

MEDIUM TERM SERVICE & RESOURCE PLAN UPDATE

CHILDREN'S SERVICE

2013-14 until 2015-16

Introduction

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

This 2014-15 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 2014-15 budget process, which will culminate in a report to the February 2014 meeting of Council. The February budget report will incorporate assumptions made as part of the three-year planning process, summarise planned variations to the anticipated budget for 2014/15, seek approval for those variations and set both the budget and the consequent level of Council Tax for that year.

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 2014-15
- 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 financial challenge was summarised last year. This equated to a 40% reduction in the Council's government grant funding over the period 2011/2012 to 2014/2015. At this time the challenging outlook for local government funding as set out in the Autumn Statement in December 2012 looked to continue well into the future and over the period of the Medium Term Service and Resource Plan from 2013/2014 to 2015/2016 we estimated at least £30M of savings would be required.

Since then there have been a series of Government announcements that have increased the challenge. The key announcements and effects are as follows:

- The Budget Statement delivered by the Chancellor on 20 March 2013 provided for an additional 1% cut in council funding assessments for 2014/2015. This actually equates to a further 2% reduction in grant (from 16% to 18%).

- The Spending Review 13 announced by the Chancellor on 26 June 2013 covers the 2014/2015 and 2015/2016 financial years and together with subsequent consultation documents, sets at least a 13.5% reduction in council funding assessments for 2015/2016. This actually equates to a 27% reduction in grant.

Other key funding changes set out in the Spending Review 13 include:-

- A requirement to pass 35% of New Homes Bonus funding to LEP's from 2015/2016 to support Single Local Growth Funds.
- A reduction of 20% in the Education Support Grant in 2015/2016.
- The confirmation of a Council Tax Freeze Grant for both 2014/2015 and 2015/2016 equivalent to 1% of council tax for councils who freeze their council tax in these years.

These changes, together with the existing savings to be identified, mean further savings of at least £7m for the Council need to be identified over the next two years. This assumes the savings in the existing approved medium term plans are delivered in full.

For 2014/15 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 2014. The Variations section of this update (below) provides further details of the projected Budget Gap for 2014/2015 together with the specific proposals being considered to address this.

The Cabinet's aim remains to achieve the medium term plan 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 3 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 the Children's Service the key policy context changes are

- Changes to the role of the Local Authority in Education – with a number of schools becoming more autonomous academies, the development of Teaching Schools and a Studio School, changes to school funding regimes and some responsibilities shifting from the Authority to schools. However, the demands placed upon the Children's Service in its Education role remain significant including increasing pressure from Ofsted that the Local Authority challenges Academies in relation to pupil progression and achievement, attendance and exclusion;
- Major legislative changes. Firstly in relation to children with Special Educational Needs and Disabilities. This will require the provision of integrated single plans for children with such needs, the implementation of Personal Budgets and extensive changes to the design and operation of support services across Health, Social Care and Education/Schools. Secondly in relation to the operation of Family Justice for children where the Local Authority issues or considers the issuing of Care Proceedings. The aims of the reform are to speed up the work of the Family Courts so that proceedings are completed within 26 weeks. This has significant practice and workload implications for our Social Care function as there is a requirement to

have robust contingency plans for all children so that if their family situation does not improve then the service is in position to move to Care Proceedings if this is deemed best. Thirdly in relation adoption and children in care, the emphasis aligns with the Family Justice reform programme with a view to placing children and young people with prospective adoptive families as soon as feasible. Again this has major implications for the design and operation of our Fostering and Adoption services and there is a clear requirement from central Government that Local Authorities should collaborate to ensure that children are either adopted or moved into another form of permanence as soon as possible;

- Changes in Ofsted and other relevant inspection regimes, it is acknowledged that the new inspection framework which came into operation on 1 November has “raised the bar” in relation to Local Authority performance and it is clear that the Government intends to use this framework to drive up standards and performance whilst financial resources are constrained ;
- Publication of the Council’s new Health & Wellbeing Strategy and also the new Joint Strategic Needs Assessment that supports it;

Structural Changes

The Service was restructured with effect from 1 April 2013 as part of the wider People & Communities Department. Further changes in structure and roles driven by policy or financial changes will see the structure continuing to evolve.

Some of the key changes linked to this are:

- Key efficiency savings including achievement of £200K management savings;
- Reductions in some commissioned services;
- Development of in internal commissioner/provider discipline, enabling more integrated approaches to commissioning services across children’s, adults’, public health and health services through our Joint Working Framework;
- Ongoing work to help internal provider services to become more ‘business-like’;
- Exploring opportunities for shared service approaches to school improvement with North Somerset

Progress Achieved

The Service is on track to deliver the savings required in 2013/14.

The remaining two years of the medium term plan are attached at Appendix 1 and this has been updated to include a commentary on progress towards delivery of the approved savings and additional income streams.

With the exception of the specific variations identified below, full delivery of the medium term plan is anticipated and any further changes considered by the Council would require the identification of further additional savings to balance the Budget.

Variations to the Plan

The variations to the medium term plan approved by the Council in Feb 2013 have arisen for a number of reasons including:-

- The implications of the 2013 Budget Statement and Spending Review
- Unidentified savings in the approved medium term plan
- Areas where savings or additional income are now unlikely to be delivered
- Revenue impact of additional capital schemes

In order to present proposals for a balanced budget in 2014/2015, the Cabinet have examined a range of options to generate the additional savings or income, required to address the arising Budget gap. Where possible the Cabinet has sought to avoid further frontline service reductions and focus on efficiency, innovation, demand changes and trend analysis to meet this challenge.

Full details of the variations are set out at Appendix 2

Capital Programme

A draft summary of proposed variations to the capital programme is attached at Appendix 3. This will be put forward for approval as part of the February budget report.

The additional capital projects highlighted reflect the known requirements for basic need increases in schools and are supported by grant from DFE under basic need allocations. Further school expansion programmes will be required in the coming 3-4 years as population growth through building development increases the school aged population. The actual requirement will depend on the speed of building developments and the allocation of additional grants and S106 receipts.

Risks & Opportunities

There are significant targets for service redesign and reduction in the plan as well as legislative and other changes to deliver. Delivering them requires considerable management capacity although to date progress has been excellent.

The most substantial area of redesign included in the future financial plans is for Early Years and Children's Centre Services. Work has been undertaken by the Early Years, Children and Youth Policy Development & Scrutiny Committee to review potential options and models for future service delivery and recommendations from that review are being presented to Cabinet in November 2013.

The DFE are intending to introduce a National Funding Formula (NFF) which will alter the funding allocations of all schools on a national basis. The results of the new funding formula may provide additional or reduced resources to schools and academies in Bath and North East Somerset. The introduction of the NFF will be consulted on by the DFE in January 2014 and early indications suggest that the results of any funding changes may be positive for schools in Bath and North East Somerset. However, it is likely that whilst there may be an overall gain from a redistribution towards Bath and North East Somerset as a whole there may be individual schools that see a reduction.

The speed of change to the new formula will be carefully handled by the DFE and the Minimum Funding Guarantee (MFG) will protect schools that see a reduced funding allocation and therefore slow down the speed of any gain to those that are expected to benefit.

The Local Authority will need to support schools through what will be a significant change and it may be necessary to financially support schools who need to restructure as a result of this impact

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 for Children's Services were assessed when the 3 year plan was set.