

Introduction

This briefing note has been written to provide responses to a number of questions raised by Members of the Strategy and Resources Scrutiny Board at their meeting on 19th December 2016.

Whilst officers were able to provide responses to most questions asked by Members in the meeting, there were a few questions which required further information to be gathered and Members were informed that responses would be provided for their next meeting.

1 Commissioning Savings - Members requested information on savings in the 2016/17 budget, variations from this and savings formed part of the Initial Budget Proposals (IBP) 2017/18 report.

The table below summarises the budgeted commissioning savings from each Directorate in 2016/17, the variation against the 2016/17 budget and the proposals in the IBP 2017/18.

Directorate	Budget Saving 16/17 (£000)	16/17 Variation (£000)	Budget Saving 17/18 per IBP (£000)
Adult Social Care	(6,100)	1,306	(5,000)
Children's Services	(1,800)	200	(1,326)
Environment & Housing	(78)	35	(350)
Public Health	(3,010)	(143)	(2,880)
Total	(10,988)	1,398	(9,556)

More detail is provided on each Directorate in an appendix to this note.
(Noting a separate report on Commissioning is included on the agenda)

2 Children's Services DSG Overspend - Members asked whether the projected £5.2m overspend on the DSG budget could impact upon the Council.

The DSG is currently received in three blocks; the Schools Block, High Needs Block and Early Years Block. It is budget pressures within the High Needs Block that is the major cause of the deficit position and has arisen from an increase in demand for services funded by the High Needs Block and is a problem that is also being experienced by other local authorities.

The budget pressures currently within the High Needs Block include increased Funding for Inclusion top-up funding, an increase in directly funded places and

additional costs being incurred as a result of the new Social Emotional Mental Health Wellspring (SEMH) provision including set up costs and funding the deficit balances of the BESD SILC and PRUs that have closed.

Year-end under or over spends on the DSG can be rolled forward, subject to the approval of School Forum, to be funded or added to the following years DSG. In recent years the Dedicated Schools Grant (DSG) has been in surplus with the surplus rolled forward and decisions on how the surplus is spent approved by School Forum. The forecast deficit position for this year represents a significant change in the financial position for the DSG

The agenda of the next School Forum meeting on the 19th January will include a paper consulting on the options for bringing the High Needs Block spend back into line within the available funding and to reduce the deficit over time. It is also anticipated that some of the factors contributing to the current deficit position will be addressed once the new Social Emotional Mental Health provision is fully operational and further savings are realised in externally provided placements.

School Forum will be asked to agree to the deficit being carried forward into 2017/18 and in subsequent years until the deficit is eliminated. It ultimately could become a problem for the general fund if it is not dealt with and School Forum does not agree to the deficit being carried forward. The regulations on school funding are also changing with a new national funding formula being introduced from 2018/19, the implications for any surplus/deficit on the DSG are not clear yet.

3 Children's Services Budget - Members requested information relating to the number places provided for in the Children Looked After (CLA) budget

A total of £8.7m is included in the 2017/18 budget proposals to address the underlying budget issues that have contributed to the forecast overspend in Children's Services in 2016/17. The 2017/18 budget maintains the commitment to the Children's and Young People Plan but does also address the following key issues:

- a) Children Looked After –This is the most significant area of overspend in 2016/17 and it is proposed that the 2017/18 budget is increased by £3m. The CLA budget will be increased to £34m from £31m in 2016/17. The current projected overspend in 2016/17 is £4.9m. Numbers have reduced during 2016/17 but the budget in 2017/18 assumes that there will be a further reduction in 2017/18, with a change in the mix of the placements.

The budget strategy also includes significant additional investment from a new Innovations Bid, subject to final approval, which will enable the directorate to sustain and build on the progress that has already been made in the strategy and which should continue to see a reduction in CLA numbers. The CLA will remain a key risk for the authority and the position is closely monitored. The budgeted numbers and actual numbers in terms of CLA (in house and

externally placed) and the cost are shown below.

Placement Type	Budget 16/17	Budgeted Numbers 16/17	Numbers P7	Forecast P7	Budget 17/18	Numbers 17/18
	£000's	N ^o	N ^o	£000's	£000's	N ^o
Children Looked After						
In House Placed CLA						
Total for In House CLA	15,722	863	786	15,888	16,616	811
Externally Placed CLA						
Total for Externally Placed CLA	15,242	343	449	21,256	17,372	379
Total for Children Looked After	30,965	1,206	1,235	37,144	33,988	1,190
Budget			1,206	30,965		
Variance			29	6,179		
Offset by Additional Income				(1,300)		
Variance Reported P7				4,879		

b) Transport Costs – It is proposed that the 2017/18 budget is increased by £2.8m, the current projected overspend on transport is £2.7m.

c) The 2017/18 budget proposals also seek to address other budget pressures in 2016/17 including £1.6m to replace partner funding for Children Centres which was budgeted for but not received in 2016/17, £0.9m to fund net staffing pressures in 2016/17 and £0.1m for Leeds Pathways.

The proposals do also include saving proposals to partly offset these increases with the net increase in the Children's Services budget from the OE 2016/17 reported to Executive Board as part of the budget proposals in December being £5.8m.

4 Pension Costs - Members questioned whether the additional 0.5% provision to 15.15% at a cost of £1.4m for the employers' contribution to the West Yorkshire pension fund (WYPF) in the Initial Budget Proposals was sufficient.

At the time of the Board meeting the Council had not received notification of the contribution required. The £1.4m proposed represented a 0.5% increase in the employers' rate which was broadly in line with the 2016/17 budgeted increase.

Since the meeting, the WYPF actuary has indicated an employers' rate of 15.9% is required. This would represent an additional cost of around £2m (on top of the £1.4m) to the General Fund. Questions have been raised with the WYPF actuary regarding the scale of the increase and potential options to mitigate this pressure.

It is intended that the final budget proposals will reflect an agreed position with the WYPF actuary.

5 City Development – Members were concerned that the £100k proposed saving on the International Young Peoples Festival would appear to be at odds with 2023 European Capital of Culture bid.

The concern of the Board is noted and this will be considered as part of the budget consultation process that is currently underway.

Should any changes be made to this proposal, they will form part of the final budget proposals being presented to Executive Board in February for recommendation to full Council later that month.

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5th January 2017