

London Borough of Hammersmith & Fulham

Report to: Children and Education Policy and Accountability Committee

Date: 31/01/2022

Subject: 2022 Medium Term Financial Strategy (MTFS)

Report author: Head of Strategic Planning and Monitoring – Andrew Lord
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SUMMARY

Cabinet will present their revenue budget and council tax proposals to Budget Council on 24 February 2022. A balanced budget will be set in accordance with the Local Government Finance Act 1992.

In recognition of the significant increases in the cost of living of residents due to inflation and Government tax increases, the administration proposes to freeze council tax and not to apply the government modelled 1% adult social care precept increase. Despite this freeze, council savings and other areas of income are used to fund £7.4m in increased investment in services, including over £5m in adult social care and public health.

This report sets out the budget proposals for the services covered by this Policy and Accountability Committee (PAC). An update is also provided on any proposed changes in fees and charges in the budget.

RECOMMENDATIONS

1. That the Policy and Accountability Committee (PAC) considers the budget proposals and makes recommendations to Cabinet as appropriate.
 2. That the PAC considers the proposed changes to fees and charges and makes recommendations as appropriate.
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Wards Affected: All

Our values	Summary of how this report aligns to the
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	H&F values
Being ruthlessly financially efficient	We need to always confirm that spend fits our Council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts.

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Background Papers Used in Preparing This Report

None

PROPOSALS AND DETAILED ANALYSIS

The budget requirement and gap

1. The gross General Fund budget¹ rolled forward from 2021/22 to 2022/23 is £533.5m of which a **net budget requirement of £160.4m** is funded from council resources (such as council tax and business rates) and general government grant.

Table 1 – Budget rolled forward from 2021/22

2021/22 budgeted expenditure	£m
Housing benefit payments	98.0
Social care and public health	112.0
Children's services (excludes schools delegated budgets)	113.0
Economy	48.0
Environment (includes parking)	110.0
Corporate (Finance, Resources and Council wide)	52.5
Gross budgeted expenditure	533.5
Less:	
Specific government grants (including housing benefits and dedicated schools grant)	(242.0)
Fees and charges	(67.0)
Contributions (e.g. health, other boroughs)	(47.0)
Other income (e.g. investment interest, rentals and recharges)	(17.1)
Budget requirement rolled forward to 2022/23	160.4

2. The budget proposals for 2022/23, and forecast to 2025/26, are summarised in Table 2. A balanced budget is projected for 2022/23 with a contribution to reserves and balances of £2.1m. A council tax freeze is modelled, and the Council will step in to fund significant social care growth rather than applying the Government's modelled increase in the adult social care precept.

Table 2 – Budget summary

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Base budget rolled forward	160.4	160.4	160.4	160.4
Provision for inflation	10.0	16.0	22.0	28.0
Investment	4.8	10.8	16.8	22.8
Covid-19 impact	2.7			
Net cost of borrowing	0.4	1.7	2.1	2.1
Savings and additional income	(4.9)	(5.3)	(5.3)	(5.4)
One-off Covid contingency	1.5			

¹ Figures exclude capital charges and internal service level agreements. These have a net nil impact on the budget.

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Increase in the unallocated contingency	0.5	0.5	0.5	0.5
Covid-19 impact on concessionary fares	(2.3)			
Recognition of current income projection	(3.4)	(3.4)	(3.4)	(3.4)
Contribution to reserves and balances	2.1			
Budgeted expenditure	171.8	180.7	192.9	204.8
Government resources	(44.45)	(40.9)	(40.9)	(40.9)
Business rates (net of tariff)	(57.2)	(59.3)	(60.7)	(61.9)
Council tax	(68.45)	(69.1)	(69.7)	(70.3)
Use of developer contributions for law enforcement team and gangs unit	(1.7)	(1.7)	(1.7)	(1.7)
Budgeted resources	(171.8)	(171.0)	(173.0)	(174.8)
Budget gap	0	9.7	20.1	30.2

Budget assumptions

3. Supply constraints, driven by Covid-19 and Brexit, have led to higher prices and pressure on wages. The Consumer Price Index has reached 5.1% in the 12 months to November 2021 and the government² forecast that it will still be 4.4% in the second quarter of 2022. The pressure on wages is compounded by the Government's introduction of the health and social care levy which will increase employer national insurance costs by 1.25%. This will impact on both Hammersmith & Fulham staff costs and suppliers. The 2022/23 budget includes a **£10m provision for inflation**. This allows for:

- contract inflation of £3.15m.
- catch up inflation of £1.75m regarding 2021/22 pay - a wage freeze was assumed in the 2021/22 budget but the latest national pay offer is for a 1.75% increase.
- £1.25m regarding the 1.25% increase in employer national insurance contributions (the health and social care levy).
- £2.35m provision for a 2022/23 pay award (this equates to a 2.3% pay award).
- A retained contingency of £1.5m as mitigation against additional inflationary risk.

Beyond 2022/23 headroom of £6m per annum is modelled for future inflation.

4. For **fees and charges**, levied by the Council, the inflation assumption is:
- Frozen for Adult Social Care, Children's Services and Housing.

² Autumn 2021 budget statement.

- Commercial services that are charged on a for-profit basis, will be reviewed on an ongoing basis in response to market conditions and varied up and down as appropriate, with proper authorisations according to the Council Constitution.
 - Parking charges and fines are set in line with transport policy objectives and not considered as part of the budget process.
 - A standard uplift of 3.8% to be applied, based on the July 2021 Retail Price Index, for other non-commercial and non-parking fees.
- There are no exceptions to these assumptions for this Committee.

5. Allowance is made within the budget for an increase in the **net cost of borrowing** in line with the 2022/23 capital programme commitments. Whilst the current low interest rate environment enables Hammersmith & Fulham to borrow at low rates it also means that minimal returns are earned on the Council's cash balances.
6. The Council has determined that a key priority area for the investment of available **developer contributions**, with general purposes, is to support the Law Enforcement Team and Gangs Unit. An on-going investment of £1.7m per annum is included within the financial forecast and this can be met from receipts currently in hand.
7. **General government grant funding** of £44.45m is forecast for 2022/23. This is an increase of £6.2m from 2021/22. £1.8m of the grant increase is not new money but compensation for the government decision not to increase business rates in 2022/23. The extra grant is also meant to recompense local authorities for the extra costs that will arise from the Government's 1.25% increase in employer national insurance contributions (estimated at £1.25m for H&F staff costs). Historically, government funding has reduced by £58m from 2010/11 to 2022/23. The 2022/23 grant funding includes an extra £2.7m for social care support. This has part funded the new investment in children's and adult social care of £5.6m and contributed toward inflationary pressures.
8. No grant allocations are confirmed beyond 2022/23 following the government decision to announce a single year local government finance settlement (LGFS). The lack of future certainty continues to undermine effective medium-term financial planning and the risk of future funding reform and levelling up remains with the government making clear that the new 2022/23 'services grant' of £4.234m will be potentially subject to significant redistribution in 2023/24. The government have stressed that authorities should not assume that 2022/23 funding allocations will be fully protected in 2023/24.
9. As part of the LGFS, the government calculated that Hammersmith & Fulham spending power will increase by 6.3% in 2022/23. This is below the London average increase (6.7%) and national average increase (6.9%). The government spending power calculation assumes that authorities will increase council tax (including the adult social care precept) by 3%, which the Council is proposing to freeze, and that business rates collection is not adversely impacted by rating appeals or lower collection rates experienced during the Covid-19 pandemic. Should Budget Council confirm a council tax freeze the Hammersmith & Fulham calculation is that spending power will increase by 2.1%.

Council Tax and Business Rates

10. A freeze in the Hammersmith & Fulham element of **council tax** is proposed for 2022/23. This is proposed by the administration in recognition of the significant increases in costs faced by residents due to inflation and Government tax increases. This includes not levying a 1% 'adult social care precept' increase or increasing council tax by 2% as assumed by central government in their spending power calculations. A tax freeze will provide a balanced budget whilst not increasing the burden on local taxpayers. The council tax freeze has been delivered despite the upturn in inflation with the November 2021 Consumer Price Index standing at 5.1% causing significant pressure on Council costs.
11. Due to the anticipated impact of Covid-19 the budgeted council tax collection rate reduced from 97.5% in 2020/21 to 97% in 2021/22. A 97% collection rate continues to be modelled for 2022/23. For years beyond 2022/23 a tax freeze is modelled with the tax base increasing in line with trend data for increases in dwelling numbers. As set out below, only 52% of households are liable for 100% council tax, with the remainder receiving discounts or council tax support from the council.

Table 4: Liability for council tax

Total dwellings in the borough	92,148
Reductions:	
Exemptions (mainly students, includes care leavers)	(3,780)
Council tax support claimants (elderly & working age on low income)	(10,819)
Single person discount (25% discount)	(30,060)
Dwellings liable for 100% of council tax	47,489

12. As part of the Autumn 2021 Budget, the Chancellor of the Exchequer announced that a new temporary 50% **business rates** relief will apply for eligible retail, hospitality and leisure properties for 2022/23. In addition, a new 100% improvement relief will be available where eligible improvements increase rateable value. There will also be a business rates freeze in 2022/23 (no increase in line with the multiplier). Local authorities will be compensated by the government for the resultant loss of income from these measures.
13. The detail of the business rates changes has yet to be confirmed. For financial planning purposes the budget assumes that Hammersmith & Fulham will receive the minimum amount guaranteed, the safety net threshold, by government. This is £57.2m for 2022/23. The safety net threshold is £4.6m less than that assumed by the government in their spending power calculation. For years beyond 2022/23 a 2% inflationary increase to the safety net is modelled.

Investment, savings and risks

- Investment in services (increasing the available budget) and savings proposals (reducing the available budget) for the services covered by this PAC are set out in Appendix 1 with budget risks set out in Appendix 2.

Investment

- Investment is required to fund expenditure on priority areas and/ or to meet the costs associated with demographic or demand led pressures. Growth is also required to fund the new additional costs arising from government reform (such as the impact on suppliers of the increase in employer national insurance contributions). Investment in services is summarised by department in Table 4 and by category in Table 5. Beyond 2022/23 headroom of £6m per annum is modelled to fund new investment.

Table 5: 2022/23 investment proposals

Department	£m
Children's Services	0.534
Social Care and Public Health	5.031
Economy	0.650
Environment	0.878
Corporate (Finance, Resources and Council wide)	0.341
Total	7.434

Table 6: Categorisation of investment proposals

Investment categories	£m
Increase in demand / demographic growth	2.311
Resident priority	0.690
Budget pressure	0.655
New burden / government pressure	1.137
Impact of Covid-19 / economic downturn	2.641
Total	7.434

Savings and Income Generation

- After ten years of austerity it is increasingly difficult to identify and deliver substantive savings. However, further savings are necessary if the financial challenge of real terms government funding cuts, unfunded burdens, inflation, and demand and growth pressures is to be met and the Council has to consider all available options to operate within the funding available to it.
- The proposed savings (including additional income) for 2022/23 are set out in Table 7. London Councils have also indicated that a further short-term saving of £2.3m for 2022/23 will arise from the reduced cost of the concessionary fares

scheme (freedom pass). This is due to lower usage of the pass during lockdown and more broadly in response to the Covid-19 pandemic. As a short-term saving the majority of this sum will be added to reserves and general balances in line with the Council's reserves strategy.

Table 7: 2022/23 firm savings and additional income

Department	£m
Children's Services	(0.533)
Social Care and reinvestment in Public Health	(1.670)
Economy	(0.235)
Environment	(1.184)
Corporate (Finance, Resources and Council wide)	(1.229)
Total savings	(4.851)

18. The saving proposals are categorised by type in Table 8.

Table 8: Categorisation of 2022/23 savings

Savings categories	£m
Commercialisation / income	(0.650)
Outside investment	(0.035)
Procurement / commissioning	(1.828)
Service reconfiguration	(0.892)
Staffing / productivity	(1.446)
Total savings	(4.851)

Risk and financial resilience

19. An updated reserves strategy and action plan will be included within the suite of finance reports presented to Budget Council.
20. The current reserves forecast is set out in Table 9 and models a fall in overall general fund reserves and balances to £97.0m by 2025/26. This assumes a balanced budget is set each year with no further call on reserves. Allowance is made for the forecast (month 6) 2021/22 underspend of £4.7m and a budgeted 2022/23 contribution of £2.1m.

Table 9 – Reserves and general balances - cash flow forecast to 2025/26

	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m
Opening balance					
General balances	19.3				
Earmarked reserves – unrestricted	63.7				
Covid-19 related	51.4				
Earmarked reserves – restricted	10.4				
Subtotal	144.8	93.1	85.0	84.4	97.0

Forecast movement	(56.4)	(10.2)	(0.6)	12.6	
Forecast 2021/22 underspend	4.7	0	0	0	
2022/23 new contribution	0	2.1	0	0	
Closing balance	93.1	85.0	84.4	97.0	
Revenue developer contributions	46.0	Subject to separate monitoring and approval			

21. The Covid-19 pandemic has emphasised that councils need an adequate safety net to manage increased levels of financial risk. The experience of several councils, including Croydon and Bexley in London, has shown the difficulties that can arise when reserves are not maintained at a sufficient level. The Council's reserve forecast includes a general balance of £20.4m which represents 3.8% (equivalent to 14 days spend) of the Council's gross spend of £533.5m. As part of the 2022/23 budget, consideration will be given to increasing the general balance by £0.6m to £21m. The Director of Finance has recommended that the optimal range for the general balance is between £19m and £25m.
22. The key financial risks that face the Council have been identified and quantified and total £14.1m. Other substantive risks include:
- The Covid-19 recovery and addressing pent-up demand
 - An upturn in inflation post Brexit and Covid-19
 - The future impact on London of the government's 'levelling-up' agenda and wider local government finance reform (such as business rates)
 - The impact of the wider economy on major Council development projects and future contributions from developers
 - The impact of, and costs of tackling, climate change
 - The challenge of identifying further significant future savings that balance the budget over the longer-term.

Departmental risks for the services covered by this PAC are set out in Appendix 2.

23. Reserves are also a key enabler for future service transformation. The financial challenge facing the Council will require investment to deliver future efficiencies to enable the Council to balance the budget in future years.

Comments of the Director for Children's Services on the 2022/23 Budget Proposals

24. It has been another challenging year in the context of the Covid-19 pandemic. Children's Services responded rapidly to the pandemic; services have continuously adapted and mobilised effectively to continue to deliver services safely. We are proud of the way in which our staff, partners and community have demonstrated resilience, resolve and heart to keep priority services going and

have come together to help those children and young people most in need; going over and beyond standard expectations to ensure that all children are able to reach their full potential.

25. Through the pandemic, Children's Services have been able to accelerate the pace of change, including working more creatively to engage and support schools, families and young people in continuing to strengthen and improve services. The learning curve was steep, but it has given us renewed confidence in our ambition to go above and beyond to deliver outstanding services and give our children and young people the best possible start in life. As the pandemic situation evolves, we continue to evolve and respond dynamically; blending our learning from the pandemic with our existing plans for improvement and transformation to develop a positively renewed position that almost integrates the Covid-19 response into our business as usual. Strong departmental and corporate leadership and support is providing pace, focus and capacity.
26. We are strongly focused on a number of priorities, including improving early support and family intervention work, improving educational attainment and avoiding exclusions, tackling gangs, diverting young offenders and co-producing an improved local Special Educational Needs and Disabilities (SEND) offer and wider Youth Ambition agenda. This work is being undertaken on a corporate basis and within the context of good overall performance, a strong set of inspections across our key services and good support from housing, supported employment, local NHS and voluntary sector services. As we are now returned to something approaching business as usual, albeit susceptible to unexpected spikes such as Omicron, our learning from the pandemic has brought a level of significant change to how we are working and what we are committed to deliver. A key aspect of our recovery has been about picking up the pace to make up for some lost time and carefully revising our plans with the learning and insights that we have.
27. Overall, our performance is strong and, where required, well developed improvement plans are in place. There are substantial risks around increasing needs and demands, financial constraints, market management and assuring quality and safety. However, we have well developed systems to monitor and manage them with the Children's Leadership supported by its own Performance and Improvement service.
28. Over the last year, Children's Services have continued to strengthen practice and services to improve outcomes for all children and young people including returning the Local Safeguarding Children's Partnership (LSCP), the Placements Team to a sovereign service and returning the Local Authority Traded Company (LATC) Family Support team to Hammersmith & Fulham.
29. We are continuing to develop our performance data and ensure this is robust and embedded as an effective management tool across the department. Our most recent inspections include; Children with Special Educational Needs and Disabilities in 2018 and the 2019 Inspection of Local Authority Children's Services (ILACS), in which we were judged good in both.

30. We have subsequently had our annual education and children social care conversations with Ofsted; discussions were positive and highlighted our continued strengths and our ability to identify and respond to challenges quickly. We additionally participated in Ofsted's review in response to the Everyone's Invited website, receiving positive feedback for our partnership response to the issues raised. An assurance visit from Skills for Care confirmed the strength of our Assessed and Supported Year in Employment (ASYE) programme for newly qualified social workers, and the performance in all phases of education continues to be excellent with a strong collegiate approach which is evidenced in school inspection outcomes.
31. Over recent years the Children's Services department has experienced increasing demand for its services which has put significant strain on the limited resources available. Despite this we have managed to continue to balance our budget and strengthen our financial standing through the extremely challenging economic impact of the pandemic, including:
- Continued investment in services to ensure we are able to identify and meet need earlier within the local area.
 - Proactive engagement and management of pressures throughout the pandemic – embedded throughout our structure and Managers Forum resulting in a forecast of an almost balanced budget for 2021/22.
 - We fully utilised grants and made additional provisions where required.
 - Negotiated a £20m Department for Education (DfE) Safety Valve Agreement against the High Needs Block deficit and a further £1.2m DfE Capital grant to support the High Needs Block strategy.
 - We have continued to maximise income generation (CCG contributions, traded income) and Section 106 developer contributions.
 - We have continued to work in consultation with schools with regards to central Education functions via top slices of school budgets as opposed to central services Dedicated Schools Grant (DSG).
 - Throughout the pandemic we have continued to reduce our numbers of agency staff. Agency as a % of total spend was 16.6% in 2019/20, down to 14.1% in 2020/21 and 11% year to date in 2021/22.
 - The staffing establishment is now aligned to the new structures and fully funded with vacancy factors removed. Establishment pressures have been removed through restructures and post efficiencies.
 - Successful growth bids, effective budget management and strong financial planning have enabled children's services to balance the budget from 2020/21.
32. As we look forward to 2022/23, reflection and learning around our biggest achievements, challenges and opportunities through the pandemic has shaped our road map into recovery and renewal.
33. The department's approach to identifying potential savings is consistent with the vision for Children's Services which is:

We are committed to making Hammersmith and Fulham a place where every child has the best possible start in life, grows up feeling cherished, loved and realises their full potential as young citizens. We will provide the right support at

the right time to enable our families and communities to ensure all children are safe, healthy and thrive. We will nurture relationships that are respectful, collaborative and empowering. Our highly skilled teams will work in partnership to ensure services remain efficient, responsive and support the building of resilience and prosperity for all children and young people.

34. The aspiration and ambition to ensure consistent and compassionate care and improved outcomes is underpinned by a continuing commitment to protect the quality of services to the most vulnerable members of the community within the statutory framework required of the department. Equally strong is the central commitment to work with children, young people and their families in the design and development of services that affect them. This was evident throughout our response to Covid-19 and in our overarching commitment to active engagement and inclusion of all children and young people and their parents and carers.
35. A key priority remains to review services against the need to ensure that they are as responsive and efficient as they can be and offer the right outcomes for children and young people. There will be a focus on review and enhancement of the early help offer to ensure families receive the right service at the right time; to intervene early and prevent escalation.
36. Improved performance information and business intelligence underpin this priority. It is noted however, that the ongoing pandemic is likely to have a further impact on demand over the longer term as more families experience prolonged duress and the impact of possible further economic downturns.

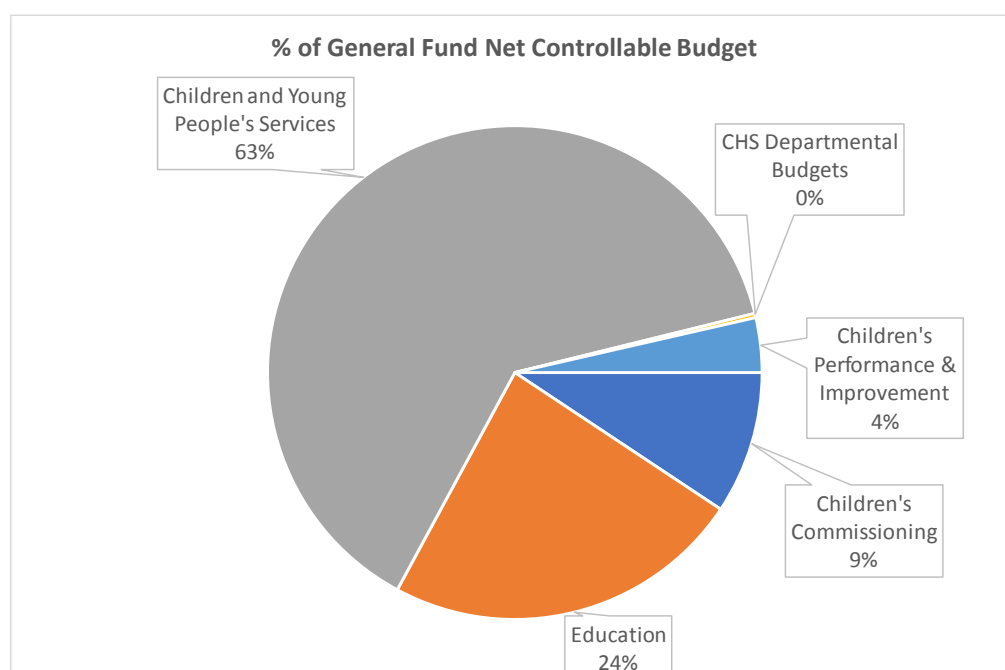
Table 10 – Children’s Services key budget changes

Directorate	2022-23 Savings £'s	2022-23 Contract Inflation £'s	2022-23 Growth £'s
Children's Commissioning	-92,000	41,700	0
Education	0	177,100	189,000
Children and Young People's Services	-441,000	403,300	345,000
CHS Departmental Budgets	0	2,800	0
Children's Performance & Improvement	0	18,400	0
Total	-533,000	643,300	534,000

37. The department’s proposed net budget for 2022/23 is £51,788,100. Within this sum are areas over which the department has little direct control, these are defined as non-controllable and include contributions to Corporate Services and capital charges. In total these add up to £7,788,500. This means that the net direct expenditure that the department is in control of is £43,999,600. Table 11 below sets out how controllable expenditure is budgeted across the various directorates within the department showing that the greatest share of net general fund expenditure is on Children and Young People’s Services, £27.988,000 (64%) of net controllable expenditure.

Table 11 – Children’s Services 2022-23 controllable budget

Directorate	2022-23 Expenditure £'s	2022-23 Income £'s	Total Net £'s	% share
Children's Commissioning	5,619,500	-1,478,500	4,141,000	9%
Education	109,472,000	-99,063,400	10,408,600	24%
Children and Young People's Services	37,954,000	-9,966,000	27,988,000	64%
CHS Departmental Budgets	640,000	-761,400	-121,400	0%
Children's Performance & Improvement	2,099,600	-516,200	1,583,400	4%
Total	155,785,100	-111,785,500	43,999,600	100%

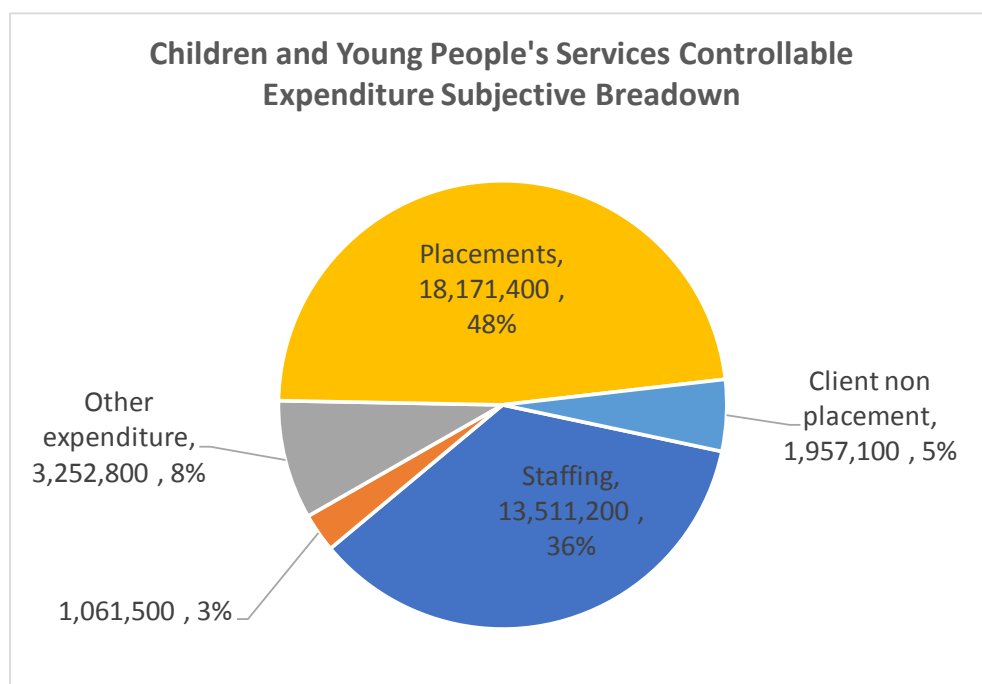


38. Savings totalling £533,000 have been identified for 2022/23 and are set out in Appendix 1.
39. The savings proposals for Children’s Services will seek not only to protect frontline services and to continue to offer a service appropriate to local need, but to improve our offer to residents facing difficult circumstances such as poverty and higher levels of need. The proposals will seek cost reductions through reduced spending on costly external placements by enhancing or expanding inhouse and local provision.
40. At the core of all savings proposals will be services that strengthen families and support parents to care for their children whilst steadfastly remaining vigilant with regards to our duty to safeguard vulnerable children and young people taking decisive action to protect those that need it.
41. Appendix 1 also details £534,000 growth in 2022/23 for Children’s Services. Growth is targeted at activity driven budget pressures and rising demand experienced in 2021/22 for Travel Care and Support services.

Children and Young People's Services

42. Children and Young People's Services spend is primarily made up of staffing and placement costs. The service has put in effective mitigation to reduce costs through effective move on arrangements and better value provision such as semi-independent block contract arrangements. In addition, the service has focused on supporting more young people to remain safely at home where possible and in stable and secure caring placements where this is not possible; reducing reliance on expensive placements and sourcing high quality local placements; reviewing the effectiveness and outcomes of interventions and improving support through Family Assist and the clinical team to enable children and young people to remain in their family.
43. The Resource Panel was reviewed with new terms of reference and renewed membership to ensure representation from the range of services and skills within the service. This has enabled creative and effective care planning to support children to remain at home safely and avoid family breakdown. When children do need to be protected by living in an alternative home outside of their family, we are able to ensure that we develop effective needs led plans to match them with the right care and support to ensure their safety and wellbeing. By focusing on the needs of the child and the quality of the services they need to meet those needs, we have also been able to ensure payments to providers are regularised and that the cost matches the level of support they are providing with clear plans to step down support when appropriate.
44. This has reduced the anticipated upward trajectory reported in 2019/20 and 2020/21. The 2022/23 budget setting process has targeted £341,000 of savings against the placements budget and will attempt to reduce cost and at the same time have a positive impact on service users. Recent additional caseload around newly looked after Unaccompanied Asylum Seeking Children (UASC) with significant age assessment challenge which has impacted on service capacity.
45. In 2022/23, growth has been requested to manage activity and demand led pressures in frontline service provision within the shared fostering and regional adoption services. Increased local provision will benefit young people in Hammersmith & Fulham to be placed in quality foster carers and more locally. With respect to adoption, this will enable us to recruit an increased and diverse pool of skilled adopters to meet the varied needs of children. This will enable us to improve the quality and timeliness of permanence arrangements for young people.

Table 12 – Children and Young People's Services controllable budget expenditure types



Safeguarding, Quality Assurance and Performance & Improvement

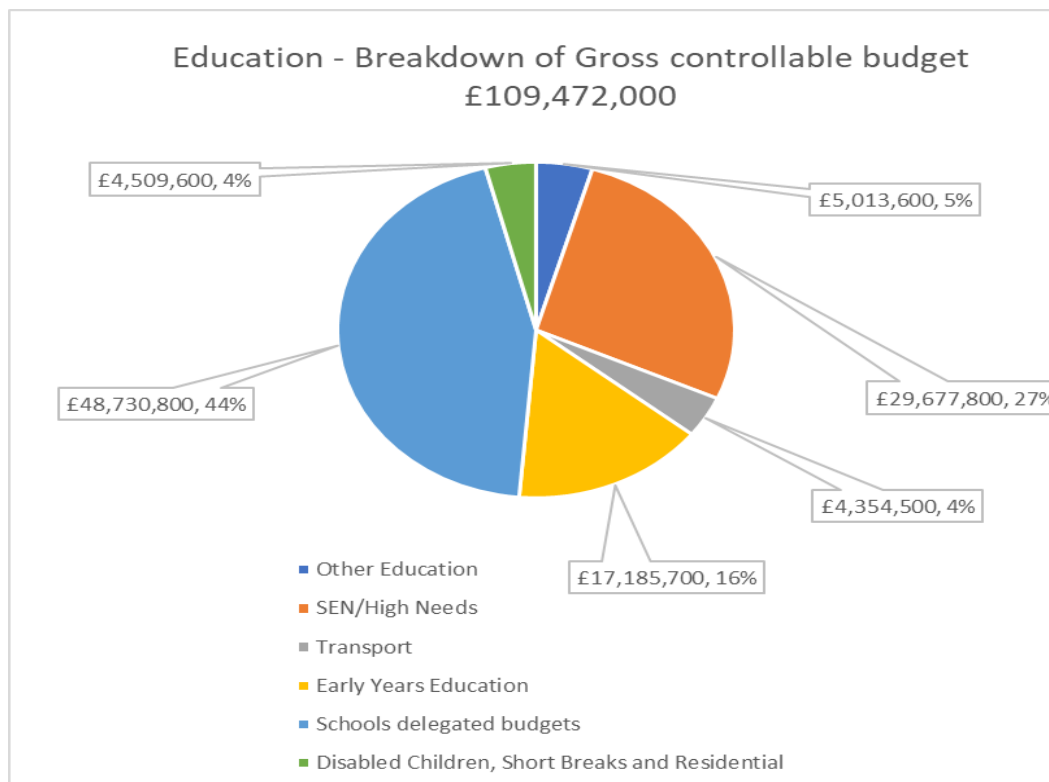
46. The Safeguarding, Quality Assurance and Performance & Improvement budget totals £1,583,400 with £1,266,600 of this for Safeguarding, Review and Quality Assurance.
47. The Safeguarding, Quality Assurance and Performance and Improvement budget is primarily made up of staffing the statutory requirements of the child protection and children looked after systems and a small proportion funding independent quality assurance activity.

Education

48. The Education and SEND Service is now fully integrated and delivering better outcomes for children and young people. Throughout the ongoing pandemic we have continued to foster good relationships with our wider schools' community and developed a number of key workstreams to coproduce better services in light of common issues.
49. The Education and Schools services have delivered targeted support to our most vulnerable children and families, including bridging the digital divide and access to enrichment through the holiday's activity programme. Schools have continued to develop their flexibility in delivering online learning and face to face teaching. Schools have robust plans in place to enable children to catch up on any lost learning and this will continue to be a priority for the remainder of the academic year. Ofsted have restarted their inspections from September 2021.

50. The SEND directorate provides services for 0-25-year olds with special educational needs or disabilities. A number of its services are fully, or part funded by the DSG. There are a number of SEND reform workstreams across all phases of education that are delivering better outcomes for young people. This includes the implementation of the Special Educational Needs Inclusion Fund and a significant investment in early intervention services. The team are working in partnership with schools around the delivering the programme outlined in the Safety Valve Agreement with the DfE and an in-principle agreement to £20m of funding to address historic High Needs Block funding deficit.
51. The net general fund budget of £10,408,600 in the Education service includes £4,249,500 on SEN travel care and support. Short breaks and resources including care packages for disabled children, the Stephen Wiltshire Centre and the Haven account for £3,732,100 of the budget.
52. Education Assets, Operations and Planning is responsible for ensuring we have a sufficient number of school places across the borough, tackling the challenge of modernising and improving the school estate through major regeneration programmes as well as coordinating projects across the department. A significant programme of capital investment in the school's estate and education provision has started with further planned expenditure of £7.2m in 2022/23 and 2023/24.

Table 13 – Education Service budget



Children's Commissioning

53. The team is responsible for a range of commissioning, transformation and service improvement activity supporting the department to shape provision using innovative approaches to ensure quality and cost effectiveness.
54. The net controllable budget for the directorate's Commissioning function totals £4,161,000. Within this total £1,270,700 is allocated to contract costs including early help, children's centres and youth services and £294,300 is for four Child and Adolescent Mental Health Services contracts. The Commissioning team is responsible for around 70 contracts totalling circa £60m with budgets for these contracts sitting within the respective operational areas. Contracts are split into four key areas – Education and SEND, Children's Social Care, Travel/Food and Health/Joint Commissioning.
55. Commissioning is an enabler to managing cost pressures more broadly across Children's Services with direct contribution to savings through recommissioning and supporting practice changes through transformation activity.
56. The team has been working across Children's Services to develop and deliver transformation programmes to meet budget challenge objectives to reduce pressures across the department, notably the High Needs Block programme in the redesign of early intervention pathways, Early Help contract savings, Social Emotional and Mental Health Needs pathways and accountability review, and the establishment of a sovereign Placements Team.
57. Over the last year the team have also actively driven programmes of work throughout the Covid-19 pandemic whilst maintaining business as usual activities. During the pandemic the team mobilised provision of food to residents, led resilience and business continuity planning for Children's Services, PPE distribution and mobilisation of school holiday programmes.
58. During 2021/22 the team have also onboarded the Business Support function into the Commissioning structure as part of a reorganisation that seeks to centralise business support activity across the department to support driving process efficiencies.
59. Staffing costs account for £2,862,300. Of this, £1,333,000 relates to the Business Support structure and nearly all of the change since last year's commissioning staffing budget. This year the core Commissioning team was restructured to bring staffing costs within budget and to align the structure to the wider Children's Services priorities. In doing so we have been able to fully recruit, enabling us to move away from agency staffing.
60. Over the 2022/23 financial year, Commissioning will continue to support and drive forward the key transformation programmes including Early Help, SEND Transformation, Health partnerships and placement sufficiency.

Equality Implications

61. A draft Equality Impact Analysis (EIA), which assesses the impacts on equality of the main items in the budget proposals relevant to this PAC, is attached as Appendix 3. A final EIA will be reported to Budget Council.

List of Appendices:

Appendix 1 – Savings and investment proposals

Appendix 2 – Risks

Appendix 3 – Draft Equality Impact Assessment