**Agenda Item No: 4**

# CHILDREN AND YOUNG PEOPLE'S COMMITTEE REVIEW OF DRAFT REVENUE BUSINESS PLANNING PROPOSALS FOR 2015/16 TO 2019/20

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| *To:* | **Children and Young People Committee** |
| *Meeting Date:* | **21st October 2014** |
| *From:* | **Adrian Loades, Executive Director, Children, Families and Adults Services**<br><br>**Chris Malyon, Chief Finance Officer** |
| *Electoral division(s):* | **All** |
| *Forward Plan ref:* | **Not applicable** *Key decision:* **No** |
| *Purpose:* | **This report provides the Committee with an overview of the draft revenue Children, Families and Adults (CFA) Service Business Planning proposals that are within the remit of the Children and Young People's Committee.** |
| *Recommendation:* | **a) It is requested that the Committee note the overview and context provided for the 2015/16 to 2019/20 Business Plan revenue proposals for the CFA Service.**<br><br>**b) It is requested that the Committee comment on those draft revenue savings proposals that are within the remit of the Children and Young People's Committee for 2015/16 to 2019/20 and provide a steer on their further development.**<br><br>**c) It is requested that the Committee comment on the proposed approach to inflation within the CFA Service for 2015/16 and provide a steer on the options set out in the paper.**<br><br>**d) It is suggested that Officers work with Members of the Children and Young People's Committee to develop further detailed proposals for presentation to the Children and Young People's Committee on the 18th November.** |



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## 1. OVERVIEW

1.1 The Council's Business Plan sets out how we will spend our money to achieve our vision and priorities for Cambridgeshire. Like all Councils across the country, we are facing a major challenge. Our funding is reducing at a time when our costs continue to rise significantly due to inflationary and demographic pressures. This means that despite the way in which we have been able to stimulate local economic growth, and the improving national economy, the financial forecast for the Council continues to present huge challenges.

1.2 The Council has now experienced a number of years of seeking to protect frontline services in response to reducing Government funding. Looking back, we have saved £70m in the last two years and are on course to save a further £31m this year (2014/15). As a result, we have had to make tough decisions over service levels during this time. Over the coming five years those decisions become even more challenging. The Council is now in a position of having to consider what might previously have been considered unthinkable. The choices are stark and unpalatable but these very difficult decisions will need to be made as the Council has a duty to provide the best possible services for Cambridgeshire's communities alongside a statutory responsibility to set a balanced budget each financial year. It is the Chief Finance Officer's statutory role to provide a statement on the robustness of the budget proposals when they are considered by Council in February.

1.3 The Council undertakes financial planning of its revenue budget over a five year timescale which creates links with its longer term financial modelling and planning for growth. This paper presents an overview of the proposals being put forward as part of the Council's draft revenue budget.

1.4 Funding projections have been updated based on the latest available information to provide a current picture of the total resource available to the Council. At this stage in the year projections remain fluid and will be reviewed as more accurate data becomes available.

1.5 The Council issues cash limits for the period covered by the Business Plan (rolling five years) in order to provide clear guidance on the level of resources that services are likely to have available to deliver services over that period. To maintain stability for services and committees as they build their budgets we will endeavor to minimise variation in cash limits during the remainder of the process unless there is a material change in the budget gap.

## 2. BUILDING THE REVENUE BUDGET

2.1 The Council currently operates an incremental approach to revenue budgeting. Changes to the previous year's budget are put forward as individual proposals for consideration by committees, General Purposes Committee and ultimately Full Council. Proposals are classified according to their type, as outlined in **Appendix B**, accounting for changes to the forecasts of inflation, demography, and service pressures, such as new legislative requirements that have resource implications, as well as savings.

2.2 The process of building the budget begins by identifying the cost of providing a similar level of service to the previous year. The previous year's budget is adjusted for the Council's best forecasts of the cost of inflation and the cost of changes in the number and level of need of service users (demography). Known pressures and proposed investments are then added and the total expenditure level is compared to the available funding. Where funding is insufficient to cover expenditure, the difference is apportioned across services as a savings requirement in order to balance the budget.

2.3 The budget proposals being put forward include revised forecasts of the expected cost of inflation following a detailed review of inflation across all services at an individual budget line level. Inflation indices have been updated using the latest available forecasts and applied to the appropriate budget lines. Inflation can be broadly split into pay, which accounts for inflationary costs applied to employee salary budgets, and non-pay, which covers a range of budgets, such as energy, waste, etc. as well as a standard level of inflation based on government CPI forecasts. Key inflation indices applied to budgets are outlined in the following table:

| Inflation Range | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|
| Standard non-pay inflation | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Other non-pay inflation (average of multiple rates) | 2.8% | 3.4% | 3.4% | 3.4% | 3.4% |
| Pay (admin band) | 1.5% | 2.0% | 2.0% | 2.0% | 2.0% |
| Pay (management band) | 1.5% | 2.0% | 2.0% | 2.0% | 2.0% |
| Employer pension contribution (average of admin and management band) | 8.2% | 5.5% | 0.0% | 3.3% | 3.2% |

2.4 Forecast inflation, based on the above indices, is as follows:

| Service Block | 2015-16 £'000 | 2016-17 £'000 | 2017-18 £'000 | 2018-19 £'000 | 2019-20 £'000 |
|---|---|---|---|---|---|
| Children, Families and Adults | 6,331 | 6,358 | 5,705 | 5,942 | 5,868 |
| Children, Families and Adults (DSG funded) | 351 | 378 | 401 | 400 | 400 |
| Economy, Transport and Environment | 1,106 | 1,230 | 1,046 | 1,080 | 1,040 |
| Economy, Transport and Environment (Waste PFI) | 798 | 855 | 892 | 945 | 977 |
| Public Health | 291 | 308 | 312 | 321 | 310 |
| Corporate and Managed Services | 448 | 406 | 368 | 385 | 386 |
| LGSS Operational | 330 | 328 | 222 | 271 | 256 |
| **Total** | **9,655** | **9,863** | **8,946** | **9,344** | **9,237** |

2.5 A review of demographic pressures facing the Council has been undertaken by the Research Group in conjunction with services and Finance. The term demography is used to describe all demand changes arising from increased numbers (e.g., clients services, road kilometres); increased complexity (e.g., more intensive packages of care as clients age); and any adjustment for previous years where demography has been under/overestimated. Forecast demography is as follows:

| Service Block | 2015-16 £'000 | 2016-17 £'000 | 2017-18 £'000 | 2018-19 £'000 | 2019-20 £'000 |
|---|---|---|---|---|---|
| Children, Families and Adults | 8,973 | 9,433 | 9,642 | 9,617 | 10,016 |

| | | | | | |
|---|---|---|---|---|---|
| Economy, Transport and Environment | 534 | 315 | 450 | 523 | 474 |
| Public Health | 76 | 169 | 160 | 159 | 159 |
| Corporate and Managed Services | 13 | 17 | 17 | 17 | 18 |
| **Total** | **9,596** | **9,934** | **10,269** | **10,316** | **10,667** |
| Percentage cost increase | 2.1% | 2.2% | 2.3% | 2.4% | 2.5% |

2.6 These figures compare with an underlying population growth of around 1.7% per year (a total increase of 9.0% between 2014-15 and 2019-20). The difference is due to faster growth in certain client groups; changes in levels of need and catch up from previous years.

2.7 The Council is facing some cost pressures that cannot be absorbed within the base funding of services. These were reported to General Purposes Committee in September who agreed to note the pressures. Some of the pressures relate to costs that are associated with the introduction of new legislation and others as a direct result of contractual commitments. These costs are included within the revenue tables considered by service committees alongside other savings proposals and priorities:

| Service Block / Description | 2015-16 £000 | 2016-17 £000 | 2017-18 £000 | 2018-19 £000 | 2019-20 £000 |
|---|---|---|---|---|---|
| CFA: Young Carers – assessments and support | 175 | - | - | - | - |
| CFA: Deprivation of Liberty Standards | 2,340 | -1,540 | - | - | - |
| CFA: Emergency Duty Team | 300 | - | - | - | - |
| CFA: Older People Service | 3,000 | - | - | - | - |
| ETE: City Deal - Adult Learning Skills | 200 | - | - | - | - |
| ETE: Waste PFI | 916 | 336 | 319 | 341 | -59 |
| CS: Business Planning Support | 50 | - | - | - | - |
| CS: Reinstatement of Voluntary Sector Infrastructure Budget | 48 | - | - | - | - |
| CS: Exploitation of Digital solutions *(investment)* | 258 | - | -258 | - | - |
| **Total** | **7,282** | **-1,204** | **61** | **341** | **-59** |

2.8 The Council recognises that effective transformation often requires up-front investment and has considered both existing and new investment proposals that we fund through additional savings during the development of this Business Plan. The table below outlines investments by service. Note that negative figures indicate the removal of an investment from a previous year.

| Service Block | 2015-16 £'000 | 2016-17 £'000 | 2017-18 £'000 | 2018-19 £'000 | 2019-20 £'000 |
|---|---|---|---|---|---|
| Children, Families and Adults | -574 | -64 | -174 | - | - |
| Economy, Transport and Environment | 120 | 274 | 18 | 95 | - |
| Public Health | 400 | - | - | - | - |
| Corporate and Managed Services | -350 | -205 | -75 | -50 | - |
| **Total** | **-404** | **5** | **-231** | **45** | **-** |

Note: The figures for Corporate and Managed Services do not include the proposed Exploitation of Digital solutions investment already shown in paragraph 2.7.

## 3. SUMMARY OF THE DRAFT REVENUE BUDGET

3.1 In order to balance the budget in light of the cost increases set out in the previous section and reduced Government funding, savings of £32.6m are required for 2015-16, and a total of £121.4m across the full five years of the Business Plan. The following table shows the total amount of savings / increased income necessary for each of the next five years, split by service block.

| Service Block | 2015-16 £'000 | 2016-17 £'000 | 2017-18 £'000 | 2018-19 £'000 | 2019-20 £'000 |
|---|---|---|---|---|---|
| Children, Families and Adults | -25,904 | -25,232 | -19,332 | -16,309 | -7,131 |
| Economy, Transport and Environment | -3,953 | -4,881 | -3,651 | -2,645 | -1,280 |
| Public Health | -764 | -91 | -135 | -780 | -412 |
| Corporate and Managed Services | -966 | -2297 | -704 | -345 | -565 |
| LGSS Operational | -1,043 | -744 | -1,039 | -788 | -388 |
| **Total** | **-32,630** | **-33,245** | **-24,861** | **-20,867** | **-9,776** |

3.2 In some cases services have opted to increase locally generated income instead of cutting expenditure. For the purpose of balancing the budget these two approaches have the same effect and are treated in the same way.

3.3 This report forms part of the process set out in the Medium Term Financial Strategy whereby the Council updates, alters and refines its revenue proposals in line with new savings targets. New proposals are developed by services to meet any additional savings requirement and all existing schemes are reviewed and updated before being presented to service committees for further review during October and November.

3.4 Delivering the level of savings required to balance the budget becomes increasingly difficult each year. At this point in the Business Planning proposals are still being developed to deliver the following currently unidentified savings:

| Service Block | 2015-16 £'000 | 2016-17 £'000 | 2017-18 £'000 | 2018-19 £'000 | 2019-20 £'000 |
|---|---|---|---|---|---|
| Children, Families and Adults | -5,926 | -12,653 | -11,123 | -15,909 | -6,730 |
| Children, Families and Adults (DSG funded) | - | -378 | -401 | -400 | -400 |
| Economy, Transport and Environment | - | -1,011 | -621 | -2,579 | -1,221 |
| Public Health | - | - | - | - | - |
| Corporate and Managed Services | - | -275 | -77 | -50 | -286 |
| LGSS Operational | - | - | - | - | -388 |
| **Total** | **-5,926** | **-14,317** | **-12,222** | **-18,938** | **-9,026** |

3.5 Proposals will be revised to take into account feedback from October service committees and new proposals added to deliver the currently unidentified savings relating to 2015-16. Firm spending plans will be considered by service committees in November. GPC will also review the overall programme in November, before recommending the programme in January as part of the overarching Business Plan for Full Council to consider in February.

## 4 STRATEGIC DIRECTION FOR CHILDREN AND YOUNG PEOPLE'S SERVICES

4.1 The Council's Business Planning processes inevitably provide a focus on the financial proposals for future years, but the financial challenges require a more radical and transformational response. The most significant challenge in developing plans to deliver the savings required within the Children, Families and Adult (CFA) Service is that the demand for services from people who are eligible for our services continues at a level that exceeds the available budget. Current service models and arrangements are not sustainable and the level and range of services that can be provided is generally reducing. Services will continue to seek to improve their effectiveness, but a lot of our focus will be on managing the triggers of demand for services, rather than just making savings.

4.2 Within Children and Young People's services we are seeing an increasing child population and acuity of need, creating demographic pressure. Services at all tiers are experiencing high levels of demand with caseloads increasing, including a slow but noticeable increase in numbers of Looked After Children (described in more detail below) and an increase in children with statements of Special Educational Need. We are also seeking to identify savings for 2015/16 that are over and above the £27.15m that has already been achieved by Children and Young People's services over the previous three financial years.

4.3 The scale of the savings requires a fundamental review and change of service provision that will lead to very different ways of working across CFA services compared to current arrangements. This section of the report provides an overview of the strategic direction proposed for Children and Young People's services over the next five years. This strategy work has underpinned the proposals for 2015/16 and will continue to inform planning for the following years.

4.4 Across our services for children and young people, we will:

- Continue our focus on providing preventative services which minimise the numbers requiring costly specialist services;
- Target those children and young people with the greatest need and match them with the right service;
- Provide support which helps families and communities take control, build on their strengths and succeed independent of ongoing public services;
- Ensure the services we continue to provide are those which we know improve outcomes; and
- Ensure our services work together coherently as a system and work around a single plan for each family.

4.5 However, we cannot mitigate the full impact of the savings required and our savings plans for 2015/16 include service reductions.

### Early Help strategy

4.6 Our design of early help services is informed by our understanding of the needs of children and families in Cambridgeshire. Our population is rapidly increasing, with over 23,900 more 0-19 year olds expected by 2031 and with the greatest increases in the south of the County. The population is increasingly diverse. There is a marked contrast of need and demographics between the north and south of the County and between the significant affluence of some parts of the county and those living in more deprived areas.

4.7 Welfare benefit reforms and the economic climate are having a direct impact on the economic resilience of families and we are seeing increased use of food banks, short term loans and other indicators of poverty and hardship. Nearly a fifth of the child population have special educational needs (SEN) or a disability and this number is rising. There is evidence that levels of mental health need are rising and our more specialist services are under considerable pressure as demand increases. Many families in Cambridgeshire who come into contact with our services have been affected by domestic abuse or substance misuse. Demand across the social care system is steady and is not reducing. Referral rates, numbers of open cases and numbers of looked after children (LAC) are increasing (albeit that the LAC rate is still lower than most authorities) and the number of children with a child protection plan has fluctuated since 2012.

4.8 School attendance and attainment across vulnerable groups is not strong in Cambridgeshire. In general, the numbers of young people entering education employment and training in Cambridgeshire are high, but not as high as they should be for some of the most vulnerable. We also know that nationally and locally the challenge for young people of moving into employment with strong career prospects is greater than ever. Young people who slip through the net in their earlier years often have more complex needs in adolescence, requiring costly specialist services.

4.9 Our Early Help strategy focuses on building protective factors for families, rather than a risk based model which can propel families from one service to another. Early help services need to:

- Support families as a whole; building on their strengths and fostering resilience;
- Be based and designed within communities, making the most of local resources and delivering services at the most local level possible;
- Take a needs lead rather than service lead approach, using the lead professional model as a cornerstone of the work;
- Be joined up and coherent across organisations and sectors, based around early identification, multi-agency assessments of need and good and timely information sharing;
- Be flexible and creative, helping families with a wide range of issues;
- Offer clear targeted support to the right families and demonstrate impact and evidence; and
- Provide a seamless interface with specialist services where required.

4.10 Through our strategy, we will have a specific focus on making sure children are ready for and attend school, and make expected progress, young people have the skills, qualifications and opportunities to succeed in the employment market, and the number of families who need intervention from specialist or higher threshold services is minimised.

**Looked After Children**

4.11 Whilst Cambridgeshire is in the lowest quartile per 10,000 for children in care, the number of children in care has been increasing slowly in Cambridgeshire from around 470 in 2013 to over 500 in recent months. This increase reflects a combination of overall population growth, the impact of the financial climate on families, greater success of public services in identifying children at risk and the significant national media attention on safeguarding. We also continue to see an increase in the complexity of cases with more disabled children requiring support and increases in mental health concerns, domestic abuse, poverty, homelessness and family crisis.

4.12 Our strategy is based on whole system change to reduce the number of children and young people entering care (with a particular focus on outcomes for teenagers) and to reduce the length of time children are in care for, ensuring that children move into family based care promptly where this is appropriate and safe.

4.13 However, given the context of the already low current LAC rate we should recognise that the scope to dramatically reduce the overall number of children in care may be comparatively limited. Our strategy to achieve further savings must therefore also include a strong focus on reducing the unit cost of placements. Reducing these costs will require a combination of approaches including efficient commissioning, developing or facilitating more in-county provision to reduce the reliance on out of county placements and working to change the mix of placements we make. In particular we aim to achieve a reduced reliance on independent fostering agencies and explore how we can reduce the number of very expensive residential placements for children with complex needs, finding different family-based solutions to meet needs.

**School improvement, particularly for children and young people most vulnerable to underachievement**

4.14 Too many children and young people are still not achieving 'good' attainment or progress levels and while the performance of vulnerable pupils is improving, the attainment gaps between them and their peers remain too wide. Despite the general affluence across much of the county, there are pockets of real deprivation. Differences in affluence and advantage correlate with marked differences in outcomes; more so in Cambridgeshire than almost anywhere else in the country. In comparison with their Cambridgeshire peers, children growing up in poverty in Cambridgeshire achieve less well at school than almost anywhere else in the country, are between three and four times more likely to be persistently absent from school and are nearly three times more likely not to be in employment, education or training beyond the age of 16.

4.15 The scale of the challenge in Cambridgeshire requires a whole-system response; schools alone cannot bring about the improvement needed. Education structures are more complex with growing numbers of academies but the Council continues to have an important role in securing improvement. Families are complex and require the whole system of our children's services to work together – with schools and settings – to meet their needs and strive to improve educational achievement for our vulnerable groups of children and young people.

- Our whole system of services will work together to support and challenge schools and settings;
- We will improve our analysis and use of data to plan and target services;
- We will improve parental engagement in the achievement of vulnerable groups of children and young people in schools and settings, and support parents to keep the aspirations they have for their children on track;
- We will be rigorous and systematic in our support and challenge to schools, to ensure the best use of the Pupil Premium; and
- We will focus – with schools – on the right support for vulnerable young people to find a career path.

4.16 The strategy also highlights key groups of children and young people across the Key Stages who are vulnerable to underachievement, based on the most recent data analysis (July 2013). These are set out below, but other vulnerable groups may be identified by school leaders in their own settings for intervention and support.

- Low attaining children in the Early Years Foundation Stage and Key Stage (KS) 1.
- Children with Special Educational Needs (SEN) at KS1.
- Children eligible for the Pupil Premium from KS1 to the end of KS2 and children from ‘any other white background’ not eligible for Free School Meals (FSM).
- Children and young people in our secondary schools eligible for FSM, who are Looked After (LAC) and those with SEN.

**Special Educational Need and Disability Commissioning Strategy**

4.17 The purpose of the new SEND commissioning strategy is to understand and plan for the current and future needs of children and young people with SEND and their families to enable them to achieve good outcomes. We want to design our services around the outcomes that we know are important to children and young people with SEND and their families. These outcomes are to be happy and healthy, to have friends, to do well at school, to go on to have a job and be independent and have a choice. We need to use the opportunity of the SEND reforms to transform processes and commissioning intentions to deliver these outcomes.

4.18 Our commissioning intentions are based on a person- centred and strength based model with children, young people, their families and carers at the centre. The strategic approach will require health, social care, educational settings, families and the voluntary and community sector to continue to work effectively together to improve outcomes for children and young people with SEND. The strategy is therefore based around three principles:

1. Be based and designed within communities by families, children and young people with SEND;
2. Building on the strengths of the family and community to find solutions through a person and family-centred planning approach; and

3. Be joined up and coherent across organisations and sectors - we will work to maintain children and young people with SEND in education and care local to their home.

## 5 DRAFT BUSINESS PLANNING PROPOSALS AND APPROACH TO ACHIEVING SAVINGS FOR CHILDREN AND YOUNG PEOPLE'S SERVICES (2015/16 TO 2019/20)

5.1 We have not yet identified the total amount of savings required for the entire CFA Service for 2015/16 and future years. The current level of saving that remains to be found across CFA, including Adult Services, for 2015/16 is £5.956m. As explained later in this report, work is ongoing to close this gap across CFA and the outcome will be presented to the Committee at its November meeting.

5.2 The tables at Appendix B represent the full current savings proposals across the CFA Service. The budgets and proposed savings for the Children and Young People's services that fall within the remit of the Committee are set out within the tables.

5.3 This section of the report sets out the budget and legislative pressures that have impacted on the development of savings proposals for Children and Young People's services for the 2015/16 Business Plan (paragraphs 5.4 to 5.10). It also sets out the detail of the savings proposals we have identified (paragraphs 5.11 to 5.37) and the steps that we are taking across CFA Services to identify further savings (paragraphs 5.38 to 5.51). ***We welcome a steer from the Committee as to where further savings should come from.***

Budget and legislative pressures

5.4 Our work to identify firm savings proposals for 2015/16 has included a detailed understanding of the pressures arising from the achievability of the savings set out in the current 2014/15 Business Plan (for both 2014/15 and 2015/16), alongside a number of pressures arising from changes in legislation, new duties or other factors.

**Legislative pressures**

5.5 We have undertaken a detailed assessment of the additional pressures created by the new duties set out within recent legislation. These are set out in the accompanying financial tables and the Committee are asked to consider the risks associated with the identified pressures, which are described in more detail below.

*The Care Act 2014 and Young Carers*

5.6 The Council operates within a national framework for social care and the Care Act 2014 is a major legislative change in health and social care policy. The Act brings together a number of existing laws, and also introduces new duties to local authorities, including significant new expectations around the level of support provided by young people who take on caring roles for adults, especially those whose parents have physical or learning disabilities or other vulnerabilities. We know that there is unmet need amongst young carers and so additional funding will be required to extend the reach of services to more young carers, undertake more assessments and to enhance the level of service in line with the expectations of the Act. Further detailed guidance around expectations is still to be published and so this pressure remains under review.

5.7 The majority of the Care Act will come into force in April 2015, with the remainder coming into force in April 2016. The major costs in the first year relate to changed arrangements for carers, alongside a number of further pressures within Adult Social Care. The Council is managing the implications of the Care Act through a Programme Board so that the necessary changes are in place by 2015 or 2016 as required. The pressure for 2015/16 is estimated to be £175k (A/R.4.009).

*Single-Tier State Pension*

5.8 The government plans to abolish the State Second Pension on 1st April 2015. The Council currently receives a rebate on the amount of National Insurance contributions is pays as an employer because it has "contracted out" of the State Second Pension. This rebate will cease when the State Second Pension is abolished, resulting in an increase in the cost of National Insurance contributions which the Council is required to pay. The resulting pressure is £1,241k in 2016/17 (A/R.4.008).

**Budget pressures**

5.9 We have also considered the savings within the current Business Plan for 2014/15 that will be met either partly or not at all. This increases the savings requirement for 2015/16. The table below sets out the pressures for Children and Young People's services in 2014/15 alongside the rationale for the variance.

| ***2014/15 pressure*** | ***Context*** |
|---|---|
| Looked After Children savings | The 2014/15 saving set out in the current Business Plan (£1,759k) will not be fully realised.<br><br>Overall, Looked After Children (LAC) numbers are rising compared with the previous year. At the end of September 2014, placements with in-house foster carers and residential homes, were at 512, up 5 from 1 April 2014. External LAC placement numbers at the end of August were 289, a rise of 12 from 1 April figures and a rise of 21 from August 2013.<br><br>Access has been limited for a number of in-house foster placements and also for in-house residential placements, which means that we have been placing more children with external providers, although some costs have been offset by volume discounted placements being realised. Furthermore, the underlying lack of capacity for in house foster provision has meant we have had to approach independent agencies more frequently to support our |

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| | children and young people.<br><br>The LAC Placements budget is now forecasting an overspend of £780k. Pressure on costs has been seen for some time now, but actions have been taken to try to keep spend within budget. External placement numbers exceed those budgeted for and this is likely to continue to be the case for the remainder of the year.<br><br>The actions in the Placements Strategy have made an impact with overall LAC numbers remaining relatively steady despite child population increasing, although the number of placements is high. For the longer term, service redesign is being influenced significantly by the need to reduce the number of children and young people being looked after. We are monitoring the use of Independent Fostering Agencies (IFAs) and in-house fostering provision through the Fostering Review. It is expected that this work will result in an increased use of in-house provision, and therefore a decreased use of IFAs. Residential figures are being monitored similarly through the Residential Review. Improvements are being made in our commitment records, ensuring accurate reconciliations and discounts achieved are reflected throughout the year. The top 50 most expensive placements are reviewed monthly to identify any that can be moved to cheaper placements while continuing to provide for the needs of the child.<br><br>The 16+ Placements budget is forecasting an overspend of £120k. There has been an increase in the number of young people who are presenting as homeless who are willing to be looked after and have nowhere else to go. A number of young people have had to move to supported accommodation that can offer additional support due to their complex needs and this is impacting on the average cost.<br><br>The savings plan is being monitored through the LAC Commissioning Board and in year savings are being monitored through monthly review meetings. This is a total pressure of £900k in 2015/16. |
| Home to School Transport (Mainstream) | The 2014/15 saving set out in the current Business Plan will not be realised. Savings were anticipated through two reviews of current provision. The first was a review of routes currently deemed unsafe for children to use to walk to school, accompanied by an adult as necessary. The second was a review of post-16 transport arrangements in partnership with those Further Education providers who commission and run their own transport. Both proposed route reviews |

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| | have been deferred to 2015/16 and so the full saving of £157k in 2015/16 will not be achieved.<br><br>Alongside this, the 2014/15 saving set out in the current Business Plan (£1,040k) with regards to contracts for Home to School Transport will not be fully realised. Savings were anticipated through a review and re-tender of transport contracts. The saving was based partly on a £700k forecast underspend for 2013/14, which was actually £355k due to changing demand. Furthermore, based on the previous year's contract renegotiations, a further £340k saving was expected. Actual renegotiations resulted in a saving of £34k. The resulting pressure is for £651k in 2015/16. |
| Emergency Duty Team | These are pressures on the budget for the Emergency Duty Team (EDT), accumulating from three different areas of the work of the team (safeguarding of children, safeguarding of adults and mental health assessments).<br><br>Improved management and scrutiny of the EDT has identified a number of areas where current practice is not fully compliant with set practice standards. The recent Ofsted inspection also identified EDT as being under-resourced and that in response a new model of delivery needs to be considered to ensure that EDT is fit for purpose. In addition, discussions are ongoing with the Cambridgeshire and Peterborough NHS Foundation Trust (CPFT) about future service delivery in relation to mental health assessments. These discussions include the possibility of responsibility moving from EDT to CPFT and a requirement for the service to be fully resourced to deal with the required number of clients.<br><br>Additional funding is therefore required across all three elements to increase the capacity of the EDT to meet future services and client needs. The resulting pressure is £300k in 2015/16 (A/R.4.011). |

5.10 These combined CFA pressures – arising from both the budget and legislative changes described above - were presented to the GPC on 9th September 2014. The Committee agreed that they should be noted for further consideration through the business planning process. The impact of this decision is that if specific funding is not allocated through Committee and Council decisions, CFA will need to identify additional savings to offset the pressure. These additional savings have therefore further increased the size of the currently unidentified savings gap for the CFA directorate for 2015/16 and beyond and it is going to be extremely challenging and risky to identify savings to meet these targets.

Savings proposals for 2015/16

5.11 The savings proposals we have identified are set out in detail in the accompanying draft tables (at Appendix B) to this report and are summarised below. Where possible, we have RAG rated the savings according to the impact we consider they will have on those who use our services and according to the deliverability risk of the proposal. It is important to emphasise that there are many risks within these savings proposals in terms of the impact they will have and they are almost all high risk in terms of our ability to deliver them because of the demand led nature of services.

**Inflation: proposed approach and options for discussion**

5.12 Year on year inflation increases the real costs of providing and commissioning services for children, families and adults. The County Council's Financial Strategy recognises and models these inflationary impacts and allocates funding to Directorates to cover the costs. For the 2015/16 Business Plan, the Council's Financial Strategy suggests a 2% inflationary impact over the next five years. These increased costs are not currently matched by increased funding from central government and so represent an additional financial pressure.

5.13 As part of our business planning strategy, CFA is considering whether it is possible to manage inflationary pressures within existing budgets or at rates below the 2% increase, to contribute to the CFA savings target. The approach creates considerable challenges and risks for Council services and those commissioned through independent providers. This impact is felt across all teams, but is most significant when considering the costs of packages of care support for older people, vulnerable adults and children in care. These are the biggest areas of spend in CFA and care is primarily delivered by independent providers who bear the cost of any under-funding of inflation, the Council has not been in a position to fully fund estimated inflationary costs of providers for the last four years, some of which saw actual reductions in fees paid . Continuing this trend potentially threatens the financial sustainability of some providers at a time when demand for care is increasing. However, the financial position makes funding inflationary costs extremely difficult.

5.14 ***The Committee is asked to consider the proposed approach and provide a steer on the options below***, which weigh the financial benefits of not applying full effect inflation against the potential risks. The figures set out are for all CFA services (across Adult Social Care, Older People and Mental Health services and those for Children and Young People) and were recently discussed by the Adults Committee on 7th October. At that meeting, the Adults Committee agreed that officers will explore the options around a differential distribution of a 1% or lower overall inflation allocation.

Option 1 - All non–salary expenditure budgets, including those directly funding care and support, are expected to operate with 0% inflation uplift. This option would achieve £4,837k savings across CFA (Adults and CYP budgets) in total. However, it would put significant and potentially unsustainable pressure on independent care providers who might become financially unviable, stop offering services to the County Council or seek to increase prices to cover the shortfall.

Option 2 – Apply the currently modelled 1% inflation for care services, seeking to balance the achievement of savings with the need to cover increased costs to care providers at least in part. This achieves £1,874k in savings, and is our recommended approach, assumed in the tables presented to the Committee. Analysis will also be carried out to model reducing inflation to 0% where other inflationary pressures can be absorbed, it is estimated a further saving (not yet included in the tables) of up to £200k could be achieved.

Option 3 – Apply a total 1% inflation uplift for the budgets as a whole, but give flexibility for Directorates to apply this differentially to different services and providers, potentially offering more than 1% to some areas but less in others.

Option 4 – apply 2% inflation as modelled in the Council's Financial Strategy (where 2% has been used as the general inflation rate), meeting costs in full but increasing the amount of unidentified savings for CFA by £1,874k.

**Children's Social Care services**

5.15 We will review our supervised contact arrangements and the managing of the Family Group Conferencing service to achieve further savings. We will achieve the saving through changes in practice and the way the service is commissioned. This represents a challenging target with overall numbers of Looked After Children remaining high and CSC units under pressure through reductions in their total budget (see saving below). This will result in a reduced management capacity, loss of specialist leadership and a reduced service offer for our services users. Savings total £250k in 2015/16 for supervised contact and £85k in the same year for the Family Group Conferencing service (A/R.6.302 and A/R.6.301).

5.16 The budgets for all 47 Children's Social Care units will be reduced by 10% and this will be achieved through greater scrutiny of unit expenditure and better use of universal services. Savings total £252k in 2015/16 and will result in less resource being available to Children's Social Care units. Teams will be less able to spend small flexible sums to support children and families. (A/R.6.303).

5.17 Savings will be made within the Children's Disability service through an ending of the block inclusion contract and identifying alternative ways to achieve inclusive outcomes with families' use of personal budgets. This will result in a reduced service offer for some families and with the continuing increase in numbers of children with disabilities, there is a high risk that the service will not be able to achieve these further unit cost reductions (savings total £156k in 2015/16, A/R.6.304).

5.18 We will review the current clinical offer within social work units by reallocating clinical posts according to need and function, to achieve a 15% reduction in provision of this service. This saving will have an impact in terms of the level of expertise within Children's Social Care units and practitioners will more frequently have to limit input to advice, rather than direct delivery (savings total £200k in 2015/16, A/R.6.307).

5.19 We will make reductions in the Children's Social Care management arrangements and reduce Business Support within CSC units in line with the reduction of services and through more efficient use of resources. We will remove one Head of Service post and reduce the administrative support within the directorate to achieve this saving. There is a risk that this will lead to more administrative tasks being undertaken by our frontline social workers (savings total £205k for Business Support and £70k for management in 2015/16, A/R.6.306 and A/R.6.305).

5.20 Legal proceedings are an area of high cost within Children's Social Care and we will change our approach to legal support by making better use of in-house knowledge and through more direct management of requests for legal advice (savings total £100k in 2015/16, A/R.6.308).

**Enhanced and Preventative services**

5.21 We will continue the savings we are taking forward in the current Business Plan to re-configure Children's Centres (savings total £259k in 2015/16, A/R.6.501). The £259k saving set out in the accompanying financial tables is the full year effect of the savings realised through the re-configuration programme. As such, Children's Centres will not be required to make any further savings in 2015/16.

5.22 Significant savings will be achieved through delivery of our Early Help strategy and the re-commissioning of our Early Help offer. The nature of these savings is set out in the paragraphs below. The main impact and risk associated with these savings is that our strategies to reduce demand for high cost services will be adversely affected by these proposals. We will have a reduced capacity to be able to innovate and flex according to need, we will potentially significantly reduce the youth work offer and place significant pressure on business support.

5.23 Savings will be achieved through a reduction in the service offer provided by Locality Teams. The service will become more targeted and will result in a loss of capacity in delivering some aspects of services currently provided. Alongside this, savings will be achieved by a reduction in the Business Support functions within the Directorate to rationalise the function according to the service changes planned. We will need to ensure sufficient capacity to deliver quality infrastructure support in relation to referral, assessment and tracking processes, as well as supporting the management information requirements of a reduced team(savings across Localities and Business Support total £1,034k in 2015/16 and £997k in 2016/17, A/R.6.503).

5.24 We will significantly reduce our youth work offer. Within the Youth Offending Service (YOS) there is a longer term trend for falling case loads and as such, some reduction in posts is expected, including a reduction in the staffing budget. Locality Teams will assume some of the responsibility for aspects of work with YOS clients, which will have an impact on their case load. Collectively, this will save £165k over two years (2015/16 and 2016/17). Alongside this, the central Youth Support Service will reduce their budget by 60%. There will be reductions in their functions and there will be reduced support for more universally focussed activities. There will be a more streamlined focus on performance management and quality assurance function for those young people with NEET. There will be reductions in management and support posts, and some aspects of the service will become fully traded (savings total £369k in 2015/16 and £463k in 2016/17, A/R.6.504).

5.25 Further savings will be made from a review of the SEND management structure and service redesign. Opportunities for the trading of Specialist SEND services with schools is likely to increase. Having delivered on a contract with the Autism Education Training, there are now opportunities to deliver external training to other Local Authorities and to provide quality assurance. These savings will mean we no longer expect schools to send referrals to a number of different places will impact on staffing levels within the service (Central Team savings total £200k in 2016/17, A/R.6.506).

5.26 We will strengthen family work across the 0-19 age range by taking a stronger commissioning approach to service delivery and further development of integrated working. This saving will be achieved through integration of the Children's Centre Strategy and the Parenting Strategy Teams. This will not require a saving from Children's Centres (savings total £117k in 2015/16 and £80k in 2016/17, A/R.6.502).

**Learning services**

5.27 Savings will be made within the Home to School Transport budgets through reviewing the routes to school. Where independent risk assessments determine that, following highway improvement work, routes now satisfy the Council's criteria as safe walking routes, we will stop funding transport. Alongside this, we will part (rather than fully) subsidise post-16 students living in low income families for their transport (savings total £302k in 2015/16, and £330k in 2016/17, A/R.6.601). We will also appoint to a two year post dedicated to securing savings through the purchasing system for Home to School Transport routes that the Council places out to tender (savings total £300k in 2015/16 and £200k in 2016/17, A/R.6.602). The new post is considered necessary in order to provide both the additional capacity and skills considered necessary.

5.28 We will restructure the CFA workforce development service to realise the efficiencies to be gained by bringing together the children and adult workforce teams. This saving totals £165k in 2015/16 and £150k in 2016/17 and will not result in a reduction in the required professional development for staff (A/R.6.605).

5.29 The improvement in performance in maintained schools means that the intervention budget to support schools causing concern will be reduced. Sufficient budget has been retained to support the anticipated number of maintained schools that will require intervention. There is a risk to these savings if the current rate of improvement is not sustained (savings total £95k in 2015/16, £50k in 2016/17 and £20k in 2017/18, A/R.6.604). Alongside this, we will reduce the number of advisers in line with the growth of school-based capacity and the development of Teaching Schools (savings total £345k in 2016/17 and £320k in 2017/18)

5.30 We will continue our savings plan for the Early Years and Place Planning services. We will stop or reduce non-statutory functions that encourage the provision of take up of Early Years places and target support where it is most needed. There is a risk that the local authority will fall short of its places targets, that some children will not access places they need and that improvement will be jeopardised. However, the Government is supporting the sector with free provision of places for 40% of 2 year olds and with an extension of the pupil premium (savings total £763k in 2015/16, A/R.6.608).

**Strategy and Commissioning services**

5.31 Significant savings will be achieved through the Looked After Children budget, delivered through the Children's Placement Strategy (described above). This saving will have a significant impact on all children's services and is considered very challenging to deliver (savings total £1300k in 2015/16, £1,000k in 2916/17, A/R.6.405).

5.32 Savings will be achieved through re-commissioning of contracts. This includes the non renewal of grants, such as the Children's Links contract which expires in June 2016 and has successfully developed a system for voluntary and community organisations. The saving also includes a reduction in small grants funding that is available to the VCS (A/R.6.404).

5.33 We will introduce a parental contribution to non-statutory post-16 Home to Special School Transport and will undertake a review of parental claimable mileage. Savings total £200k in 2015/16 (A/R.6.408). This is a small saving, but could have a significant impact on the post-16 cohort.

**Dedicated Schools Grant (DSG)**

5.34 On the 17th July 2014 the Department for Education announced the final Dedicated Schools Grant (DSG) methodology which will inform the Schools budget setting process for 2015/16. As a result of the Minimum Funding Levels to be applied to the initial Cambridgeshire Schools Block per pupil will increase by £311 per pupil to £4,261, which equates to an overall increase of approximately £23m or 8% over current DSG funding levels based on October 2013 pupil numbers. The Committee should note that the Schools Block DSG to be received for 2015/16 will be based on October 2014 pupil numbers as such initial figures will not be notified to the Local Authority until December 2014.

5.35 This additional funding cannot be used to support Local Authority functions and however it is allocated it will be used to support pupils, schools and education providers. This could be through a direct increase in schools individual budget shares, funding for High Needs Pupils to meet rising numbers and levels of need, to increase Top-Up allocations, to support pressures on Early Years provision, or to meet the revenue costs for growth and new schools.

5.36 Despite the headline figures, schools budget experiences will vary dependent on their individual circumstances. For example, some schools with historically high levels of per pupil protection due to the nationally applied Minimum Funding Guarantee will see no or minimal increases in per pupil funding over and above current funding.

5.37 Following initial discussions with Schools Forum in June the consensus of Forum members was for no significant changes to be made to the current funding formula and for as much of the additional funding as possible to be allocated to schools as a universal increase, with individual schools best placed to target as required. Further discussions will take place with Schools Forum and with the CYP Committee during the autumn term to finalise funding arrangements.

Addressing the shortfall in savings required for 2015/16

5.38 A gap of £5.956m currently exists between the identified and unidentified savings across the CFA Service for 2015/16. Across CFA Services we have taken – and continue to take – a number of steps to identify the remaining savings required for the 2015/16 Business Plan. We are considering where we can bring down our demography funding further and options for services to meet an increased level of demand with the same size (or less) budget as this year. We are looking again at where we are taking inflation, whether we can bring savings proposals forward from later years, whether we can make any savings through the services we commission, whether we can identify any areas where we can consider invest to save options, using reserves to provide investment funding, and whether there is anything we can simply stop doing.

5.39 ***We would welcome a steer from the Committee about the areas where we should focus our attention*** and will bring further proposals to the Committee in November.

2016/17 and beyond

5.40 A significant amount of unallocated savings for the subsequent years of the Business Plan also exists (£12.653m in 2016/17, £11.123m in 2017/18, £15.909m in 2018/19 and £6.730m in 2019/20). We have considered whether any proposals for 2016/17 could be brought forward a year to meet the immediate challenge for 2015/16. We have also reviewed our current allocations for demand management across the Children and Young People's services, on the basis of what is achievable. This has mainly resulted in our initial projections being lowered, which has in turn increased the amount of unallocated savings for 2016/17 and later years.

5.41 Our recent work to set out the strategic direction for Children and Young People's services over the next five years will continue to inform planning for the remaining years of the Business Plan. The areas of focus and investigation that we are pursuing to further identify the required savings are set out below.

*Building community capacity*

5.42 Across Children and Young People's services, we need to be more explicit about how building community capacity will support business planning. Within CFA Services this means shifting our focus from meeting the needs of individuals to supporting communities and families. Communities that are more connected and resilient need fewer public services, create good places to live and improve outcomes. People are not passive recipients of services. They have an active role to play in creating better outcomes for themselves and others, and will be the starting place for tackling issues. We will create the means to get closer to communities and understand their needs and aspirations.

5.43 Work is in development to consider how we can build community capacity both across and within our services, and what the cost implications will be in terms of reducing demand for intensive support. This includes work to improve support for children and adults with a learning or physical disability, support for young carers and supporting individuals with mental health problems to remain in their communities through early intervention. It also includes identifying the operational factors to build community and family capacity within our Early Help and preventative services and how we will work with the voluntary and community sector (VCS) to achieve this. Alongside this work, we must consider the professional workforce development required to support this agenda.

*Understanding the triggers of demand to prevent escalation of need*

5.44 Work is underway to better identify the triggers of demand for our services and where we could intervene at an earlier stage to manage that demand and prevent reliance or the need for high cost services. For example, we are considering the different approach which CFA could take to managing demand and cost for Looked After Children.

5.45 Our initial analysis shows that the most prevalent triggers of need/risk in children becoming Looked After are neglect, mental health of a parent/carer, emotional and physical abuse, domestic abuse parent/carer subjected and drug misuse by parent/carer. Work to manage demand needs to focus on addressing these issues, giving specific consideration to where we think our success rate in prevention has greater scope for improvement. These factors are a feature. Alongside this, we know that more than a third of children becoming looked after, come into care within a month or less of being open to Children's Social Care, suggesting need/risk was already high at the point of referral. Our focus therefore needs to be on either earlier identification or the establishment of a rapid response intervention which can act very swiftly and differently once the referral is made.

5.46 Through our work we are considering the opportunities for the development of preventative and specialist services for children, families and adults that could lead to avoided cost for social care by preventing children and young people from entering a service or reducing the need for a service once they are receiving it. We are also considering the cost of different placement types once children are in care and whether we can meet the needs of this cohort at lower cost. In particular, recognising the significant cost of residential placements (101 of the 453 children currently on the placements commitment record have residential placements driving a total cost of £13,658k). The particular challenge is that expanded preventative capacity might identify and addresses demand that is currently unmet, resulting in no overall saving compared to current spending. Further exploration and testing of the opportunities presented here, with partners, will be essential to develop these ideas into commissioning plans and eventually new or different services.

*Cross-directorate/thematic reviews*

5.47 We are considering <u>support to children, young people and adults with learning and physical needs</u>. This includes exploration of how we ensure we are aware of people transitioning from children's to adult social care services and assist them in planning accordingly, and how we can improve our offer for people on the autistic spectrum. We are exploring how improved participation in education, employment and training could be achieved, and how this could have a beneficial impact on employment and independence rates as people transition to adulthood. The work will also consider services as a whole for children and adults with profound and multiple learning disabilities, to examine whether support can be improved whilst generating savings.

5.48 A further review is focussing on our relationship with schools and providers to identify further savings. We are looking at the impact of school interventions that are funded on a cross-directorate basis and work is underway to identify further areas for exploration where we could stop the intervention, deliver it differently or facilitate the support to be provided elsewhere, where it may have more impact. For example, we are considering ways to reduce the incidence of schools requiring improvement or in an Ofsted category, on the basis that it costs less to intervene in a school through the early warning system. We are testing whether intensive leadership support is the most likely intervention to secure rapid improvement and exploring the impact of school-to-school support on school improvement. We are also considering where school partnerships can be integrated with wider council partnerships to support school improvement.

5.49 We are also undertaking comparative work with other local authorities on activity and costs and improving how we use management, financial and performance information to identify where further efficiencies can be made. We are undertaking work to rationalise our contracts with a view to making efficiencies. We are also looking at areas where we can make investments in order to achieve more in savings further down the line (further detail of which is in the subsequent paragraphs). This will form part of our plans for making longer term savings and we will provide further detail to the Committee in November. It will mean further reductions in service and high risk in terms of deliverability, not least because of the long lead in time needed to truly transform services and the way we work.

*Invest to save proposals*

5.50 As we - across CFA - continue to explore new solutions, a range of proposals have been highlighted which would require an initial start-up investment, but which would have the potential to deliver savings in the long term. These proposals and ideas will need to be developed and refined over the coming weeks and we will bring more detailed proposals to the Committee in November. The initial investment funding for these proposals would be from CFA non-recurrent Directorate reserves and so would not require members to authorise additional specific funding. However, the proposals impact on County Council's savings plans and would in the short term commit us to additional spending.

5.51 The table overleaf lists the potential invest to save bids which are currently being explored.

| Proposal | Impact on CFA Service budgets |
|---|---|
| Highest Quality Social Work Practice | Consideration might be given to changing the job descriptions, responsibilities and pay scales of social work professionals (children and/or adult services) in order to attract the highest quality social work practitioners on a permanent basis. This has the potential to achieve savings by reducing the reliance on agency staff and also by ensuring that our workforce is best equipped to work successful and preventatively to reduce need, manage risk and find solutions. |
| Alternatives to Care Service | Looking to establish a new team or service which is able to offer a rapid response to situations where children are identified as at risk either in an emergency or as a result of a specific crisis. The intention would be to offer a direct and intensive intervention which would explicitly focus on finding alternatives to children and young people becoming looked after – or if they do require the protection of a care order in the short term the focus would be on intensive support to ensure they only need to be looked after for a short period.<br><br>The team(s) would be likely to be comprised of a mixture of social work and 'early help' professionals and would be able to work flexibly out of hours. The savings achieved would accrue primarily to the placements budget for looked after children, with fewer children being in care. |
| Changing the Cycle: preventing mothers having multiple children taken into care | Establishing a dedicated team or pathway to provide ongoing work with mothers who have children taken into care – to ensure that the remaining personal or family needs or issues are resolved before the mother becomes pregnant again. This would have the potential to reduce the number of children being taken into care, again achieving savings on placements, as well as social work and court proceedings time.<br><br>There would be the potential to link this offer to arrangements to support care leavers who have ongoing needs and who are or may become pregnant. |
| Multi-Systemic Therapy (MST) | An initial investment to support MST standard for 2015-17, with the view to the service |

| | |
|---|---|
| | becoming an external company, from which the County Council may choose to commission from 2017 onwards. The basis of the proposal is that this is a transition period during which we want to support the continuation of the service, but recognise that it may be increasingly difficult to wholly fund within the County Council. This would give us the best chance of retaining the value of the intervention but reducing the whole scale financial commitment from the Authority. |

Community Impact Assessments

5.52 All of the Council's services, policies and functions are required to conduct Community Impact Assessments (CIAs) when they are first developed or when changes are being made. They are a planning tool to identify the potential relative impact of any changes in service provision on different sections of the community and to help us to fulfil our equality duties. CIAs have been completed for the more detailed draft savings proposals in 2015/16 and are attached for the Committee to read (at **Appendix C**) alongside this report.

5.53 When considering the CIAs, it is important to bear in mind that the significant nature of the savings target means that the savings proposed are about reducing services for some and are high risk in terms of deliverability. They will have an impact on the communities we serve.

## 6. NEXT STEPS

6.1 The table below sets out the activity over the coming months to build the Business Plan for 2015/16 and the next four years. We will update the Committee on progress throughout the coming months.

| | |
|---|---|
| October | Committee considers draft revenue proposals for Business Plan and CIAs for these proposals.<br><br>Ongoing work to develop budget plan and deliver savings proposals. |
| November | Committee considers final draft revenue and capital proposals.<br><br>Ongoing work to develop budget plan and deliver savings proposals. |
| December | Ongoing work to develop budget plan and deliver savings proposals. |
| January | General Purposes Committee review draft Business Plan for 2015/16. |
| February | Draft Business Plan for 2015/16 discussed by Full Council. |
| March | Publication of final CCC Business Plan for 2015/16.<br><br>Ongoing work to deliver savings proposals. |

## 7. ALIGNMENT WITH CORPORATE PRIORITIES

### 7.1 Developing the local economy for the benefit of all

The proposals in the report supporting this priority include:

- Exploring how improved participation in education, employment and training could be achieved for children and young people with physical and learning needs, with the beneficial impact on employment and independence rates as people transition to adulthood,

### 7.2 Helping people live healthy and independent lives

The proposals in the report supporting this priority include:

- The range of measures to build capacity within families and communities, so that children and young people are supported to live independently for longer and reduce reliance on specialist and intensive services.

### 7.3 Supporting and protecting vulnerable people

The proposals in the report supporting this priority include:

- Supporting vulnerable children and young people, including those with physical and sensory disabilities, and those with learning difficulties.
- Reducing the number of children and young people coming into care through early intervention, prevention and successful social work.

## 8. SIGNIFICANT IMPLICATIONS

### 8.1 Resource Implications

There are significant resource implications associated with the proposals set out in the current Business Plan and that we are considering for future years. Our proposals seek to ensure that we are using the most effective use of available resources across the health and social care system. The implications of the proposals will be considered throughout the Business Planning process and the Committee will be fully informed of progress.

### 8.2 Statutory, Risk and Legal Implications

The proposals set out in this report respond to the statutory duty on the Local Authority to deliver a balanced budget. Advice will be sought on possible legal implications and brought back to the Committee during the Business Planning process.

### 8.3 Equality and Diversity Implications

The size of the financial challenge means that services will continue to seek to improve their effectiveness, but the level and range of services that can be provided is generally reducing. The scale of the savings requires a fundamental review and change of service provision that will lead to very different way of working across CFA services compared to current arrangements.

## 8.4 Engagement and Consultation Implications

Our Business Planning proposals are informed by our knowledge of what communities want and need. They will also be informed by the CCC public consultation on the Business Plan and will be discussed with a wide range of partners throughout the process (some of which has begun already). Community Impact Assessments (CIAs) on the more detailed savings proposals contained within this paper for 2015/16 have been drafted and are attached to this paper for consideration by the Committee.

## 8.5 Localism and Local Member Involvement

The proposals set out in this report, particularly in the latter years, are predicated on empowering communities (both geographical and of interest) to do more for themselves, as we shift our focus from meeting the needs of individuals to supporting communities and families. As the proposals develop, we will have detailed conversations with Members about the impact of the proposals on their localities.

## 8.6 Public Health Implications

A number of the proposals within this report will have implications for the health of vulnerable adults and older people. We are working closely with Public Health colleagues to ensure our emerging Business Planning proposals are aligned.

***SOURCE DOCUMENTS GUIDANCE***

| Source Documents | Location |
|---|---|
| Cambridgeshire County Council Business Plan for 2014-15 | http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2014_to_2015 |

## *APPENDIX A -* EXPLANATION OF THE CFA BUSINESS PLANNING TABLES

CFA has 6 finance tables in the Business Plan.

**TABLE 1** presents the net budget split by policy line for each of the five years of the Business Plan. It also shows the revised opening budget and the gross budget, together with fees, charges and ring-fenced grant income, for 2015-16 split by policy line. Policy lines are specific areas within a service on which we report, monitor and control the budget.

The purpose of this table is to show how the net budget for a Service Area changes over the period of the Business Plan.

**TABLE 2** presents additional detail on the net budget for 2015-16 split by policy line.

The purpose of the table is to show how the budget for each policy line has been constructed: inflation, demography and demand, pressures, investments and savings are added to the opening budget to give the closing budget.

**TABLE 3** presents the gross budget and the detailed changes to the gross budget for the CFA core budget (excluding the Dedicated Schools Grant) for each of the next 5 years. At the top it takes last year's gross budget (opening budget) and then adjusts for inflation, demography and demand, pressures, investments, savings, leaving you with the new total gross budget.

The funding section (near the bottom) then shows how the new total gross budget is funded – which includes central council funding (cash limit funding), fees and charges, school income, and specific grants.

The purpose of this table is to show how the CFA budget changes due to inflation, demography & demand, pressures, investments, and savings.

**TABLE 4** presents CFA's capital schemes, across the ten-year period of the capital programme. The schemes are summarised by start year in the first table and listed individually, grouped together by category, in the second table. The third table identifies the funding sources used to fund the overall programme. These sources include prudential borrowing, which has a revenue impact for the Council.

**TABLE 5** lists a Service Area's capital schemes and shows how each scheme is funded. The schemes are summarised by start year in the first table and listed individually, grouped together by category, in the second table.

**TABLE 6** presents the Dedicated Schools Grant budget changes and is similar to Table 3, which covers just the CFA core budget, but purely relates to the Dedicated Schools Grant. Tables 1 and 2 present both the core CFA budgets and the Dedicated Schools Grant budgets together in an integrated format.

Tables 1, 2, 3 and 6 all show the same revenue budgets in different presentations. Table 3 details all the savings and then Table 2 shows the impact of the Year 1 savings on each policy line. Table 1 shows the combined impact on each policy line over the 5 year period. Some savings in Table 3 impact on just one policy line in Tables 1 and 2, but other savings in Table 3 are split across various policy lines in Tables 1 and 2. The following examples track through the budgets for Integrated Community Equipment Service across Tables 1, 2 and 3.

## Example 1: Integrated Community Equipment Service (ICES) : mapping budget changes through the tables

**Table 3 - all the sections which impact on ICES budget**

| | |
|---|---|
| A/R 2.001 | Inflation – total CFA inflation is £6,331k in 15/16, and of this £54k relates to ICES. |
| A/R 3.001 | Demography – Funding of £112k is allocated to ICES in 15/16 to reflect demographic pressures (with £117k £118k £129k £128k in the following 4 years). |
| A/R 6.213 | Savings of £190k are identified for 15/16, and £185k in each of the following two years. |

**Table 1 – following the ICES policy line across.**

ICES is a policy line in Older People and Mental Health Services. It will have a net budget (third column of table) of £2,237k for 2015-16. In the following 4 years the change in budget is the net impact of the demography, investment and the savings requirement.

**Table 2 - following the ICES policy line across.**

This table only relates to the 2015/16 year and therefore shows an opening budget (revised 14/15 budget) of £2,261K, adds £54k of inflation and £112k of demography, and takes away £190k of savings – giving a net budget of £2,237k for 2015/16 as shown in Table 1.

| | |
|---|---|
| Opening Budget | £2,261k |
| Inflation | +£54k |
| Demography | +£112k |
| Savings | -£190k |
| Gross Budget 15/16 | £2,237k |