

London Borough of Hammersmith & Fulham

Report to: Children and Education Policy & Accountability Committee

Date: 30/01/2023

Subject: 2023 Medium Term Financial Strategy (MTFS)

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SUMMARY

Cabinet will present their revenue budget and Council Tax proposals to Budget Council on 23 February 2023. In the face of worsening economic conditions and tightening financial constraints, the budget protects council services, particularly those that support the poorest and most vulnerable in society.

The London Borough of Hammersmith & Fulham (LBHF) is unique in providing free breakfasts to school children, abolishing home care charges, establishing a local Law Enforcement Team to keep our streets safe and clean, maintaining weekly bin collections across the borough, and stopping the use of bailiffs to collect Council Tax debt. Despite unprecedented levels of inflation eroding council spending power, the budget protects these key services.

The cost-of-living crisis is affecting residents across the borough. With rising inflation, energy bills, and food costs many residents will be struggling to get by, and in need of additional support. This is why the budget includes new provisions of nearly a million pounds to help tackle the increasing cost of living.

The Local Government Finance Act 1992 obliges the council to set a balanced budget, and this is what is proposed. Government resource assumptions that are used to calculate Government grant for LBHF, model the council increasing Council Tax by 2.99% in 2023/24. Over the last eight years, the council has cut or frozen Council Tax five times, with the Band D charge has reducing by 10% in real terms. As a result, Council Tax in LBHF is 35% lower than the London average. The council proposes to apply the 2.99% increase for 2023/24.

The government has modelled an adult social care precept since 2016/17. Government funding modelling assumes that this has been applied every year since its inception despite LBHF choosing to apply it for only two of the past eight years. Due to the continued high levels of demand and inflationary pressures in the social care market and the government's continued failure to propose a long-term funding solution to social care funding, the council proposes to apply the 2% adult social care levy for 2023/24.

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.

Wards Affected: All

Our values	Summary of how this report aligns to the 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.
Creating a compassionate council	As the Council's resources have been reduced, we have protected the services on which the most vulnerable residents rely. This budget continues all our previous policies to support residents and also proposes new spending on care packages for disabled children and additional resources to help residents through the cost-of-living crisis.
Building shared prosperity	A significant proportion of services are delivered in partnership with local and national companies, and this will continue to promote all business sectors to the benefit of residents. In addition, there will be increased investment in the Industrial Strategy Delivery and the development and promotion of the STEAM sector strategy.
Doing things with residents, not to them	The use of co-production across the Council is embedded and all service matters are developed with the engagement of residents. The Council is continuing the

	REAP Programme to improve residents' access to the services.
Taking pride in H&F	The budget proposals include significant investment in public realm services especially waste collection, street cleaning and open/park spaces. Our new waste contract includes provisions to tackle fly-tipping and collection of food waste.
Rising to the challenge of the climate and ecological emergency	The Council has established a Climate Change Team and the Team has developed a Climate and Ecology Strategy (and is making a significant contribution to the international and national policy debates). It is also securing grants from national programmes to help with improvements of the thermal efficiency of Council properties and homes).

Background Papers Used in Preparing This Report

Not Applicable

DETAILED ANALYSIS

The Budget Requirement and Gap

1. The gross General Fund budget¹ rolled forward from 2022/23 to 2023/24 is £539.6m of which a **net budget requirement of £166.6m** is funded from council resources (such as Council Tax and business rates) and general government grant.

Table 1 – Budget rolled forward from 2022/23

2022/23 Budgeted Expenditure	£m
Housing benefit payments	91.2
Social care and public health	118.1
Children's services	123.6
Economy	49.4
Environment (includes parking)	108.1
Corporate (Finance, Resources and council wide)	49.2
Gross budgeted expenditure	539.6
Less:	
Specific government grants (including housing benefits and dedicated schools grant)	(239.8)
Fees and charges	(68.0)
Contributions (e.g. health)	(47.0)
Other income (e.g. investment interest, rentals, and recharges)	(18.2)
Budget requirement rolled forward from 2022/23	166.6

2. The budget proposals for 2023/24, and forecast to 2026/27, are summarised in Table 2. A balanced budget is projected for 2023/24 based on several key assumptions regarding resources and expenditure.

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

Table 2 – Budget summary

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Base budget	166.6	164.9	163.2	161.5
Pay and price inflation	13.6	21.6	27.6	33.6
Additional pay inflation (on-going effect of award in 2022/23)	3.8	3.8	3.8	3.8
Additional investment in key services and priorities	10.7	16.7	22.7	28.7
Contribution to Cost-of-Living support (one-off) / Council Tax support scheme	0.9	0	0	0
Increase in the net cost of borrowing	0.6	1.0	1.0	1.0
Concessionary fares demand	(2.2)	1.1	3.1	3.1
Recognition of current income projection	(2.0)	(2.0)	(2.0)	(2.0)
Income from investment of cash balances (one off in 23/24)	(5.0)	0	0	0
Employee budget management	(2.5)	(2.5)	(2.5)	(2.5)
Reversal of employers National Insurance Contributions (1.25%)	(1.3)	(1.3)	(1.3)	(1.3)
Efficiencies and Savings Proposals	(2.9)	(4.0)	(4.8)	(5.5)
Contribution to contingencies	5.3	5.3	5.3	5.3
Gross budget requirement	185.6	204.7	216.2	225.8
General grants	(53.0)	(54.1)	(54.7)	(55.2)
Locally retained business rates	(59.4)	(59.5)	(60.7)	(61.9)
Council Tax (4.99% increase in year 1 assumed then freeze)	(73.3)	(73.9)	(74.6)	(75.2)
Gross budget gap – cumulative	0.0	17.1	26.1	33.2

Budget assumptions

Inflation

- The Consumer Price Index (CPI) for October 2022 is 11.1%, its highest level for 40 years, in part due to the recovery from the pandemic, the impact of Brexit and

recent global events such as the invasion of Ukraine. The Office of Budget Responsibility is forecasting inflation of 7.4% during 2023 which will impact both Hammersmith and Fulham staff costs and suppliers. The 2023/24 budget includes **a £13.6m provision for inflation**. This allows for:

- Contract and external services inflation of £7.6m.
 - £6.0m provision for a 2023/24 pay award (this equates to a 5.0% pay award)
 - Beyond 2023/24, headroom of £8m per annum is modelled for future inflation in 2024/25 and a further £6m in 2025/26 and 2026/27.
4. The on-going impact of the pay award from April 2022 will cost £3.8m (this was funded from the one-off use of policy contingencies in 2022/23).
 5. In September 2022, a previously agreed 1.25% increase in employers' National Insurance Contributions was withdrawn by the Chancellor of the Exchequer, with effect from the 6th of November. The impact of this for the council is a reversal of the £1.3m set aside in the MTFs from 2023/24.
 6. A reduction of £2.5m is proposed on our employee spend (this is 2% of total estimated spend and represents about 40 posts). It is expected that this will be managed through natural turnover, management of recruitment and review of the use of agency staff. It is not expected that this will require any voluntary or compulsory redundancies.

Fees and Charges

7. For **fees and charges** levied by the council, the inflation assumption is:
 - They are frozen for Adult Social Care, Children's Services and Housing in line with administration policy.
 - Commercial services that are charged on a for-profit basis, will be reviewed on an ongoing basis in response to market conditions and changed as appropriate, with due authorisations according to the Council constitution.
 - Parking charges and fines are to be set in line with transport policy objectives and not considered as part of the budget process.
 - A standard uplift of 10% is applied for other non-commercial and non-parking fees. The RPI indication for October 2022 was 14.2%.
 - The exceptions to these assumptions for this committee are attached in **Appendix 4**.

Other Measures

8. In addition, further short-term contributions of £2.2m are expected to arise from lower than budgeted contributions to the concessionary fares (freedom pass) scheme. This is due to the impact of passenger usage on public transport in response to the pandemic and changes to ways of working. This is not expected to continue beyond 2023/24 as demand is forecast to return to pre pandemic levels and fares increase.

9. A further one-off saving £5.0m relating to income from investing cash balances as favourable interest rates is assumed (cash balances are expected to be a minimum of £250m during 2023/24 and lower than current levels of more than £300m). This income will be used to balance the budget in 2023/24 and is not expected to continue beyond 2023/24.

Government Grant Funding

10. **General government grant funding** of £53.0m is forecast for 2023/24. This is an increase of £7.8m from 2022/23, however historically, government funding has reduced by £48m from 2010/11 to 2023/24, which represents in real terms a cut of 56%. £5.1m of the increase is not new money but compensation for the government decision not to increase business rates. The level of compensation is linked to the standard CPI rate of inflation. The Revenue Support Grant has increased by £2.2m.
11. No grant allocations are confirmed beyond 2023/24 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.
12. Ringfenced grants, which can only be used for a specific purpose, are currently forecast to have increased by £3.245m from 2022/23 to 2023/24. This forecast will be updated as further announcements are confirmed. It is assumed that such grants will have a neutral impact on the budget requirement as they will be matched against spend commitments, particularly given the current inflation risks.
13. The 'services grant' which was first allocated in 2022/23 has reduced by over 44% in 2023/24. For modelling purposes the future grant forecast assumes that the services grant will be reduced for future years also. The future of the new homes bonus grant scheme is also uncertain, and the council's allocation has reduced by 43% in 2023/24 compared to 2022/23 and by 77% compared to 2021/22.
14. As part of the LGFS, the government calculated that Hammersmith & Fulham spending power will increase by 9.5% in 2023/24. The government spending power calculation also assumes that authorities will increase Council Tax (including the adult social care precept) by 4.99% and that business rates collection is not adversely impacted by rating appeals or lower collection rates experienced during the Covid-19 pandemic. Taking these into account the Hammersmith & Fulham calculation is that spending power has increased by 2.5%

Council Tax

15. The Council is proud to have the third lowest Council Tax in the country, and to have cut or frozen Council Tax in 5 of the last 8 years. LBHF also has one of the most progressive Council Tax support schemes in the country, with almost half of residents not paying the full amount, and those least able to pay facing no charge at all.

16. The current major national fiscal conditions of high inflation and interest rates have made a Council Tax increase in 2023/24 unavoidable and a 2.99% increase in the LBHF element of Council Tax is proposed. This level of Council Tax increase reflects the assumption that has been made by the government in the Autumn Statement on the 17 November by the Chancellor and assumed in the funding settlement for local authorities. The additional income will fund increasing costs and support investment in, and protect, key services for residents and strengthen future financial resilience. The increase is equivalent to £25 for 2023/24 (at Band D). The Council Tax charge for LBHF is the third lowest in the country and 35% below the London average charge.
17. The council is also proposing to levy a 2% adult social care precept (again in line with government funding assumptions). The increase is equivalent to £16 per annum for 2023/24 (at Band D) and will be used to support Adult Social Care services. The continued delay in the national review of the funding of adult social care is a major concern and the government is continuing with its strategy of using an adult social care precept (since 2016/17). In the first years of the levy, the council were determined not to apply the levy despite the fact the council's funding from the government was modelled on the assumption that it would. Due to the continued high levels of inflation and instability in the social care market, the impact of the Covid-19 pandemic and the government's continued failure to propose a long-term funding solution to social care funding, the council accepted the need for a 3% adult social care levy for 2021/22 but it was not applied in 2022/23.
18. As set out in table 4 below, it is estimated that 47% of residents will not be required to pay the full increase (as they will be supported through the single person household discounts, Council Tax support and exemptions).
19. 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 and 2022/23. A 97% collection rate is modelled for 2023/24. For years beyond 2023/24 a tax freeze is modelled with the tax base increasing in line with trend data for increases in dwelling numbers.

Table 4: Liability for Council Tax at October 2022

Total dwellings in the borough	93,165
Reductions:	
Exemptions (mainly students, includes care leavers and vacant properties)	(3,871)
Council Tax support claimants (elderly & working age on low income)	(10,143)
Single person discount (25% discount)	(29,505)
Dwellings liable for 100% of Council Tax	49,646
	53%

Business Rates

20. The current estimate for business rates assumes that the business rates income will be the minimum guaranteed within the business rates retention system (the

safety net threshold). The government have confirmed that they will compensate local authorities for all changes they make to the business rates system.

21. The forecast assumes that LBHF will receive the minimum amount guaranteed, the safety net threshold, by government. This is £59.4m for 2023/24. For years beyond 2023/24 a 2% inflationary increase to the safety net is modelled.
22. As part of the Autumn Statement the Chancellor of the Exchequer announced that a new temporary 50% business rates relief will apply for eligible retail, hospitality and leisure properties. 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 2023/24 (no increase in line with the multiplier). Local authorities will be compensated by the government for the resultant loss of income from these measures.

Investment, savings and risks

23. 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

24. Additional investment of £10.7m is being provided following budget setting and review process. The investment proposals for this PAC are set out in Appendix 1 to this report and summarised in Tables 5 and 6.

Table 5: 2023/24 Investment Proposals

Proposal	£'m
Social Care (including hospital discharge and demographic growth)	4.1
Waste collection (fly tipping and food waste)	1.7
Free breakfasts (and extension for secondary schools)/Out of term support	1.7
Homelessness services (temporary accommodation)	0.9
Disabled children care packages/Care leavers and family hubs	0.5
Other policy priorities	1.3
Other unavoidable pressures (loss of advertising income, audit fees)	0.5
	10.7

Table 6: Categorisation of investment proposals

Analysis of Investment	£m
Increase in demand / demographic growth	6.9
Resident priority	2.4
Budget pressure	1.0
Government related/Other Public Bodies	0.4
Total	10.7

25. A provision of £0.9m has been set aside to support residents on the cost-of-living pressures and to consider further developing the Council Tax support scheme for those least able to afford Council Tax.

Savings and Income Generation

26. 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 been able to find these. In the future, the council must consider all available options to operate within the funding available to it.
27. The proposed savings (including additional income) for 2023/24 are set out in Table 7. The savings proposals for this PAC are set out in Appendix 1 to this report.

Table 7: 2023/24 firm savings and additional income

Proposal	£m
Improving commissioning of children's services	(0.7)
Greater use of digital technologies to improve support and services in social care (e.g. timely return of equipment)	(0.5)
Working with NHS to improve hospital discharge and independent living)	(0.4)
Resident Engagement and Access Programme	(0.2)
Lower waste tonnages (impact of awareness programmes)	(0.2)
Joint commissioning of extra care services	(0.2)
Other (mainly social care procurement, Direct Payments)	(0.7)
Total savings	(2.9)

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

Table 8: Categorisation of 2023/24 savings

Savings categories	£m
Commercialisation / income	(0.1)
Procurement / commissioning	(0.9)
Service reconfiguration	(1.5)
Service rationalisation/budget reduced in line with spend	(0.2)
Prevention	(0.2)
Total savings	(2.9)

Risk and financial resilience

29. An updated reserves strategy and action plan will be included within the suite of finance reports presented to Budget Council.
30. The current reserves forecast is set out in Table 9 and models a fall in overall general fund reserves and balances to £76.1m by 2027/28. This assumes a balanced budget is set each year with no further call on reserves.

Table 9 – Reserves and general balances - cash flow forecast to 2027/28

	April 2023 £m	April 2024 £m	April 2025 £m	April 2026 £m	April 2027 £m
Opening Balances					
General balance (recommended range £19m - £25m)	23.3	23.3	23.3	23.3	23.3
Earmarked reserves – unrestricted	41.7	40.7	43.2	43.2	43.2
Earmarked reserves – restricted	7.5	7.5	7.5	7.5	7.5
Sub-total	72.5	71.5	74.0	74.0	74.0
Covid related	2.3	2.1	2.1	2.1	2.1
Total	74.8	73.6	76.1	76.1	76.1
<i>Developer contributions</i>	46.0				

31. 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 over recent years, including Thurrock, 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 £23.3m at the start of 2023/24 which represents 4.3% (equivalent to 16 days spend) of the Council's gross spend of £539.6m. The Director of Finance has recommended that the optimal range for the general balance is between £19m and £25m.

Key Risks

32. The key financial risks that face the Council have been identified and are set out below:

- The Covid-19 recovery and addressing pent-up demand
- An upturn in inflation post Brexit and Covid-19
- Higher pay inflation particularly given current labour shortages
- The stabilisation and restoration of Hammersmith Bridge, with the Council incurring revenue and capital costs at risk until government funding is confirmed
- 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.

33. 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 2023/24 Budget Proposals

34. Our vision in Children's Services is that:

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.

35. Our 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 directorate. 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.

36. Despite the increasing demand for its services, Children's services have delivered a balanced budget in 2020/21 and 2021/22 and similarly forecast a balanced budget for 2022/23. This has been achieved whilst continuing to strengthen our financial standing, working hard to mitigate and prioritise statutory

services, including investing in services despite an extremely challenging economic situation. This includes:

- Proactive engagement and management of pressures with a continued ruthless focus on efficiencies embedded throughout our structure and managers forum.
- Investment in in-borough provision and increased social housing nominations following collaborative work with the Economy department.
- Continued work with schools with regard to central Education department functions and schools' contributions to these.
- Continuing to maximise income generation (Clinical Commissioning Group contributions, traded income) and Section 106 developer contributions.
- Securing expected Safety Valve funding in line with the Department for Education (DfE) Safety Valve Agreement against the High Needs Block deficit following delivery of agreed milestones.
- Mobilising a new minibus provider maintaining high quality services with no significant cost increase.
- The staffing establishment is now aligned to the new structures and fully funded with vacancy factors removed through funding increases.
- Investment in our Contact and Assessment team to ensure timely decision making, risk management and throughput of work to ensure a safe service
- Reduction in agency numbers. Agency as a % of total spend was 16.6% in 2019-20, down to 14.1% in 2020-21.

37. The department is driven by strong leadership which ensures sufficient pace, focus and capacity, the coherence of which is manifested in our Early Intervention strategy and Youth Crime Prevention strategy.

38. Our staff are our most important asset, and our frontline practitioners exemplify care, compassion, and a child centred and systemic approach. We are proud to have a dedicated, capable, and confident workforce that has the skills, expertise, and perseverance to deliver high quality services to our children, young people, and families. We appointed a new Operational Director of Education and Special Educational Needs and Disabilities (SEND) in June 2022 and have invested in our workforce function to ensure we retain and recruit highly skilled professionals.

39. Our workforce was commended in an Ofsted focused visit on front door services in January 2022 which recognised “*exemplary practice*” for “*children in need of help and protection who receive highly effective services to ensure they get the right help at the right time*”. The quality of practice was further recognised and celebrated in our recent Youth Justice inspection where we received an Outstanding rating by His Majesty’s Inspectorate of Prisons (HMIP). The Chief Inspector described the service as “*a dedicated, capable and confident service where children have every opportunity to move away from crime. We were impressed with how staff at the service work with children under their supervision, and their parents or carers, to understand their circumstances and drive them toward positive futures.*” We have subsequently had our annual education and children social care conversations with Ofsted; in which

discussions were positive and highlighted our continued strengths and our ability to identify and respond to challenges quickly.

40. The directorate continues to develop strong, dynamic, and interactive partnerships across the local area which ensures our strong practice continues to be informed and enriched by the support and experience of our communities, third sector and statutory partnerships and corporate colleagues.
41. We have continued to harness the pace of change post pandemic and remain committed to delivering outstanding services for our children and young people to give them the best possible start in life. Despite this, the post-pandemic wave, conflated with the national challenges of the cost-of-living crisis continue to add increased pressure on services.
42. Children’s Services 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 SEND offer.
43. Nevertheless, the landscape remains challenging. We are seeing post pandemic demand led growth in our services presenting in a complexity of need. These pressures pose substantial risks to managing demand within the financial constraints. We continue to invest in our data systems to support us in identifying trends and we have well developed systems to monitor and manage them.
44. As we look forward to 2022/23 a key priority remains to review services against the need to ensure they are as responsive and efficient as they can be and offer the right outcomes for children and young people. The directorate’s approach for identifying savings is consistent with our vision and high aspirations for our children, young people, and their families.

Table 10 – Children’s Services key budget changes

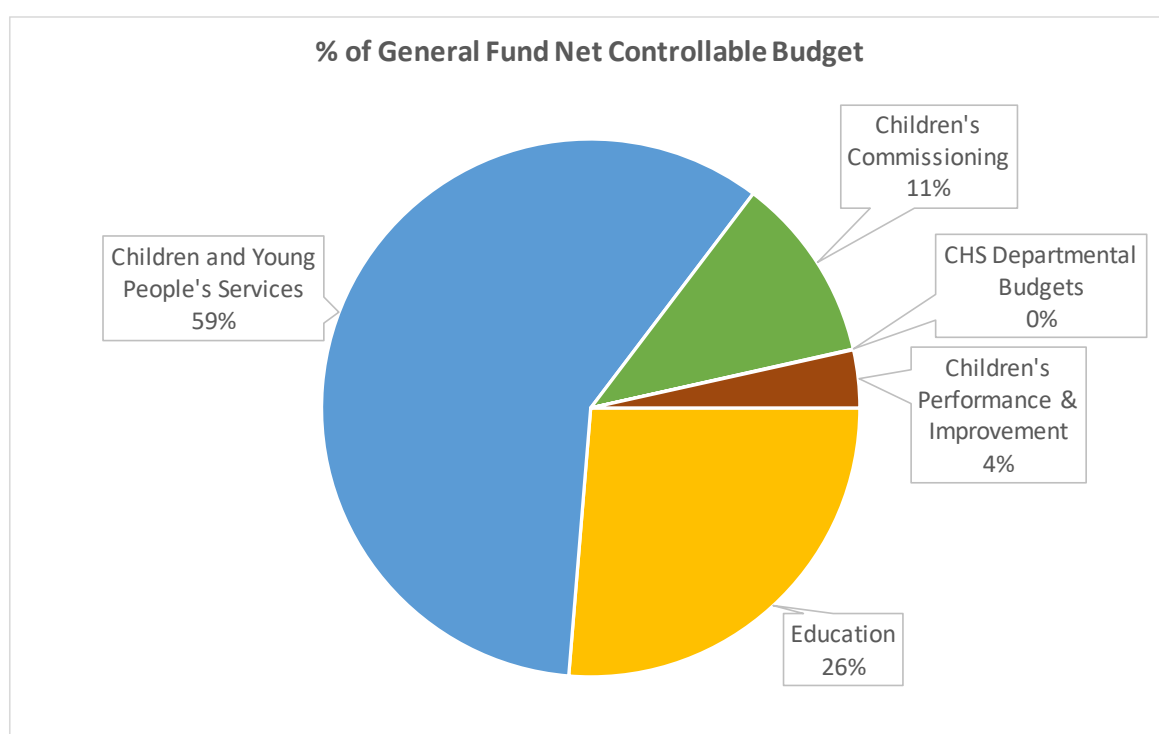
Directorate	2023-24 Savings £'s	2023-24 Contract Inflation £'s	2023-24 Investment £'s
Children's Commissioning	-700,000	199,900	1,750,000
Education	0	353,900	710,000
Children and Young People's Services	0	853,200	137,000
CHS Departmental Budgets	0	0	0
Children's Performance & Improvement	0	0	0
Total	-700,000	1,407,000	2,597,000

45. The department’s proposed net budget for 2023/24 is £57,632,300. Within this sum are areas over which the service 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 £8,646,600. This means that the net direct expenditure that the directorate is in control of is £48,985,700. The Table 11 below sets out how controllable expenditure is budgeted across the various

departments within the directorate showing that the greatest share of net general fund expenditure is on Children and Young People's Services, £28,933,300 (59%) of net controllable expenditure.

Table 11 – Children's Services 2023-24 Controllable budget

Directorate	2023-24 Expenditure £'s	2023-24 Income £'s	Total Net £'s	% share
Education	101,676,300	-88,780,900	12,895,400	26%
Children and Young People's Services	38,508,600	-9,575,300	28,933,300	59%
Children's Commissioning	6,617,400	-1,143,400	5,474,000	11%
CHS Departmental Budgets	650,100	-670,000	-19,900	0%
Children's Performance & Improvement	2,294,400	-591,500	1,702,900	3%
Total	149,746,800	-100,761,100	48,985,700	100%



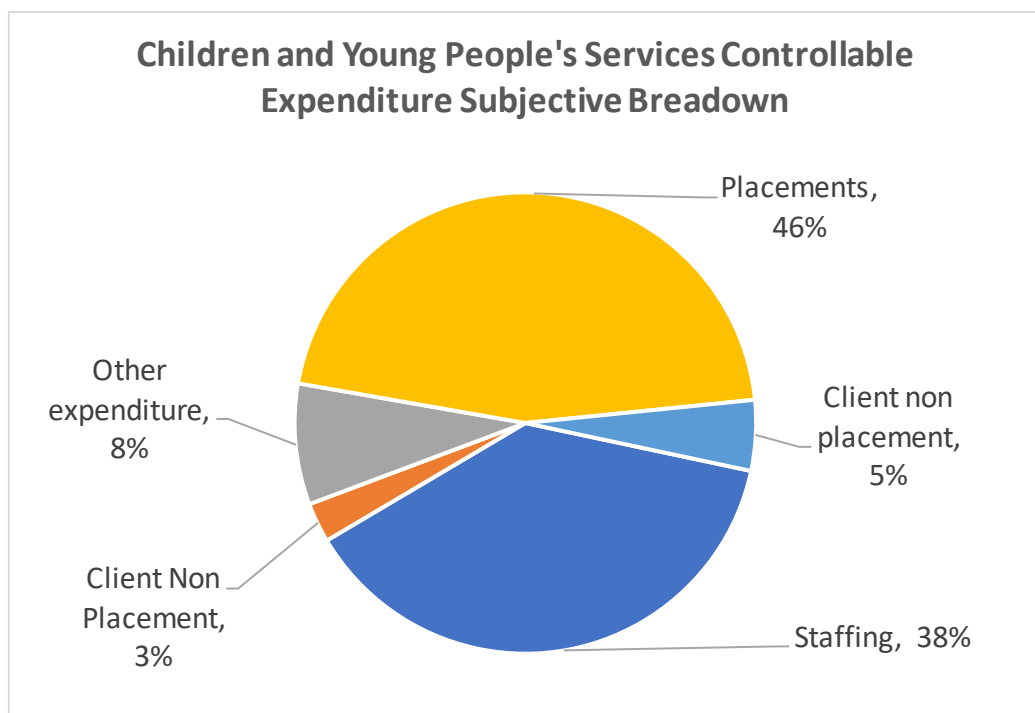
46. Savings totalling £700,000 have been identified for 2023/24 and are set out in Appendix 1. The savings proposals for Children's Services will seek not only to protect frontline services and to continue to offer a service appropriate to local need, but to improve our offer to residents facing difficult circumstances such as poverty and higher levels of need. This year the team has undertaken the recommissioning of services which has sought to protect and maintain our children's centres, youth provision and Early Help in line with our coproduced Early Help Strategy whilst also delivering efficiencies through effective and streamlined commissioning arrangements.

47. 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.

Children and Young Peoples Services

48. Children and Young People's Services spend is primarily made up of staffing and placement costs. The service has put in effective mitigations to reduce costs through effective move on 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. This has been achieved through reducing reliance on expensive placements and sourcing high quality local placements by working to increase the availability and skill of inhouse foster carers; 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.

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



49. The Resource Panel, which includes membership and skills from within the service and other teams, 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.

50. 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. The effectiveness of the National Transfer Scheme has seen a reduction in Unaccompanied Asylum Seeking Children (UASC) for the end of 2022/23, but pressures are beginning to re-emerge with some local presentations for age assessment by adults accommodated in local hotels by the home office and we have also offered to take three additional UASC after the request for mutual aid due to the pressure in the wider system.

51. We are still feeling the impact of post pandemic recovery, alongside the increasing welfare need due to the cost-of-living crisis. The increased need in our community has led to investment to our Contact and Assessment Team to ensure effective and timely decision making, risk management and throughput of work to ensure a safe service which maximises the outcomes for children, young people and their families. There is the potential that the task force to address damp and mould in our housing stock may result in an increase of families needing our support as hidden harm is identified through this proactive activity.

Safeguarding, Quality Assurance and Performance & Improvement

52. The Safeguarding, Quality Assurance and Performance & Improvement budget totals £1,702,900 with £1,341,900 of this for Safeguarding, Review and Quality Assurance.
53. 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 a workforce function and quality assurance activity.

Education

54. The Education and SEND service continue to foster good relationships with our wider schools' community and have developed several key workstreams within the newly developed learning partnership. These are targeted towards improving outcomes for children and young people. The Education service is operating under challenging financial constraints as funding for schools has not kept pace with costs.
55. The Special Education Needs and Disabilities (SEND) team provides services for 0-25-year-olds with special educational needs or disabilities. Several of its services are fully, or part funded by the DSG. There are a range of SEND reform workstreams across all phases of education targeting early identification and intervention, the overall aim is to reduce escalation to statutory processes and secure better outcomes for young people. The delivery of these programmes, outlined in the Safety Valve Agreement with the Department for Education, is completed in partnership with schools, parents, and carers.

56. The net general fund budget of £12,895,400 in the education service. This includes £4,955,600 on SEN travel care and support where we have continued to experience demand led pressures. Despite this we have continued to deliver a high-quality service to children and young people who require travel assistance.
57. Short breaks and resources including care packages for disabled children, the Stephen Wiltshire Centre (The Stephen Wiltshire Centre is a purpose-built specialist centre for children with special educational needs and/or disabilities (SEND) and their families) and the Haven (residential children's home) account for £4,051,000 of the budget.
58. The Education assets, operations and planning team 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.

Children's Commissioning

59. The team is responsible for a range of commissioning, transformation and service improvement activity supporting the directorate to shape provision using innovative approaches to ensure quality and cost effectiveness as well as overseeing a number of key delivery services including travel care and support, school meals, placements and business support.
60. A key area of council investment of £1,750,000 from 2023/24 is to ensure baseline funding for the breakfast and lunch club pilots in schools as well as the holiday activity and food support schemes.
61. The net controllable budget for the directorate's Commissioning function totals £5,474,000. 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.
62. Commissioning continues to support to manage cost pressures across Children's Services through the development and delivery of transformation programmes and recommissioning activity to meet budget challenge objectives and contribute to MTFS savings.
63. It has been a challenging year in which the national economic context and cost of living crisis has had a significant impact in terms of increasing demand and complexity of need, against a backdrop of considerable market fragility. We have experienced provider failure in our Travel Care and Support Service in which the team responded at pace to recommission an alternative provider which ensured the continued high-quality delivery of this statutory service at almost no additional cost.

64. We have recommissioned our Semi-Independent Living contract to provide a more flexible offer and support package to our care experienced young people with increased capacity that provides better value. We continue to look creatively at opportunities to work with our Housing colleagues to develop local needs led housing solutions.
65. This year the team has undertaken the recommissioning of services which has delivered efficiencies in line with our coproduced early help strategy. We have also continued to support families experiencing food poverty in response to the cost-of-living crisis through our ambitious food programmes including the holiday activity scheme, breakfast clubs and universal free school meals pilots.
66. Staffing costs account for £3,038,100. Of this £1,354,700 relates to the business support structure. The structure is fully funded with no budget pressure following a restructure in 2021/22 and further efficiencies in 2022/23 to mitigate income reductions.
67. Over the 2023/24 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

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 in February 2023.

List of Appendices:

Appendix 1 – Savings and investment proposals

Appendix 2 – Risks

Appendix 3 – Equality Impact Assessment