

**HERTFORDSHIRE COUNTY COUNCIL**

**CHILDREN, YOUNG PEOPLE AND FAMILIES  
CABINET PANEL**

**WEDNESDAY 13 FEBRUARY 2019 AT 10.00AM**

**INTEGRATED PLAN 2019/20 - 2022/23**

Joint Report of Interim Director of Resources and Director of Children's Services

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Executive Members: Teresa Heritage (Executive Member for Children, Young People & Families)  
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**1. Purpose of the Report**

- 1.1 To highlight the areas of the Integrated Plan which relate to Children, Young People and Families in order for Panel to consider these and provide comment.
- 1.2 Members are asked to bring the following reports to the meeting, which have been circulated separately to all Members of the County Council:

**'Public Engagement and Consultation on the 2019/20 – 2022/2023 Integrated Plan'** (circulated as Item 4(i) for the Cabinet meeting of 21 January 2019); and

**'DRAFT INTEGRATED PLAN 2019/20 – 2022/23 (incorporating the Strategic Direction and Financial Consequences and the Treasury Management Strategy)'** (circulated as Item 4(ii) for the Cabinet meeting of 21 January 2019).

**2. Summary**

- 2.1 The Integrated Plan brings together the financial impact of service plans and the available funding to resource these, over the next four years. Strategic Direction summaries have been produced for each Portfolio, which set out the future direction of services in the context of achieving substantial further savings. These have been informed by comparative benchmarking, both through published data and informal

networks with other comparable authorities, to identify areas of potential efficiency gains.

- 2.2 Services have identified savings, in the context of the continuing budgetary pressures and reduction in available funding. Savings requiring a policy change have been taken through Panels for Cabinet decisions throughout 2018, and substantial efficiency savings have been identified. Savings have also been achieved by extending the reduction of general non-pay inflation to zero. Whilst this is mitigated to some extent by excluding exceptional inflation areas it will require services to manage the impact during 2019/20.

#### Provisional Settlement

- 2.1 The Government announced the provisional Local Government Finance Settlement for 2019/20 on 13 December 2018, following the announcement of overall spending and funding plans in the Chancellor's Autumn Budget 2018 on 29 October.
- 2.2 This was the final year of the Government's four-year settlement offer for authorities, including Hertfordshire, who submitted an Efficiency Plan. A number of the reductions to funding were therefore known in advance when preparing the proposed budget, including an anticipated reduction of £23.7m in Government grants between 2018/19 and 2019/20.
- 2.3 This is also the final year of the Adult Social Care precept; for the current year, no further increase is permitted and the precept flexibility has been fully taken up in previous years.
- 2.4 The Autumn Budget gave early notification of some additional funding, notably the Social Care Grant (£7.1m) and "Winter Pressures" grant (£4.1m). It should be noted that this funding is one-off and that, in the absence of the planned green paper on Health and Social care, it is not clear how government intends the cost pressure arising from the ongoing pressure in social care demand to be funded.
- 2.5 The Provisional Settlement subsequently announced the removal of negative Revenue Support Grant using foregone business rates, with the Total Settlement Funding Assessment (SFA), the Government's calculation of need to be met by (previously) Revenue Support Grant (RSG) and business rates, still reducing by 12.6% between 2018/19 and 2019/20.
- 2.6 Notably, all funding announcements were for one year only, compounding uncertainty on the level of funding to be expected after April 2020.
- 2.7 Additionally, the Settlement confirmed referendum threshold for Council tax increases to be used for 2019/20 as 2.99% (as previously notified last year).

- 2.8 The Provisional Settlement also included details of further authorities selected to pilot 75% business rates retention. Ministry of Housing, Communities and Local Government (MHCLG) had approved 10 authorities to pilot the scheme last year, and Hertfordshire's application for 2019/20 to be part of the second phase of the pilot was successful.
- 2.9 Furthermore, the Secretary of State confirmed timelines for changes to Business Rates Retention, and the implementation of a Fair Funding Review that will re-assess funding need across all authorities. These are expected to be introduced in 2020/21, when the current four-year settlement ends. Whilst there may be some transitional protection, these changes may have a significant impact on funding from 2020/21.

#### Revenue Budget 2019/20

- 2.10 The final position will not be confirmed until the Final Settlement (expected early February) and other late grant announcements, and until figures are received from Districts for council tax base and collection fund balances, due to be provided by end January.
- 2.5 The future position remains challenging: even with the identified savings and continued year on year increases in council tax and the social care precept, current projections of pressures and funding require a further £20.2 million saving to be identified in 2020/21, rising to £44.7 million by 2022/23.
- 2.6 To help meet these challenging targets, work is in hand to progress further savings during 2019, for implementation for 2020/21 or sooner where achievable. It is recognised that savings require significant lead times, especially where there is service redesign or consultation.

### **3. Recommendations**

- 3.1 The Panel is invited to comment to Cabinet on the proposals relating to the Integrated Plan in respect of Children, Young People and Families.
- 3.2 The Panel is also asked to identify any issues that it feels that the Cabinet should consider in finalising the Integrated Plan proposals.

### **4. Background**

- 4.1 The integrated plan comprises:
- an overview of the proposed revenue budget and capital programme, including a review of the budget estimates and adequacy of reserves (Part A);
  - Strategic Direction and Financial Consequences - by portfolio (Part B);

- the Treasury Management Strategy (Part C)
  - the Capital and Asset Management Strategy and Invest to Transform (part D);
  - the Insurance and Risk Strategy (part E)
  - an Equalities Impact Assessment (Part F); and
  - other technical information and finance summaries (Part G)
- 4.2 Part B of the Integrated Plan has separate sections for each Portfolio. These contain the strategic direction summary (for Children, Young People and Families portfolio, on page 52 of Integrated Plan Pack Part B); revenue budget information including a schedule of Key Budget Movements that sets out details of financial pressures and savings (page 66); and a summary of the proposed Capital Programme (page 72). Equivalent information in relation to the DSG funded Schools Budget is included on pages 204-213.
- 4.3 Key issues for this portfolio for the County Council funded activities, are included within the IP pack (pages 52-57) and are summarised below:
- 4.3.1 Continuing to maintain the current low numbers of Children Looked After (CLA) in an environment where CLA rates are rising nationally and the number of children in key age groups are rising.
- 4.3.2 Reducing the number of children in very expensive residential placements by seeking to increase placements in lower cost, appropriate provision such as foster care as opposed to residential.
- 4.3.3 Taking steps to limit or reverse rapid inflation in the unit costs of residential places.
- 4.3.4 Making good progress on the Special Education Needs and Disability (SEND) transformation and the SEND strategy. With the aim of the programme to improve services for children and families as well as deliver best value, cost savings and avoid future costs by finding efficiencies.
- 4.4 Key issues for this portfolio for Designated Schools Grant (DSG)-funded activities, are included within the IP pack (pages 204-208) and are summarised below:
- 4.4.1 Delivering the planned increase in Special School and college places from September 2019 and planning future provision
- 4.4.2 Addressing growing pressures on places and funding for Education Support Centres and in support of children with SEND in mainstream schools
- 4.4.3 Controlling growing pressures for out-county placements, including through SEND transformation

4.4.4 Maintaining overall financial control of the DSG budget in the face of considerable demand pressures.

4.5 The table below summarises the (demographic) pressures for change referred to above that relates to the county council's funded activities:

<b>Demographic Pressures</b>	<b>Amount of Pressure (in 2019/20) (£000's)</b>	<b>Approx. current budget (£000's)</b>	<b>Service Section and page</b>
Children Looked After (CLA)	1,048	39,615	Children, Young People & Families page 67
<b>Total Demographic Pressure</b>	<b>1,048</b>	<b>39,615</b>	

<b>Other Pressures</b>	<b>Amount of Pressure (in 2019/20) (£000's)</b>	<b>Approx. current budget (£000's)</b>	<b>Service Section and page</b>
SEND reform programme implementation	838	1,570	Children, Young People & Families page 67
Nascot Lawn	351	8,861	
0-25 Together	460		
Independent Placements	750	23,264	
Employer Contribution for Central Staff in Teachers Pension Scheme	52		
<b>Total Other Pressures</b>	<b>2,451</b>	<b>33,695</b>	

4.6 The table below summarises the saving proposals referred to above:

<b>Saving</b>	<b>Amount of Saving (in 2019/20) (£000's)</b>	<b>Approx. current budget (£000's)</b>	<b>Service Section and page</b>
Families First ITT Bid	(50)	225	Children, Young People & Families page 68
Family Centre Recommissioning	(2,080)	10,853	
Youth Connexions	(829)	3,936	
Serco SMS contract savings	(99)	1,517	
SEND ITT Bid – service efficiency	(460)	4,752	
Children's Services Efficiencies	(81)	3,864	
Unaccompanied Asylum-Seeking Children	(450)	1,677	
<b>Total Savings</b>	<b>(4,049)</b>	<b>26,824</b>	

4.7 Details of the capital schemes (including cash flows and funding sources) relating to Children, Young People and Families portfolio can be found on pages 72 of the IP and the new schemes are listed in the table below:

<b>Capital Scheme name</b>	<b>Total Scheme Cost (£000's)</b>	<b>Service Section and page</b>
SEND Projects	8,125	Children's Services page 74
SEN Projects	750	
Young People Centre's Refurbishment Works	104	

## 5. Equality Implications

- 5.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the equalities implications of the decision that they are taking.
- 5.2 Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the county council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.
- 5.3 The Equality Act 2010 requires the Council when exercising its functions to have due regard to the need to (a) eliminate discrimination,

harassment, victimisation and other conduct prohibited under the Act;  
(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and  
(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.

- 5.4 Part F of the Integrated Plan provides an equality impact assessment of the savings included within the plan and how these are intended to be mitigated by the service.