

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 6/07/2020

Subject: Early Help, Children's Centre and Youth Services Budget Spend Increase

Report of: Councillor Larry Culhane, Cabinet Member for Children's and Education

Responsible Director: Jacqui McShannon, Children's Services Director

Summary

This report seeks approval for additional budget of up to £750,000 to support spend for Children's Services early help, children's centre and youth services budget for financial year 2020/21.

The spend on these services currently exceeds the approved budget. The additional budget being requested will enable officers to award contract extensions to secure services for our children and their families until March 2021 whilst delivering in year savings to minimise the overspend.

Officers will design and commission a new Early Help offer redesigned as part of the Council's ambitious strategy to secure the best outcomes for our children and young people, maximising opportunities from innovative provision, digital developments and cross council collaborations to deliver the best provision within budget from April 2021.

Recommendations

1. That appendices 1, 2, and 3 are exempt from disclosure on the ground they contain information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
2. That Cabinet approve additional time limited funds of up to £750,000 from the Council's general fund reserves to ensure the continued provision of early help, children's centre and youth services.
3. That Cabinet delegates authority to the Director of Children's Services in consultation with the Cabinet Member for Children's Services to approve a new commissioning strategy for the delivery of Early Help, Children's Centres and Youth provision within budget for 2021/22.

4. That Cabinet note the reasons for the current overspend and the requirement to redesign and recommission all contracts and provision relating to early help, children's centres and youth provision to mitigate future overspend so that no additional investment is required from 2021/22 onwards.

Wards Affected: (All)

H&F Priorities

| Our Priorities | Summary of how this report aligns to the H&F Priorities |
|--|---|
| Building shared prosperity | Working with and funding our Voluntary Community Sector to deliver proactive services for better outcomes for our residents. |
| Creating a compassionate council | Ensuring universal services including youth clubs and children's centres are available and accessible for all our residents. |
| Doing things with local residents, not to them | Much of the funding outlined in this report funds local activities ran by local residents for our most vulnerable families. |
| Being ruthlessly financially efficient | Ensuring our early help and youth services spend are within the approved budget and prevented continued overspend adding pressure to the council. |
| Taking pride in H&F | Being proud of our investment in the community and improving the outcomes of our young people and their families. |

Financial Impact

The contracts detailed in Exempt Appendix 3 are funded from the existing Children's Services general fund budgets with contributions from Public Health Grant and Dedicated Schools Grant. The budget area supports Early Help, Children's Centres and Youth Provision within the following:

- Family Support Local Authority Trading Company (LATC)
- Family Support Framework contracts – including those by direct award
- NEET System and Tracking.

The total available general fund expenditure budget for these services is £4.098m per annum. Expenditure in 2020/21 and 2021/22 at 2019/20 levels is expected to be £5.73m per annum before any mitigating actions. This equates to an overspend of £1.63m per annum resulting from non-delivery of planned savings in these areas. An overall saving of 28.4% in expenditure (or equivalent additional income sourced) would be required versus 2019/20 expenditure to balance the budget in 2020/21 and 2021/22.

Options for partial delivery of outstanding savings and pressures mitigation in 2020/21 against the broad spectrum of commissioned activity are expected for decision early in the current financial year following negotiation with service providers. This activity would target an initial minimum saving of £0.88m per annum in 2020/21 equating to circa 15.4% reduction versus historic spend across these activities.

The re-procurement strategy for services from April 2021 will seek to ensure the future offer remains within available resources.

Should this not be successful the Council will need to consider rebasing the budget in future years' medium-term financial strategy. However, current modelling of the medium-term financial planning indicates the expectation of a significant budget gap which will present significant restrictions on the Council's ability to invest in budget growth.

In addition to the General Fund funding, significant funding contributions are in place to support the activities within this budget area. Table 1 below summarises the contributions and highlights a level of uncertainty and risk over future funding levels.

Table 1 – Funding Sources for Early Help, Early Years and Youth Commissioned Service

| Source of Funding | Funding Amount £m | Purpose of Funding Allocated | Comments on funding |
|-------------------------------------|------------------------------|--|---|
| Public Health Grant | 1.062 | Commissioned Early Help, Children's Centres and Youth Services to deliver public health outcomes | The future of ringfenced Public Health Grant is uncertain. |
| Early Years Dedicated Schools Grant | 0.424 | Early Years advice and support. Children's Centre support for Early Years. | Funding levels and conditions of grant notified annually by the Department for Education. Council central expenditure currently limited to 5% of total grant. Budgets allocations agreed annually at Schools Forum. |
| Troubled Families Programme | 0.135 | Outcomes related to the 6 national 'troubled families' criteria. | Funding is subject to ongoing Troubled Families programme and sufficient income generated to fund the programme of works. This is yet to be confirmed for 2020/21 and 2021/22. |

| | | | |
|------------------------------|--------------|--|---|
| General Fund Budget | 2.477 | Early Help, Children's Centres and Youth Services. | General Fund budget across the portfolio of services. General fund budgets are under significant pressure over the medium term. |
| Total funding/ Budget | 4.098 | | |

The financial impact of individual contract awards will be set out in subsequent relevant decision reports with reference to the progress to the budget position across the portfolio of services.

The additional £0.75m of funding in 2020/21 will be a charge against the corporate demands and pressures reserve. Reserves can only be spent once and the reserves forecast to 2023/24, presented as part of the 2020/21 Council Tax report to Budget Council, noted a tightening in the Council's finances that will need careful management and review. Since that date the financial consequences of the Covid-19 pandemic, unless the government fully funds the Council for the additional expenditure incurred and income lost income, will significantly further impact on the Council's future financial resilience.

Legal Implications

This report requests an additional budget, there are no particular legal implications arising from the additional budget being identified. Any contractual legal implications will be considered when the spend is to be awarded.

Implications verified by: Jade Monroe, Chief Solicitor, telephone 020 8753 2695

Contact Officer(s):

Name: Lesley Bell
Position: Strategic Lead, Children's Services
Telephone: 07917722424
Email: lesley.bell@lbhf.gov.uk

Name: Sarah Bright
Position: Assistant Director Children's Commissioning
Telephone: 07768251218
Email: sarah.bright@lbhf.gov.uk

Name: Tony Burton
Position: Head of Finance
Telephone: 07909 004710
Email: tony.burton@lbhf.gov.uk
Verified by Emily Hill, Director of Finance

Background Papers Used in Preparing This Report

Integrated Family Support Business Case, Cabinet Report, October 2016.

Approval to Award Youth Service Contracts to Enable Development and Mobilisation of Phase 1 of the Integrated Family Support Service, Cabinet Member Decision, April 2017.

Family Support Service Framework, Leader's Urgency Decision, January 2018.

DETAILED ANALYSIS

1. All the services provided by Family Support Services (FSS) and the FS framework are funded from the same budget. In 2019/20 spend attached to this budget exceeded the approved budget. More details on this can be found in the exempt appendix.
2. The additional budget requested within this report will be used to extend contracts to secure and review the following provision:
 - Contracts on the Family Support Framework including youth clubs and children's centres subject to approved Cabinet Member Decision (until March 2021).
 - Funding for Family Support Local Authority Trading Company (LATC) to provide early help case work support and children's centre provision.
 - Fund property costs associated with the running of children's centres.
3. In 2015 Cabinet approved the establishment of an integrated Family Support Service (FSS). It was intended that this vehicle would incorporate into a single unit the early help, children's centre and youth provision as part of an ambitious and innovative offer of Early Help improving outcomes for children and young people.
4. The Family Support framework incorporating contracts for children's centres and youth contracts commenced in April 2018 with the intention of the contracts on the framework novating across to FSS LATC. The amalgamation of these services would have provided opportunity to realise the savings reflected in the revised budget. The novation of these contracts did not happen resulting in legacy service provision and an overspend which places an ongoing pressure on the council's general fund.
5. In order to minimise the overspend, officers have been reviewing the legacy contracts and identified opportunities to improve the offer to achieve better outcomes. In responding to Covid-19 some of our providers have already taken the initiative to reorganise, refocus and adapt their offer to better meet need at this time. This provides an opportunity to reshape and as best as possible work within our financial envelope this year. It is therefore proposed that officers continue to work with and negotiate the remaining savings required across the range of contracted provision as part of our Covid-19 response. The approval of additional funding will enable officers secure the re-negotiated provision whilst delivering some of the savings originally agreed in original business plan as part

of the 2020/21 extension agreement. Extensions will be awarded once savings have been agreed with providers and approval for the additional spend granted.

6. COVID-19 has demonstrated that we can deliver services very differently, meeting the needs of children and their families more effectively than ever. The Council is able to be more responsive and agile, increasing engagement, accessibility and community involvement by providing a range of services on demand. We anticipate that services will need to continue to be delivered in a very different way as we evolve within the context of Covid-19 recovery presenting the opportunity to design an offer responding to changing need with a continual focus of improving the outcomes for our young people.
7. The remainder of this year will be used to re-design and re-commission an exciting and improved Early Help offer, bringing provision back within the approved budget from April 2021/22. Our new commissioning strategy will have targeted outcomes focused on our youth ambitions strategy, reducing our number of looked after children, building an effective team around the school and ensuring digital inclusion. We will continue to explore and trial new ways of working, maximising on and coordinating the exciting opportunities being developed across the borough.

Proposals and Analysis of Options

Option 1: Approve additional funding being requested from the general fund reserves for 2020/21

8. This will ensure continued levels of provision whilst work is undertaken to redesign and re-procure our Early Help, Children's Centre and Youth offer. We will use the time to explore new opportunities and avenues for funding as well as working with providers in light of new social requirements and 'norms' as a result of COVID-19. This will result in changes to provision to enable reduction in spend. The proposed changes are outlined in the exempt appendix 3.
This is the recommended option.

Option 2: Do not approve additional funding for the Early Help and Youth budget

9. This would require reducing spend immediately through a combination of decommissioning and reduction in services on a combination of both the Family Support Framework and Family Support Services (FSS) LATC. The impact of this could include reduction in the number of youth clubs and children's centres. This is not the recommended option.

Reasons for Decision

10. As outlined above in the *Detailed Analysis*, Option 1 would enable officers to proceed with the work required to ensure delivery of early help, children's centre and youth support to our residents in this new environment whilst reducing current levels of spend to bring provision back within approved budget.

Equality Implications

1. There are no anticipated negative implications for groups with protected characteristics, under the Equality Act 2010, associated with these proposals.
2. The approval of the recommended option will ensure vulnerable children and young people are continued to be supported during the COVIDS-19 crisis whilst a new approach is developed.

Implications completed by: Fawad Bhatti, Policy & Strategy Officer, Public Services Reform, tel. 07500 103617.

Risk Management Implications

There will be increased financial pressures to local government as a result of the Covid-19 outbreak and attending to the local response through transition and towards recovery. A risk to the Council is that all costs associated with the response may not be fully covered and therefore new cost pressures will emerge. Whilst services have delivered savings and efficiencies these are likely to remain as targets for the foreseeable future. Whilst these cost pressures are referred to in the report, paragraph 14, the Council also has an opportunity to redesign some services following the Covid-19 outbreak and utilise more on-line access to digital based service provision. As outlined, the impact of savings will be minimised as much as possible so that residents continue to enjoy the best quality of service delivery.

Implications verified by: Michael Sloniowski, Risk Manager, telephone 020 8753 2587

List of Appendices

Exempt Appendix 1 – Commissioned framework children's centre and youth framework contracts summary (Family Support Framework)

Exempt Appendix 2 - Asset spend 2019/20

Exempt Appendix 3 – Proposed plan to reduce spend 2020/21