianship Orders, additional support for placements with extended families (kinship care) as well as further investment into in-house foster care. These budget savings recognise the forecast overspend of £5m across the looked after children budgets in the current (2014/15) financial

year and represent a significant challenge given the current economic climate and demographic/demand pressures.

3.9.5 Young People & Skills (£3.05m saving). The budget includes a number of proposals in respect of those services that support young people. These will include further savings on the Youth Offer as well as proposed reductions in respect of funding for Targeted Information Advice and Guidance which is currently commissioned under the banner 'Connexions Leeds' and which works with priority groups of young people around the NEET (not in employment, education or training) agenda. This level of budget reductions across the Young People and Skills services necessitates a fundamental change across the Council and partners in the city as to how we respond to young people at risk of becoming NEET.

3.9.6 Narrowing the Gap & Learning Improvement (£2.07m saving). The 2015/16 budget recognises the £2.4m reduction in the Education Services Grant through an ambition to retain a 'Leeds Learning Improvement function' through the development and implementation of a traded services business model that is anticipated will enable savings of £2.07m primarily through additional income via additional trading with schools, academies and other local authorities. In addition, savings are anticipated in respect of the Closing the Gap Team (£120k) and the wider Learning Improvement/Education Support functions (£250k).

3.10 Efficiencies and other funding sources £3,255k

3.10.1 The 2015/16 proposals also include £3.26m of savings from a range of efficiencies and funding measures including reducing the leadership and management capacity across the Directorate [£1.1m of savings by March 2017], releasing staff who have expressed an interest to leave via voluntary severance/retirement [£0.25m] and a range of efficiencies across the fostering & adoption, family placement, workforce development and integrated safeguarding teams.

3.10.2 In response to the demand pressures in respect of home to school/college transport, and recognising the benefits in terms of life skills and independence for the young people, the intention is to significantly expand the Independent Travel Training Initiative with efficiencies of £0.8m built in the 2015/16 budget.

3.10.3 The insurance team has negotiated a reduction in several insurance policies and these savings have been passed on to directorates. For Children's Services these savings amount to some £138k in 2015/16.

3.10.4 Continuing work around category and contract management is anticipated to achieve further savings of £277k from April 2015 with changes to Public Health commissioning enabling further savings of £500k.

3.10.5 In terms of staffing, the range of budget proposals for 2015/16 across the Directorate will result in a net reduction of around 136 [full-time equivalent] posts. Recognising the continuing financial challenges in the medium-term, and linked to the proposal to fundamentally restructure the Directorate, the intention is to reduce the overall workforce by around 10%, or approximately 250 posts by 2016/17.

4 Risk Assessment

- 4.1 In determining the 2015/16 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.
- 4.2 The key risks in the 2015/16 budget for this directorate are as follows;
- 4.2.1 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 increase requests for service/contacts specifically in the referrals for statutory social care services. The combination of continuing rising demand and reducing resources will place significant pressures across the system.
- 4.2.2 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. There are continuing national concerns around child protection and safeguarding, including recent cases around child sexual exploitation.
- 4.2.3 The implementation of the range of proposals within the Children and Families Act will also continue to present challenges in 2015/16 and beyond, specifically around Special Educational Needs (SEN) where the Act extended the SEN system from birth to 25 alongside the requirement 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.
- 4.2.4 The budget proposals for 2015/16 include £16.9m of further savings/efficiencies to be found by March 2016, on top of those already budgeted and achieved in 2014/15 and previous years. The need to deliver this significant programme of savings at the same time as developing the re-design proposals and trading ambitions will require leadership and programme management capacity, at a directorate, corporate and partnership level.

Briefing note prepared by: Neil Warren, Head of Finance (Children's Services)
Telephone: 07891 276865

CHILDREN'S SERVICES	£000s	FTEs
Net Managed Budget 2014/15	127,681	
Adjustments:		
Transfers of function	(400)	
Other Adjustments	(1,327)	
Adjusted Net Managed Budget 2014/15	125,954	
Budget Increases:		
Inflation		
Pay	981	
Price	2,509	
Income	(1,708)	
Full Year Effects of previous decisions		
Home to School/College Transport - Policy & Provision Changes	230	
Terms & Conditions - Essential Car User/Car Allowances/Parking	(477)	
Terms & Conditions - Pay Protection	(232)	
Grant and Funding Reductions/Changes		
Education Services Grant - impact of national cut in grant and provision for further conversions	2,418	
Adoption Reform Grant, SEND Reform & SEND Implementation	1,500	
Families First - Reduction in attachment fees/payment by results	750	
Other grant and funding pressures (Vulnerable 2-year capacity building, Multi-systemic therapy)	1,020	
Fallout of Social Fund Income re: Section 17 Payments	500	
Demand/Demography		
Additional investment to support the 'Leeds Guarantee'	250	
Investment into services to support Children at risk of Sexual Exploitation	500	
Home to School/College SEN - demand/demography	1,405	
Support for Unaccompanied Asylum Seeking Children	150	
Direct Payments	50	
Other		
Other pressures - (incl. Social Work, Residential Review)	1,005	
Children's Centres - slippage on 2014/15 budget action plans	815	
Total Budget Increases	11,666	73.7
Savings :		
Best Council Objectives		
Building a Child Friendly City	(100)	
Becoming an efficient and enterprising Council:		
Assets	(65)	
Business Improvement & Support Services Review	(841)	
Efficiencies & other funding sources		
Home to School/College Transport - Independent Travel Training	(830)	
Procurement & Contract Savings	(277)	
Insurance	(138)	
Reductions in Leadership & Management & Early Leaver Initiative	(944)	
Other Efficiencies (Fostering & Adoption, Family Placement, Integrated Safeguarding Unit, Workforce Development Team, etc)	(566)	
Public Health Commissioning	(500)	
Income		
Nursery Fees - increase by £2/day (5.1%) from £39/day to £41/day	(100)	
Music Support Service - Service to be fully-funded from April 2015	(70)	
Other income	(500)	
Service Changes		
Children's Services Directorate - Fundamental Restructure Programme to support the next phase of locality working.	(1,400)	
Young People & Skills - Implement a different approach to the provision of targeted support for young people (including Targeted Information Advice & Guidance and re-commissioning of the Youth Offer)	(3,050)	
Narrowing the Gap & Learning Improvement - Recognising the significant impact of the reduction in the Education Support Grant and other funding. Re-negotiating the role of the Local Authority and Learning Sector with an increased emphasis on trading and cost recovery.	(2,070)	
Early Intervention and Prevention - Re-model the partnership approach to early intervention and prevention built on the work already undertaken with clusters of schools and other partners. Includes the creation of multi-disciplinary/multi-agency teams working at a locality level.	(3,080)	
Review and re-configure Targeted Family Support Services.	(1,030)	
Review and re-provide 2 in-house Children's Homes.	(600)	
Other Service Changes & Other Savings	(725)	
Total Savings	(16,886)	(210.3)
Net Managed Budget 2015/16	120,734	(136.6)