

**BUSINESS PLANNING FOR CHILDREN, FAMILIES AND ADULTS SERVICES
2016 TO 2020**

To: **Children and Young People's Committee**

Meeting Date: **8 September 2015**

From: **Adrian Loades, Executive Director: Children, Families and Adults Services**

Electoral division(s): **All**

Forward Plan ref: **N/A** *Key decision:* **No**

Purpose: **To update the Committee on the development of business planning proposals for Children, Families and Adults Services.**

To seek a steer from the Committee regarding the strategic direction for business planning prior to the development of detailed business planning proposals for the next 5 years.

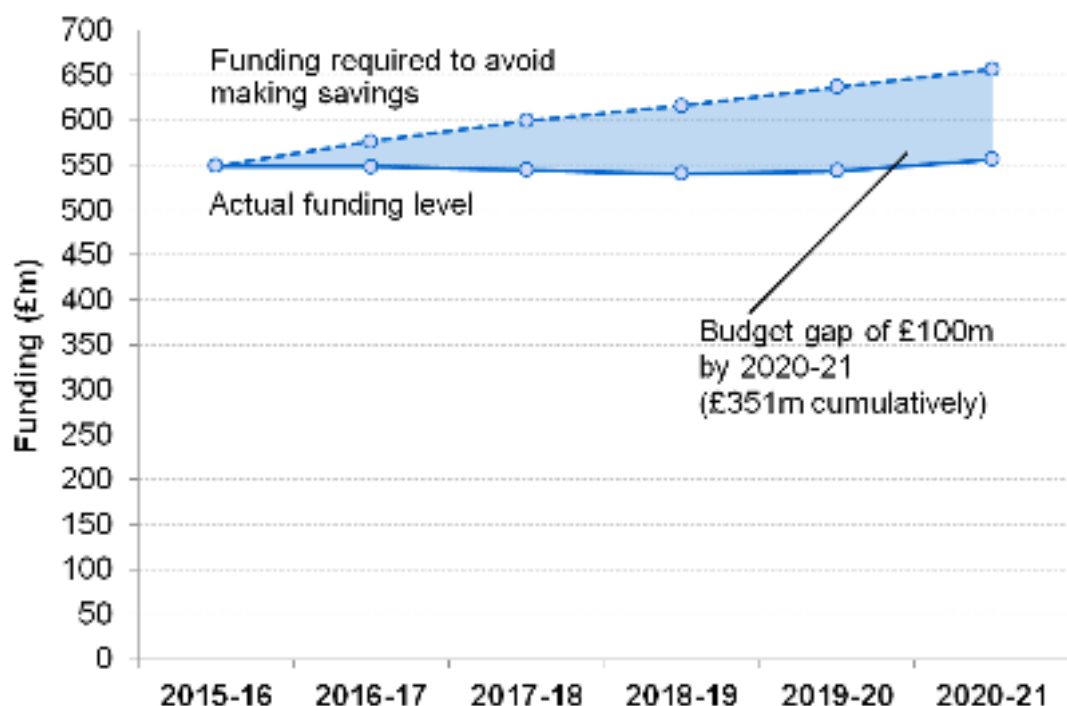
Recommendation: **The Committee is asked:**

- a) To comment on the draft Strategy (Appendix A) and the principles and direction of travel it sets for the transformation of Children, Families and Adults Services over the period to 2020.**
- b) To comment on the suggested approach to the treatment of demographic pressures within CFA Services for the 2016/17 Business Plan (at section 5).**
- c) To comment on the suggested approach to the treatment of inflationary pressures within CFA Services for the 2016/17 Business Plan (at section 6).**
- d) To note the suggested next steps for the development of detailed business planning proposals for the 2016/17 Business Plan.**

<i>Officer contact:</i>	
Name:	Rebecca Hudson
Post:	Head of Strategy: CFA Services
Email:	Rebecca.hudson@cambridgeshire.gov.uk
Tel:	01223 714674

1.0 CAMBRIDGESHIRE COUNTY COUNCIL AND CHILDREN, FAMILIES AND ADULTS SERVICES BUSINESS PLANNING CONTEXT

- 1.1 The Council has for a number of years adopted an integrated approach to service planning and budget setting. It does this through the business planning process that culminates annually with the Council agreeing the Business Plan in February. The Business Plan covers a five year timeline and integrates policy objectives, resource allocations, and performance targets.
- 1.2 In the last 4 financial years between 2011-12 and 2015-16 the Local Authority as a whole achieved £195.5m savings largely by making efficiencies, cutting services and raising charges.
- 1.3 The Council has emerged from the last parliament of austerity and now faces another, but the scope to make further efficiencies through traditional means is minimal. Consequently, the Council now confronts the reality that more severe and widespread service cuts are unavoidable. The authority's financial position is such that it would be reckless to suggest otherwise. The decisions that will need to be taken in developing the 2016-21 Business Plan will be unpalatable. Making and implementing these difficult decisions to cut services will test severely the resolve of the Council.
- 1.4 For Cambridgeshire County Council the scale of the funding gap is such that on top of the huge savings we have already made, we will need to save around £100m over the next five years whilst the demand for our services will continue to grow rapidly. This is shown in the diagram below.



- 1.5 The table below shows an overview of the resource allocations, notional cash limits and savings requirements for all of Children, Families and Adults Services (CFA) as set out in the current (2015/16) business plan.

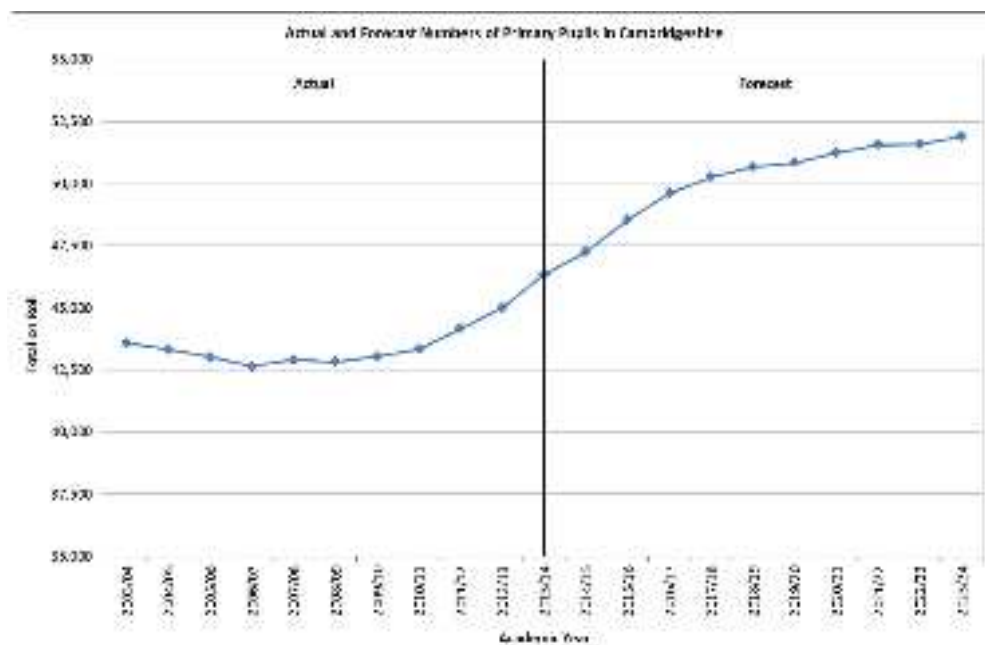
CFA Business Plan Summary of Headline Figures (Starting Point as per 2015/16 Business Plan)

	2016-17	2017-18	2018-19	2019-20	2020-21
Previous year's budget	345,293	338,428	332,496	331,616	337,804
Transfers of function	1,873	-2,648	-764	-	-
Revised budget	347,166	335,780	331,732	331,616	337,804
Inflation	6,727	6,097	6,333	6,259	6,259
Demography	9,434	9,641	9,617	10,016	10,016
Pressures	701	-	-	-	-
Investments	-414	-174	-	-	-
Savings requirement per 2015-20 Business Plan	-25,186	-18,848	-16,066	-7,173	-
Additional savings required per 2016-21 Business Plan	-	-	-	-2,914	-5,561
Total gross budget	338,428	332,496	331,616	337,804	348,518
Fees, charges & ring-fenced grants	-96,953	-95,375	-95,254	-95,910	-96,566
Net budget / cash limit	241,475	237,121	236,362	241,894	251,952
Total savings / income target	-25,566	-19,288	-16,066	-10,087	-5,561

- 1.6 The table above represents the starting point for business planning for 2016/17 and beyond. We know that the picture of funding and pressures is changing and worsening, and consequently the savings requirement has become greater still than shown above. Developing a model of service which can be financially sustainable in the long term represents an exceptionally difficult task for the organisation.

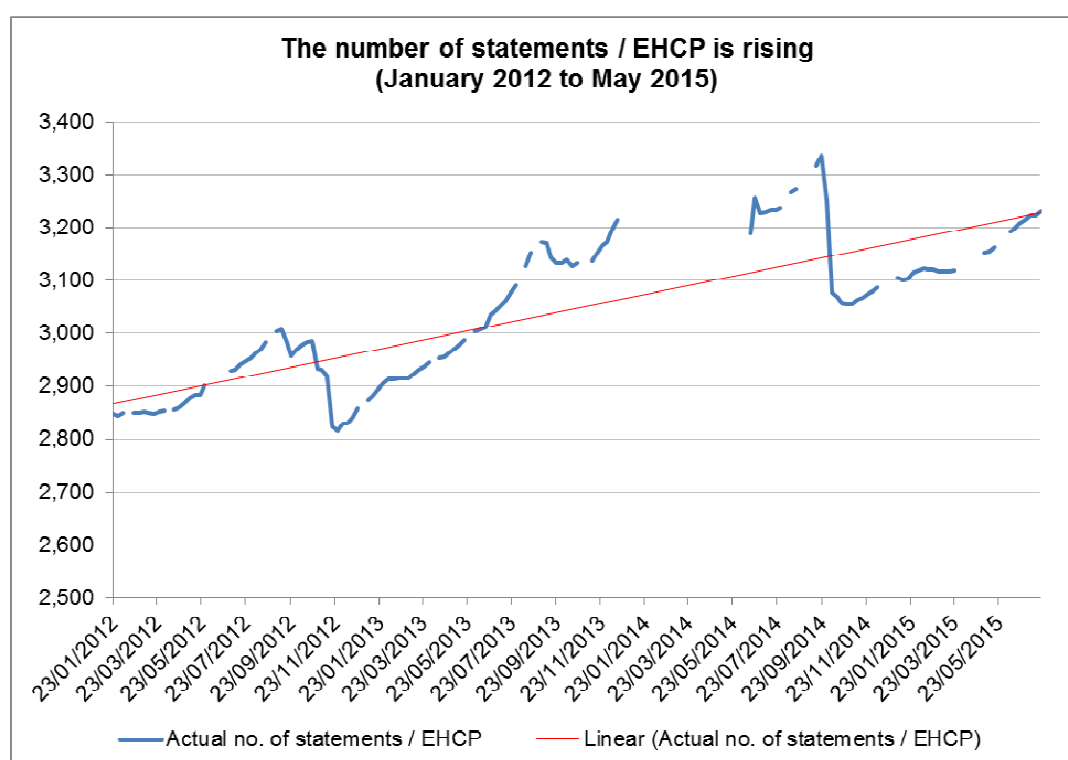
2.0 BUSINESS PLANNING CONTEXT FOR CHILDREN'S SERVICES

- 2.1 The financial context for children's services is challenging. Population growth and increasing levels of need place increasing demands on an already stretched financial position.
- 2.2 In five years' time, total primary school pupil rolls are forecast to be around 9% higher than current numbers in Cambridgeshire as a whole; and 15% higher in Cambridge City.

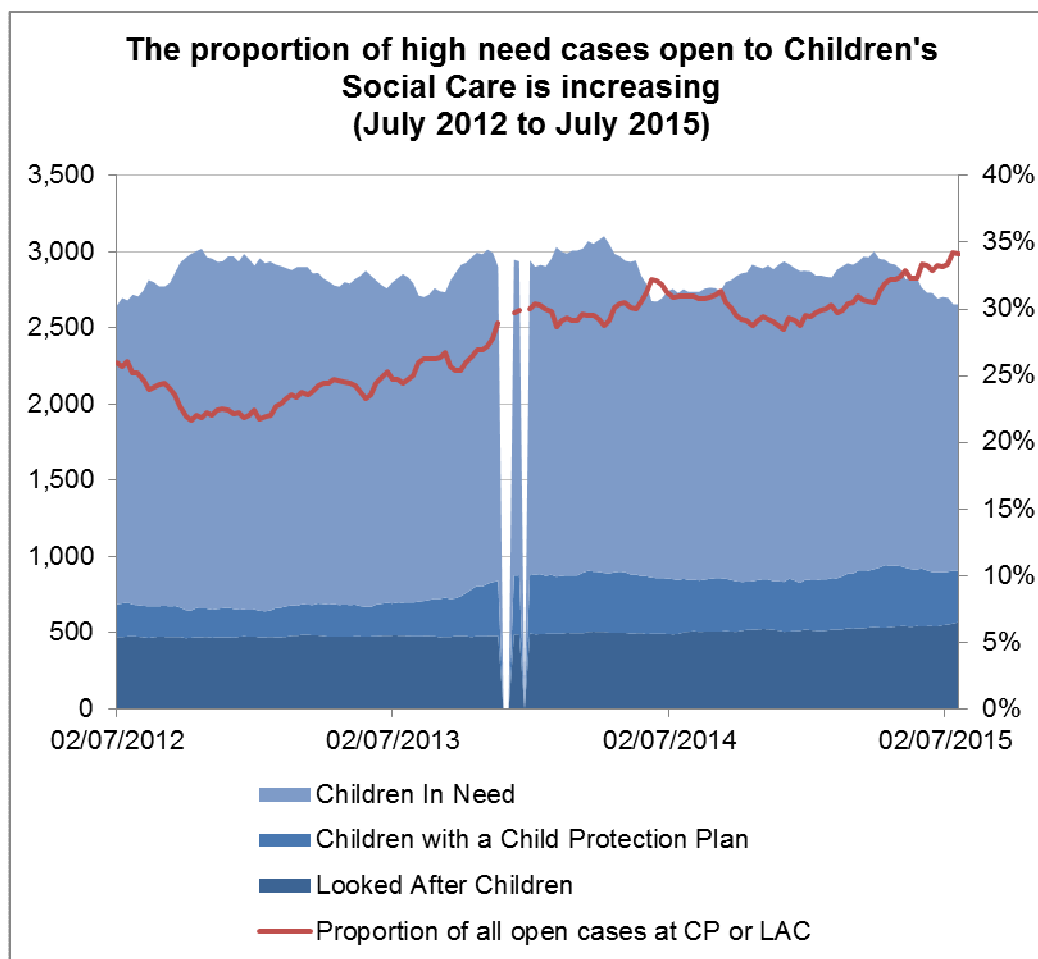


Source: Cambridgeshire LA Annual Pupil Projection, September 2014

- 2.3 The numbers of children with statements of special educational need / Education Health and Care Plan (EHCP) have been rising year on year - there were 2,850 in March 2012 and around 3,150 in March 2015. Population growth is likely to drive these numbers still further upward.



- 2.4 At the highest level of need, open children's social care cases have varied between 2,500 - 3,000 since mid 2012. Over that time however, the proportion of these cases at the highest need categories of child protection and looked after children has grown, from around 25% of all open cases to 35%. We are currently have more children who are looked after by the local authority than we have ever had – though this rate remains broadly similar to that of our statistical neighbours and is still lower than national rates.



2.5 Seeking to manage a reducing budget whilst responding to this picture of expanding need will be a complex task. Section 5 sets out the approach to demographic pressures in more detail.

2.6 Year on year inflation increases the real costs of providing and commissioning services for children, families and adults. These increased costs are not currently matched by increased funding from central government and so represent an additional financial pressure. Whilst inflationary pressures are a more significant consideration for adults services, they do impact on placements for looked after children and children with special educational needs. Section 6 of this paper describes these pressures and the approach in more detail.

3.0 **APPROACH TO BUSINESS PLANNING 2016 TO 2020 FOR CHILDREN'S SERVICES**

3.1 The future financial forecasts require a different approach to budget planning. Previously we have focussed the majority of effort on designing a budget for the next financial year and asking each service area to identify savings and efficiencies to deliver services with incrementally reduced funding. This approach is no longer sustainable. Individual services will become unviable when treated incrementally in isolation and short term decisions will not leave the Council best placed to meet the needs faced with the resources available. This makes planning for the longer-term and across service and directorate boundaries essential.

3.2 We are therefore working to develop an overarching and longer term plan for children's services; starting with the draft Strategy for Children, Families and Adult Services in Cambridgeshire, 2016/17 to 2020/21 (the 2020 Strategy) which will describe how our arrangements will change strategically over the next five years. A draft of the document is

shared with the Committee at Appendix A for comment and will drive the development of more detail business planning proposals for change over the coming weeks and months. The document is subject to ongoing development, which will incorporate the discussions and views of the Committee.

- 3.3 The ideas within the 2020 Strategy have been developed in part through work across our teams looking at case study 'personas' of typical service users and considering how we might meet their needs differently and at much lower cost in future. Basing discussions around the needs of people and families in this way has driven creative thinking about meeting needs differently rather than focussing on how to maintain existing services at lower cost.
- 3.4 This work within Children, Families and Adults Services has been developed as part of the County Council's new operating model which has provided the framework for cross-directorate discussions about how we achieve our key outcomes.

These outcomes are;

- Older people live well independently
- People with disabilities live well independently
- People at risk of harm are kept safe
- People lead a healthy lifestyle
- The best educational achievement for every child in Cambridgeshire
- The Cambridgeshire economy prospers to the benefit of all Cambridgeshire residents
- People live in a safe environment

- 3.5 Members and officers have together developed the principles of the new operating model which are:
- We will retain a bold and ambitious vision for Cambridgeshire – but understanding that our ability to directly provide services will decrease, so we will increasingly need to develop solutions with individuals, communities and partners
 - We will identify the outcomes that the Council most wants to achieve for communities, and convene ourselves around these
 - We will identify the activities that are most important in enabling us to achieve outcomes, and convene ourselves around these
 - We will take a long-term approach to our work with people in Cambridgeshire, and a long-term approach to our strategic planning
- 3.6 The key enablers guiding collaboration across Council services to achieve these outcomes are:
- Building community resilience
 - Exploiting digital solutions, making the best use of data and insight
 - Having Members and officers who are equipped for the future
 - Maximising commercialism and income generation, and making best use of our assets
 - Ensuring the majority of customers are informed, engaged and get what they need the first time they contact us
- 3.7 The ideas flowing from the operating model work and personas discussions led within CFA directorates are captured in the current draft of the 2020 Strategy. A summary of some of the key themes is below in section 4. Further detail in all of these areas will be developed to present to Committee in November as part of the business plan and the 2020 Strategy will develop and feed into a whole-Council Strategic Framework over coming months which will set the direction of travel for how the whole organisation will transform services over the next five years.

4.0 **WHAT WILL BE DIFFERENT FOR CHILDREN, FAMILIES AND ADULTS BY 2020**

4.1 We will maximise the impact of our preventative work over the next five years and beyond. We will work with people to prevent need and prevent an escalation of need for our high cost packages. Over the next five years we will significantly reduce the available budget for high cost care packages of support for vulnerable people. We aim to have an increased percentage of our reduced spend focus on early help, preventative services and working with communities and individuals to support their independence.

4.2 It is extremely difficult to reduce spend on care packages but this is unavoidable if spending is to be balanced with funding. We recognise that problems cannot always be solved quickly and some people will require ongoing support over the course of their lifetime. Where this is the case, we will continue to provide a safety net for vulnerable people and will support them through our specialist services. We will strive to make sure that the support provided is of good quality, improves quality of life and is cost effective.

4.3 The 2020 Strategy sets out the key principles of our approach, these are copied below;

- All our work will be focused on promoting people's independence and progression, based around people's strengths, improving their outcomes and reducing spend on high cost support.
- We will promote the responsibility of individuals for their own health and for the care arrangements of older and younger generations in their families and communities.
- We will build strength and capacity within people's relationships and the networks available to them (be that in their families and/or wider communities) so that they can meet their own needs.
- We will change the way that people can access our services in order to ensure a timely response to need.
- We will proactively look for people who need specific additional support, to address problems which have arisen, to reduce their impact and/or to prevent them from getting worse.
- Our work will be better focused on short term interventions and better aligned to reduce the level of need that requires the most resource. It will be arranged and delivered locally and we will coordinate and integrate the support that people of all ages need (recognising that the intervention may be different depending on need).
- We will promote the use of professional judgement and flexibility in how we work to and use resources to create more tailored support for people that focuses on long term solutions and costs.
- Where people do require high cost support, we will make sure that the support provided improves the quality of their life and is cost effective.
- Our models of delivery for services will be based around what is most likely to improve outcomes for service users and what will work best within our wider partnership arrangements to deliver support.
- Where we have statutory responsibilities for institutions (e.g. maintained schools), interventions will be as targeted and as brief as possible with the aim of building

capacity, promoting self-improvement and achieving a quality, self-sustaining system.

- 4.4 In the context of increasing demand for our services, reduced budget and rising consumer expectations, we must be clear with local people that difficult choices will need to be made over the next five years in terms of the support that the Council can provide. We will set out the impact of changes for children, families and adults across Cambridgeshire, and also for the professionals who work with them.
- 4.5 Decisions about the support people receive will be made within the context of the overarching vision and principles set out within the 2020 Strategy. We will reshape the budget so that by 2020 a greater proportion is allocated to preventative activity than at present. Total spend will reduce in all areas, including for preventative services, but the reductions in prevention will be less than for costly specialist services and care packages. This relative protection of spend on prevention will be necessary to achieve the larger decreases in spend on specialist and high needs care budgets which are essential for a sustainable model.
- 4.6 Whilst we strive to improve outcomes for people where possible, promoting independence and building on networks of support, we recognise that we will not be able to mitigate the impact of a reduced budget on the people we work with. Where we can, we are looking at ways to meet need as well as do now, but at a reduced cost. We will make sure that we continue to meet our statutory duties and our own quality standards in relation to children's safeguarding, child protection and our arrangements for children who are looked after.
- 4.7 As a consequence communities and individuals will be expected to do more to plan for and meet their own needs. The delivery of the County Council's Community Resilience Strategy will be vital to support the achievement of the business plan. The Strategy is currently being finalised and will set out how we will work to encourage people to help one another, how we will help link communities of interest together, how we will support volunteering and facilitate community leadership. We will also work to help individuals and families plan to meet their own needs, and we will encourage our own employees who are nearing retirement to consider volunteering in a formal or informal capacity once they retire.
- 4.8 We will also be clear with the professionals who work with children, families and adults across Cambridgeshire about what we expect from them and how we will support them to transform the way they work over the next five years. This is set out in more detail within the Strategy.

5.0 RECOMMENDED APPROACH TO DEMOGRAPHIC PRESSURES

- 5.1 The demographic pressures set out in section 2 and in the 2020 Strategy are a major contributory factor in the overall savings requirement for the services across the Local Authority. We know that if we do not change our services and ways of working then demographic pressures totalling around £50m will occur between now and 2020.
- 5.2 Through the delivery of this Strategy we plan to respond to and mitigate the demographic pressures which would otherwise stretch our budgets unsustainably.
- 5.3 The pressures fall primarily on our high cost, specialist and demand-led care budgets and so if we allocated demographic funding as we have previously it would continue to shift resource away from prevention and early intervention activity. This is out of step with the central theme of this Strategy to invest in prevention and in doing so reduce the demand

on high cost care budgets.

- 5.4 Wherever possible, we will try to avoid allocating extra funding to demand-led care budgets, and instead set out plans to absorb these pressures within existing resources or mitigate them with successful prevention as far as possible. Our proposed starting assumption will be that no demographic funding will be available and services will have to justify any irreducible core of demographic need that will require funding.
- 5.5 Seeking to absorb demographic pressure in this way is the recommended approach but the actions required will represent a reduction in service levels and are just as difficult as making the equivalent level of 'savings'. Meeting future need without additional funding will require specific and detailed actions, new thinking and new or increased preventative activity.
- 5.6 Importantly, the amount of 'savings' we plan to make in each area will be informed by our understanding of how much demographic pressure each of the services are working to absorb.

6.0 **RECOMMENDED APPROACH TO MANAGING INFLATION**

- 6.1 In the inflation section of the Business Plan, the Council considers changes in costs and prices when determining how to allocate resources. The County Council's core funding from Government is not rising in line with inflation and so where costs of direct or commissioned provision rise due to inflation it creates a further pressure for business planning.
- 6.2 The most significant inflationary impact for children's services is on the cost of placements with independent providers for children who are looked after or with complex special educational needs, and on our education and care transport costs. Where independent sector providers increase their prices in line with inflation this creates pressure in the placement or transport budgets, and where providers bear the costs themselves this can in some cases threaten their financial sustainability.
- 6.3 A further specific inflationary pressure will be created by the introduction of the national living wage, unless this is accompanied by additional funding from Government. The national living wage will be £7.20 from April 2016, whereas the minimum wage is £6.50 in September 2015. Whilst the majority of directly employed staff are already paid this living wage, the package costs for some providers of residential or other care settings are likely to increase so will need to be built into overall inflation assumptions. Cambridgeshire Catering Services will also see an impact for some of its catering and cleaning staff; however, the expectation is that this would be recovered from customers by increasing charges.
- 6.4 The living wage is also likely to have a particular impact in the early years and childcare sector. The sector has a strong reliance on a lower paid workforce and payrolls will rise by an average of 10% from April 2016, and by 35% from April 2020 when the living wage will reach £9. Whilst this will not have a direct impact on Council budgets – early years education and childcare is almost exclusively provided by the private, voluntary and independent sector – there may be an indirect impact if providers' financial sustainability is threatened, in terms of the Council's duty to ensure sufficient early years and childcare provision across the county. It is not yet clear whether the Nursery Education Grant allocated by Government for free early years provision will increase to cover the cost of the living wage. Local Government has made the Government very aware of the new financial pressures created as a result of the living wage increases, there has not as yet been any commitment to increase funding accordingly.

- 6.5 We will continue to seek to mitigate these pressures by working with our providers to identify further ways in which we might reduce costs. This includes ensuring that we scale our contracts to secure economies of scale and also provide downward pressure through competition. We will work with partner agencies to jointly procure services and ensure that our service specifications reflect the reality of the resources that we have available, whilst ensuring that safe provision is secured. However, it is likely that even with these actions many of our providers will continue to face significant financial pressures.
- 6.6 The views of the Committee are sought in relation to the treatment of inflationary pressures. As with demographic pressures our overarching strategy is to mitigate and manage pressure within existing resources wherever possible. This approach minimises the 'savings' target for children, families and adults services as a whole and in particular helps protect preventative budgets being cut to cover rising pressure in the costs of care. However it may not be possible to fully mitigate inflationary effects, especially if the modelling of the impact of the living wage indicates significant unfunded cost increase for local authorities. The outcome of this modelling and the more general inflationary pressures will be presented to the Committee in November alongside the detailed business planning proposals.
- 6.7 At this stage of business planning the initial views of the Committee on the approach to managing inflation over the next five years are invited. The Adults Committee have also been invited to provide a strategic steer in relation to inflationary pressures which are much higher for adult social care services.

7.0 NEXT STEPS

- 7.1 Following the steer from Committee, we will continue discussions on the content of the 2020 strategy across the Council and with partners and it will be used to guide the development of detailed proposals to deliver the required savings across the Council.
- 7.2 Full business planning proposals for 2016/17 to 2020/21 will be presented to the Children and Young People's Committee meeting in November.
- 7.3 Key milestones in the business planning timeline are set out in the table below.

October	Members Seminar to explore and discuss revenue proposals before they are formally presented to Committee
November	Committee considers final draft revenue proposals. Ongoing work to develop budget plan and deliver savings proposals. General Purposes Committee workshop to consider savings proposals
December	Ongoing work to develop budget plan and deliver savings proposals. General Purposes Committee discussion of savings proposals Reserve Dates for Committees to discuss business planning if required
January	General Purposes Committee review draft Business Plan for 2016/17.
February	Draft Business Plan for 2016/17 discussed by Full Council.
March	Publication of final CCC Business Plan for 2016/17 Ongoing work to deliver savings proposals.

8.0 ALIGNMENT WITH CORPORATE PRIORITIES

8.1 Developing the local economy for the benefit of all

8.1.1 There are no significant implications for this priority.

8.2 Helping people live healthy and independent lives

8.2.1 The following bullet points set out details of implications identified by officers:

- If people are healthy and independent they require fewer public services and so supporting this objective is central to our business planning strategy as well as being a core priority outcome.
- We will work with people to both prevent a need and prevent an escalation of need (through early help) for our high cost specialist services.
- We will embed the idea of planning for independence in all our work with children, families and adults – focussing on progression, recovery and working with people to make plans for the future which will keep them independent when their needs change
- We will seek to engage the community and people's wider networks of support in this shared goal of maintaining independence and health, with public services working within and alongside this wider network

8.3 Supporting and protecting vulnerable people

8.3.1 The following bullet points set out details of implications identified by officers:

- Our ability to continue to support and protect vulnerable people remains our first priority; but it is vital that we succeed in our efforts to manage demand and maintain our preventative capacity to best effect if we are to meet these needs with significantly reduced resources and a much larger population.
- All of the services that CFA will provide will be either directly engaged in the support and protection of vulnerable people or in providing preventative capacity which prevents people becoming vulnerable and having eligible needs.

9.0 SIGNIFICANT IMPLICATIONS

9.1 Resource Implications

9.1.1 The report above sets out details of significant resource implications faced and the proposed response.. An overview of the resource position is at paragraph 1.1.

9.2 Statutory, Risk and Legal Implications

9.2.1 The following bullet points set out details of significant implications identified by officers:

- Meeting need within extremely constrained and reduced resources represents a major risk to our ability to achieve strategic goals and meet statutory duties
- Specifically a 'Lack of capacity to respond to rising demand for service provision' is identified within the Strategic Risk register as a core risk for the County Council
- The business planning approach set out in this paper focussing on demand management includes significant risk. If we do not succeed in preventing, delaying or reducing demand then the only way for the County Council to set a balanced budget will be to directly cut services in other areas. Even this unpalatable position would soon become untenable as quickly we would end up reducing our

preventative services and so further weaken our ability to manage demand.

9.3 Equality and Diversity Implications

- 9.3.1 The following bullet point sets out details of significant implications identified by officers:
- Full impact assessments for equality and diversity will accompany the more detailed and specific proposals as they are developed

9.4 Engagement and Consultation Implications

- 9.4.1 The following bullet point sets out details of significant implications identified by officers:
- The business planning process is supported by a public consultation process. The feedback from this engagement will be presented to the Committee alongside the more detailed proposals in November.

9.5 Localism and Local Member Involvement

- 9.5.1 The following bullet points set out details of significant implications identified by officers:
- Members will be informed of the implications of proposals for residents and where these are specific to a given locality or constituency the local member will be even more closely involved
 - The approaches set out include a focus on budgets being devolved to a more local level and the organisation of teams and service by place
 - A central approach to mitigate the impact of our service reductions and manage demand for our services will be to build the capacity of local people and communities to help each other.
 - Local councillors will be pivotal within this process, proactively linking parish, district, county and community services around a defined understanding of the strengths and needs locally. This role will be set out in more detail in our Community Resilience Strategy.

9.6 Public Health Implications

- 9.6.1 The following bullet points set out details of significant implications identified by officers:
- A reduction in services available is likely to reduce our capacity to improve public health outcomes.
 - Our plans seek to maximise the impact of public health services in reducing demand for children's services. For example, we will further target the delivery of our contraception and sexual health advice towards young people and families we know are vulnerable.

Source Documents	Location
<i>None</i>	