

# MEDIUM TERM SERVICE & RESOURCE PLAN UPDATE

## CHILDREN'S SERVICES

2015-16

### Introduction

This is the third year of the period covered by the 2013-14 to 2015-16 medium term plans. The medium term plans were reflected in the budgets approved by Council in both February 2013 & 2014. The original plans can be found on the Council's web site with the agenda papers for the November 2012 PDS panels.

This 2015-16 update is a summary of key changes affecting the plan and does not restate the information contained in the original plan. This update provides important background information to the 2015-16 budget process, which will culminate in a report to the February 2015 meeting of Council. The 2015 February budget report will incorporate assumptions made as part of the three year planning process, together with new planned variations to reflect current circumstances, and approval for those variations. It will also set both the budget and the consequent level of Council Tax for 2015/16.

This document contains the following updates:

- Strategic Context – financial, legal, service and policy headlines
- Structural Changes – summary of the new management arrangements
- Progress Achieved – how the delivery of the 3 year plan is progressing
- Variations to the plan – proposed changes concentrating on 2015-16
- Capital Programme – proposed alterations to the capital programme
- Risks & Opportunities – key risks to delivery of the plan but also opportunities
- Equalities – summary of approach

### Strategic Context

The Corporate Plan and refreshed Council Vision remains the main policy context. These documents can be found at <http://www.bathnes.gov.uk/services/your-council-and-democracy/vision-and-values>

The three year financial challenge was summarised in 2013/14 and this has been updated to take account of subsequent Government funding announcements and policy changes. Over the three-year period of the Medium Term Service and Resource Plan from 2013/2014 to 2015/2016 we estimate at least £30M of savings or additional income will need to have been delivered.

As part of the Budget considerations for 2015/2016, there have been a number of key Government announcements which have an impact on the original plan three-year plan. The most significant of these was the Local Government Finance Settlement announced in Jan 2014 which set out the following provisional figures for 2015/16:

- A 13.5% reduction in the Council's funding assessments - this actually equates to reduction of 27% in Revenue Support Grant.

- A reduction of 20% in the Education Support Grant.
- Council Tax Freeze Grant equivalent to 1% of council tax for councils who freeze their council tax for the year.

The Government's changes to Health and Social Care funding arrangements in the form of the Better Care Fund also present challenges for the Budget. The plan supporting the local arrangements for this fund was originally approved in March 2014 but required revisiting following changes announced by the Government in May 2014. A revised plan which reduces the original level of funding allocated to support community health and social care costs was approved in September 2014 for consideration by the Department of Health.

In June 2014, the Care Act passed into law with major changes impacting on the provisions for Social Care. These changes are phased between 1 April 2015 and 1 April 2016 and cover a range of new requirements for Local Authorities from support to carers through to the capping of care costs met by self-funders. The financial implications are considerable and the Council will need to make appropriate provision for any costs not being met by the Government.

These changes, together with the existing savings to be identified and other variations, mean a further funding requirement of £9m for the Council is required to balance the 2015/16 Budget.

For 2015/16 the focus will be on the variations that are needed to the approved medium term plan to deliver a balanced Budget proposal for the Council in February 2015. The Variations section of this update (below) provides further details of the projected Budget Gap for 2015/16 together with proposals to address this.

The Cabinet's aim remains once again to achieve the original three year medium term plan (final year of) with minimal alterations, but at the same time to reflect public feedback together with local and national policy changes. The Council has a good level of reserves and can use these to smooth the effects of policy changes and additional financial challenges. The indication from Treasury figures is that an equally tough set of financial targets will need to be repeated in the next 4 year plan which starts in 2016, and of course at that time the difficulty in meeting the challenge will have increased as efficiency opportunities will be less.

In the case of Children's Services, some of the key policy context changes are

- Ongoing implementation of the Children & Families Act 2014 and the Care Act 2014, setting out wide-ranging changes including for social care and in respect of children with special educational needs and disability;
- Ongoing changes in the education landscape with a limited increase in the number of schools becoming academies and the creation of new entities such as Teaching Schools and Studio Schools;
- Publication of the Council's Health & Wellbeing Strategy and also the Joint Strategic Needs Assessment that supports it;
- Population changes creating localised pressures on primary school places;
- Changing statutory inspection frameworks

## **Progress Achieved**

The 2014/15 Children's Services budget, is currently overspending as a result of a range of pressures in children's social care services.

Delivery of the savings set out in the MTSRP for 2014/15 are on track, other than where variations to the delivery plan have already been agreed. These savings have included management and administrative staff cost reductions, changes to commissioned services, a reduction in our School Improvement and Achievement Service and the termination of our contract with Learning Partnership West for the Connexions Service – this service has been remodelled and now forms part of our internal Youth Connect Service.

## **Variations to the Plan**

The remaining year of the Approved medium term plan (2015/16) is attached at Appendix 1. This includes a more detailed commentary on progress towards delivery of the approved savings and additional income streams for the final year of the plan.

## **Risks & Opportunities**

The pressures being experienced in children's social care services, including placement costs, legal costs, staffing pressures and the impact of legislative change and judicial interpretation of recent policy changes present a real and ongoing financial challenge.

The main focus of delivery for savings targets in the plan is through a significant remodelling of early years and children's centre services both internally and through commissioned providers.

Management capacity was reduced by the restructure and is now stretched, so presents a risk to delivery of the plan. Good controls remain in place to ensure correct decision making and protection of assets.

## **Equalities**

Equalities impacts of key changes are considered as service plans are set and as part of any key management change. The main equalities impacts were assessed when the 3 year plan was set and as part of the consultation and decision-making process on remodelling of Early Years and Children's Centre Services.

## **Appendices**

1. Savings details – MTSRP final year progress summary 2015/16