

Children's Services Committee

Item No.....

Report title:	Strategic and Financial Planning 2019-20 to 2021-22
Date of meeting:	11 September 2018
Responsible Chief Officer:	Sara Tough, Executive Director of Children's Services
Strategic impact This report provides Children's Services Committee with an update on the Council's overall budget planning position, including the forecast budget gap for 2019-20 to 2021-22, and sets out details of the strategic and financial planning framework for Service Committees, which has been agreed by Policy and Resources. It summarises the organisational response to financial pressures, and in particular explains how the Council's Strategy, Norfolk Futures, serves as the key mechanism to drive the Council's ambitions for Norfolk. The report sets out how actions are being taken by Children's Services Committee to support the whole Council to set a balanced budget for 2019-20 and provides Members with an overview of the approach to developing savings for 2019-20 ahead of the detailed proposals being presented in October.	

Executive summary

This report provides Children's Services Committee with the latest information about service budget planning for 2019-20 to 2021-22. The report details the link between the Council Strategy, Norfolk Futures, and the development of transformation and savings plans relevant to this Committee.

Policy and Resources Committee has agreed guidance to Service Committees on the actions required to support preparation of a balanced budget for 2019-20, and agreed the indicative level of savings to be found by each Committee. Details are set out in the report, and Members' views are sought on the Committee's approach to identifying savings for 2019-20.

Children's Services Committee is recommended to:

- 1) Note the Council's budget assumptions and the budget planning principles for 2019-20 which have been approved by Policy and Resources Committee (paragraph 3.3 and 3.4);**
- 2) Note the forecast budget gap of £94.696m (table 3), which reflects the changes from the 2018-22 Medium Term Financial Strategy, and the resulting indicative savings targets for the Committee over the period 2019-20 to 2020-21 (table 4);**
- 3) Consider and identify any further key areas of risk in relation to 2019-22 budget planning for the Committee's budgets, including any additional pressures and the robustness of existing planned savings as set out in section 5, noting that any changes may impact on the overall budget gap and will require additional offsetting savings to be found;**

- 4) **Agree the proposed approach and key themes to focus on in developing savings proposals for 2019-20 to 2021-22, including how the principles of the Council's Strategy, Norfolk Futures, will inform and shape budget planning activity set out in section 5, having regard to the existing savings for 2019-20 and beyond which were agreed as part of the 2018-19 budget round (table 1);**
- 5) **Commission officers to develop detailed savings proposals to be presented to the Committee for consideration at the October meeting in order to help close the forecast 2019-20 to 2021-22 budget gap; and**
- 6) **Note the budget planning timetable (section 6).**

1. Introduction

- 1.1. The County Council agreed the 2018-19 Budget and Medium Term Financial Strategy (MTFS) to 2022 at its meeting 12 February 2018, at the same time as it agreed a new Strategy for the County Council, Norfolk Futures. At that point, the MTFS identified a budget gap of £94.696m for the period 2019-20 to 2021-22, and the Council's budget strategy included the aspiration to bring forward savings required for 2021-22 into the first two years 2019-20 and 2020-21. The Council has a robust and well-established framework for strategic and financial planning which updates the MTFS position through the year to provide Members with the latest available financial forecasts to inform wider budget setting work across the organisation.
- 1.2. On 16 July 2018, Policy and Resources Committee received a report setting out how the 2019-20 budget planning process would be aligned with the Council's Strategy, Norfolk Futures. Policy and Resources Committee agreed:
 - That the principles of the Council's Strategy, Norfolk Futures, will inform and shape 2019-22 budget planning activity;
 - Updated budget assumptions and key areas of risk in relation to 2019-22 budget planning;
 - The forecast budget gap of £94.696m reflecting changes from the 2018-22 Medium Term Financial Strategy;
 - The budget planning principles and guidance for 2019-20, commissioning Service Committees to begin developing their savings proposals with initial reporting in September;
 - The indicative savings targets 2019-20 to 2020-21, noting the existing savings for 2019-20 and beyond which were agreed as part of the 2018-19 budget round; and
 - The budget planning timetable.
- 1.3. This report provides the Committee with details of the implications of these decisions made by Policy and Resources Committee and marks the beginning of the Committee's detailed budget planning activity for 2019-20 to 2021-22.

2018-19 budget position

- 1.4. The latest details of the 2018-19 budget position are set out in the budget monitoring report elsewhere on the agenda. The budget planning assumptions for 2019-20 set out later in this report include an assumption that the 2018-19 Budget

is fully delivered (i.e. that all savings are achieved as planned and there are no significant overspends).

2. County Council Strategy and Norfolk Futures

- 2.1. The report to Policy and Resources Committee sets out how the Council's Vision and Strategy will inform the development of the 2019-20 Budget.
- 2.2. Caring for our County, the vision for Norfolk, approved by Members in February 2018, outlines the Council's commitment to playing a leading role in:
 - Building communities we can be proud of;
 - Installing infrastructure first;
 - Building new homes to help young people get on the housing ladder;
 - Developing the skills of our people through training and apprenticeships;
 - Nurturing our growing digital economy; and
 - Making the most of our heritage, culture and environment.
- 2.3. The Council's Strategy for 2018-2021 – Norfolk Futures – will provide the mechanism to enable these ambitions for the County across all of its activities.
- 2.4. Norfolk Futures will deliver these transformational commitments in a context where demand for our services is driven both by demographic and social trends, and where increasingly complex and more expensive forms of provision are becoming prevalent.
- 2.5. Norfolk Futures is guided by four core principles that will frame the transformation we will lead across all our work:
 - Offering our help early to **prevent and reduce** demand for specialist services;
 - **Joining up** work so that similar activities and services are easily accessible, **done once and done well**;
 - Being **business-like** and making best use of **digital technology** to ensure value for money; and
 - Using evidence and data to **target our work** where it can make the most difference.
- 2.6. Under the banner of Norfolk Futures we will deliver sustainable and affordable services for the people who need them most. The whole Council needs to change to keep up with increasing demands and ever better ways of working.
- 2.7. These principles frame the transformation that we must lead across all our services and activities. This is all underpinned by evidence and political support, to change how the Council works and how we work with the people of Norfolk. Section 5 of this paper describes how these principles are being applied within Children's Services
- 2.8. By 2021 the strategy and underpinning Service Plans will have moved the Council towards a more sustainable future with affordable, effective services. This means that we will have radically changed the ways we do some things. We will know our citizens and manage their needs effectively using the best evidence to enable the most appropriate outcomes. We will be working jointly across the Council on our biggest challenges by default, and changing the way we work to reflect new

technology and ways of working. This will enable us to work smarter, better and plan long term to be the Council the County needs.

2.9. These principles frame the transformation across all our services and activities and we currently have 7 priorities to help us to deliver the strategy:

- Safe Children and Resilient Families;
- Promoting independence for Vulnerable Adults;
- Smarter Information and Advice;
- Towards a Housing Strategy;
- Digital Norfolk;
- Local Service Strategy; and
- Commercialisation.

2.10. Further information about the Norfolk Futures priorities relevant to this Committee, and how they will inform and support 2019-20 budget planning, are set out in section 5 of this report. Summary details of all the priorities are set out in the report to Policy and Resources Committee.

3. 2019-20 Budget Planning

3.1. The Medium Term Financial Strategy (MTFS) was agreed in February 2018 including £78.529m of savings and with a remaining gap of £94.696m. The MTFS provides the starting point for the Council's 2019-20 Budget planning activity. Full details of cost pressures assumed in the Council's MTFS are set out in the 2018-19 [Budget Book](#).¹

3.2. Existing savings in the Council's MTFS are shown by Committee in the table below. These are the savings agreed as part of the 2018-19 (and earlier) budget process, and will need to be delivered in addition to any new savings proposed to close the remaining budget gap.

Table 1: Planned net recurring savings 2018-19 to 2021-22

Committee	2018-19 Saving £m	2019-20 Saving £m	2020-21 Saving £m	2021-22 Saving £m	Total Saving £m
Adult Social Care	-27.290	-9.351	-13.700	-3.900	-54.241
Children's Services	-2.641	-4.342	-2.000	-2.000	-10.983
Environment, Development and Transport	-1.440	-0.310	-0.350	-1.850	-3.950
Communities	-1.803	-0.435	-2.786	-1.500	-6.524
Business and Property	-1.051	-2.075	-2.050	-1.150	-6.326
Digital Innovation and Efficiency	-0.726	-1.000	-0.700	0.000	-2.426
Policy and Resources ²	4.952	1.356	-0.387	0.000	5.921
Grand Total	-29.999	-16.157	-21.973	-10.400	-78.529

¹ <https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2018-22.pdf?la=en>

² The net savings position for Policy and Resources Committee reflects the reversal of a number of significant one-off savings from 2017-18, such as the use of the Insurance Fund and the use of Capital Receipts totalling £11.299m. The gross savings to be delivered by Policy and Resources Committee budgets in 2018-19 are £6.347m.

Budget planning principles 2019-20

3.3. Policy and Resources Committee have agreed the following key principles for budget planning in 2019-20:

- Budget planning will cover the three year period 2019-20 to 2021-22;
- Budget proposals will target “shifting left” as a priority in terms of service provision (i.e. preventing and reducing demand for more intensive and higher cost services);
- Savings targets will be profiled as they arise over the three years of the Medium Term Financial Strategy (not brought forward);
- The 2019-20 Budget will seek opportunities to increase the level of the General Fund balance to ensure the medium term financial position is robust and the Council is better protected against future changes in funding; and
- The four Norfolk Futures principles as set out in paragraph 2.5 will underpin the development of budget proposals.

Budget assumptions 2019-20

3.4. The Council’s current forecast budget gap is based on a number of key assumptions, including:

- That Revenue Support Grant will entirely disappear in 2020-21. This equates to a pressure of around £39m, but significant uncertainty is attached to this and the level of savings required in year two could be materially lower should this loss of funding not take place.
- Further substantial cost pressures including:
 - inflation, including the 2% pay increase for staff;
 - demographic changes and increased demand for our services; and
 - legislative changes where national policies have added to our costs.
- Planned savings of £49m to be delivered over the period 2019-20 to 2021-22.
- That the 2018-19 budget can be successfully delivered (no overall overspend occurring and no savings emerging as undeliverable). The Council’s forecast 2018-19 outturn position is discussed in the monitoring report elsewhere on the agenda.
- Ongoing annual pressures will exist in waste budgets from 2019-20.
- Pressures in Minimum Revenue Provision (MRP) budgets will be felt from 2020-21.
- Budget planning is based on the following council tax increase assumptions (and also assumes there is no scope to increase the ASC precept in 2019-20 based on the current terms set out by Government):

Table 2: Council Tax assumptions (as per 2018-22 MTFS)

	2019-20	2020-21	2021-22
Assumed increase in general council tax	2.99%	1.99%	0.00%
Assumed increase in Adult Social Care precept	0.00%	0.00%	0.00%
Total assumed council tax increase	2.99%	1.99%	0.00%

3.5. The planned 2.99% increase in council tax is based on the current understanding of updated assumptions and flexibility offered by the Government in the 2018-19 local government finance settlement. Any reduction in this increase will require

additional savings to be found. The assumed council tax increases are subject to Full Council's decisions on the levels of council tax, which will be made before the start of each financial year.

- 3.6. Assumptions around increases in the council tax base are prudent (0.5% annual growth), and as set out in the above table, no increase in council tax has been planned for 2021-22.

Latest forecast budget gap 2019-20 to 2021-22

- 3.7. The latest budget planning position, taking into account the changes agreed by Policy and Resources Committee, is shown in the table below. The latest budget assumptions would mean an unchanged overall gap of £94.696m, with **£22.089m required to close the gap in 2019-20**.

Table 3: Latest forecast budget gap 2019-20 to 2021-22

	2019-20	2020-21	2021-22	Total
	£m	£m	£m	£m
Original gap at MTFS 2018-19 to 2021-22	34.165	60.530	0.000	94.696
Reprofile savings requirement to 2021-22	-12.077	-12.077	24.153	0.000
Forecast gap as at 16 July 2018 P&R report	22.089	48.454	24.153	94.696

Key budget risks 2019-20

- 3.8. Uncertainties remain about a number of items **which have not currently been reflected in the budget planning assumptions**, but which could potentially result in an increase in the overall gap. As a result, additional pressures, which have not currently been provided for, may arise in 2019-20 relating to:

- Ongoing pressures arising within the Children's Services budget in 2018-19 may need to be recognised in 2019-20 relating mainly to the number and cost of Looked After Children, High Needs Block pressures, and also in respect of any delay or non-delivery of planned savings;
- Market and system pressures affecting Adult Social Services (cost of care);
- Increasing the level of the General Fund reserve;
- Adjustments to salary scales (circa £0.350m) required in 2019-20 in response to the two-year pay award; and
- Changes in the forecast 2018-19 level of savings delivery to allow for any mitigation of undeliverable savings.

- 3.9. The risks and assumptions relating to the 2019-20 Budget will continue to be monitored and updated as budget planning activity proceeds.

Medium term forecast – 2020-21 and beyond

- 3.10. The Council's has a reasonable degree of certainty about resources available for the period to 2019-20 as a result of the four year allocations of funding announced by the Government in 2016-17. There is however a much greater level of uncertainty in respect of planning for 2020-21 and beyond. This is in large part due to the absence of firm information about the Government's plans for Revenue

Support Grant following the implementation of the proposed 75% retention of business rates. It is Government policy³ for Revenue Support Grant to be devolved as part of the implementation of a reformed business rates retention system and there is limited information about the implications of this for overall funding levels in subsequent years.

- 3.11. Taking account of this uncertainty, the County Council's planning is based on an assumption that Revenue Support Grant disappears entirely in 2020-21 as detailed in paragraph 3.4 above and equating to a pressure of £39m. In addition, the loss of New Homes Bonus and Rural Services Delivery Grant is also assumed (£2.742m and £3.195m respectively).
- 3.12. Alongside the more regular annual budget pressures (such as inflation and demographic growth) the assumptions about reductions in funding result in a **significant forecast gap of £48.454m arising in 2020-21**. In the event that these pressures do not materialise, or if they are subject to a different timescale, the level of savings required in 2020-21 could be materially different.
- 3.13. It is not yet clear when there will be certainty about funding levels for 2020-21. Some additional information is likely to emerge early in the 2019-20 financial year as part of the Comprehensive Spending Review and further development of the Fair Funding Review, but it is highly likely that local authorities will not receive any clarity about individual funding levels until the publication of the provisional Local Government Finance Settlement, which is likely to be in December 2019.
- 3.14. The Executive Director of Finance and Commercial Services is required by section 114 of the Local Government Finance Act 1988 to report to Members if it appears that the expenditure the authority proposes to incur in a financial year is likely to exceed the resources available to it to meet that expenditure. The Executive Director therefore takes a view of the robustness of the Council's budget across the whole period covered by the Medium Term Financial Strategy.
- 3.15. In view of this duty, and the considerable uncertainty about funding levels after the end of the current settlement, **the Council will need to make substantial, sustainable savings in 2019-20 in order to establish a solid platform for the development of a robust budget in 2020-21**.

4. Savings allocation

- 4.1. The following table sets out indicative savings required to close the identified gap by Committee which have been agreed by Policy and Resources Committee. The share of savings has been calculated based on current planned 2019-20 net budgets excluding schools, Public Health (in 2019-20 only), capital recharging, and government grants on the basis that these areas are not controllable and therefore

³ The Secretary of State (then Greg Clark) stated in the announcement of the Local Government Finance Settlement 2016/17 that: "Ultimately, Revenue Support Grant will disappear altogether, as we move to 100% business rates retention." (<https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2016-to-2017>). Most recently, the *Invitation to pilot 75% Business Rates Retention in 2019/20* confirmed that: "As part of the move towards a reformed business rates retention system in 2020/21, the government intends to devolve Revenue Support Grant (RSG) [...] To ensure that piloting in 2019/20 closely reflects the government's proposals to date for a reformed business rates retention system, authorities selected as pilots in 2019/20 will be expected to forego Revenue Support Grant (RSG) and Rural Services Delivery Grant (RSDG)." (<https://www.gov.uk/government/publications/75-business-rates-retention-pilots-2019-to-2020-prospectus>).

should be outside the scope of savings. These savings are required in addition to existing current savings plans.

Table 4: Indicative savings by Committee

	2019-20 £m	2020-21 £m	2021-22 £m	Total £m	Proposed share of new savings %
Adult Social Care	-9.626	-19.527	-9.745	-38.898	41%
Children's Services	-5.726	-12.064	-6.037	-23.827	25%
Environment, Development and Transport	-2.820	-5.988	-2.962	-11.770	12%
Communities	-1.647	-6.262	-3.115	-11.025	12%
Digital Innovation and Efficiency	-0.369	-0.736	-0.373	-1.477	2%
Business and Property	-0.154	-0.180	-0.045	-0.379	0%
Policy and Resources ⁴	-1.747	-3.697	-1.875	-7.319	8%
Total	-22.089	-48.454	-24.153	-94.696	

- 4.2. Policy and Resources Committee have agreed a timetable for Service Committees to report detailed 2019-20 Budget proposals back to Policy and Resources in October.

5. Committee Response

- 5.1. This section proposes an approach for the Committee to adopt in developing saving proposals for 2019-20, and explains how this will be aligned to the Norfolk Futures principles.
- 5.2. More than half of total expenditure across Children's Services is on direct delivery of care through demand-led budgets to the most vulnerable or highest need children. That includes support and care placements for children looked after (£71m), support and care for children with special educational needs and disabilities (£56.4m) and Home to School Transport for children with Special Educational Needs £13.6m. In addition, a substantial proportion of the budget is spent on services and interventions that support children looked after and children with Special Educational Needs. The children looked after and transport costs are funded from Children's Services core budget and represent very significant proportion of total Children's Services funding. The SEN placements are funded via the Dedicated Schools Grant High Needs Block. It is important to recognise that there are significant inter-relationships with our base budget because sometimes the same children and young people will be receiving support (and funding) from both an SEN education perspective and from within the Children's Social Care model.
- 5.3 Given this pattern of high spend on the highest needs cohort, it is clear that our response to the financial challenge needs to focus on these major budget areas

⁴ Including Finance General

and follow the principles set out in the Norfolk Futures Strategy of ***offering our help early to prevent and reduce demand for specialist services*** and ***using evidence and data to target our work where it can make the most difference.***

- 5.4 It is clear that only by intervening effectively at the right point will we be able to unlock significant financial savings and following that principle, we are developing a comprehensive programme of transformation. This thinking was first outlined to Committee through the Demand Management & Prevention Strategy: Children's Services which was agreed at Policy and Resources Committee in September 2017 which included the allocation of £12-15m of pump-priming investment to enable transformation and change. The programme has been developed in more detail and now forms the Safe Children and Resilient Families strand of the Norfolk Futures Programme, with an update presentation being given to Children's Services Committee at this September meeting and some of the key themes are summarised below.
- 5.5 Our demand management programme is driving forward projects within four broad themes;
- 5.5.1 Inclusion – we are working with children, their families and our partners in schools to support children with additional needs to be educated in more mainstream settings, to access support within communities, and to live and learn with as much independence as possible. Our proposals include a very significant investment in Specialist Resource Bases which can offer extra help to children and families whilst still being part of a mainstream school setting. We are also investing in additional direct inclusion work capacity and enabling technology so that children get the extra help and equipment they need to succeed in mainstream settings. Of course some children have additional needs which are such that they should attend a high quality special school or access a specialist education provision, but our intention through this work is to increase the proportion of children with SEN who are in mainstream education and the evidence is clear that, if successful, this will improve education and wellbeing outcomes whilst at the same time reducing expenditure on the most specialist provision. The primary financial impact will be a reduction in the level of pressure on the High Needs Block element of the Dedicated Schools Grant funding but the inclusion strategy will also impact positively on transport costs for children with special educational needs.
- 5.5.2 Prevention and Early Intervention – we are investing capacity 'upstream' in a range of areas to support families before their needs escalate to the point of crisis. Our plans include a transformed model at the front door with a highly skilled social work and early help duty team enabling more demand to be managed at the point of initial contact and allowing the social work teams to focus only on appropriate higher risk cases. Our transformation of the Children's Centre model will specifically target additional outreach support to families whose needs might otherwise escalate – including those where mental health, substance misuse and family relationship issues are present. We are also enhancing our wider Early Help offer with a particular focus on building capacity in the partnership system to intervene effectively, and on ensuring that we develop and use community and voluntary sector support alongside our own interventions. The impact of these workstreams will be to reduce the demand flowing into the statutory social work system.
- 5.5.3 Effective social work – we are proposing a number of improvements to the core social work model to free up capacity within teams to spend more time directly with

families helping to work through their challenges and effect change. We are also designing proposals to reduce the number of hand-offs and changes of lead worker that children and families experience, recognising that the stability of relationships is essential to successful work to help families keep children safe. We are continuing to drive quality interventions through our involvement in the national Signs of Safety and restorative practice programmes and as the quality of practice continues to improve we will see better outcomes for children and families. The impact of these workstreams will be seen through cases successfully de-escalating as a result of social work support and fewer cases reaching the point where children need to be accommodated.

- 5.5.4 Edge of care support and alternatives to care – Where needs have escalated to a point where consideration is being given to taking children into care we will look to deploy a range of new approaches as alternatives and will only take children into the care system once other options have been exhausted. Our first alternative will always be to explore the wider family and community network to find people who have the capacity to provide care, and we will be delivering a major development programme across our workforce to embed approaches to ‘family finding’ at the heart of our social work model. We are also investing in new ‘edge of care’ interventions such as an intensive therapeutic service and a time-limited short breaks offer for families who would benefit from some additional time and space in order to work through their challenges.
- 5.6 The cumulative impact of all of these proposals will be a reduction in the number of children becoming looked after and in the number of children requiring specialist SEN provision, and this will deliver a corresponding financial benefit to the local authority.
- 5.7 As well as managing demand through earlier intervention, our transformation and budget planning strategy includes a strong focus on effective commissioning and market management. These proposals will follow the Norfolk Futures principles of ***being business-like to ensure value for money and using evidence and data to target our work where it can make the most difference.***
- 5.8 Our analysis of the care market for looked after children shows an over-reliance on high cost forms of care such as external residential provision, external semi-independent provision and independent foster care agencies. Therefore there is a need to re-shape this market proactively to create the value-for-money provision we need for our children and young people. We are therefore proposing strategic capital investments in a range of placement types including additional semi-independent placements, a new enhanced fostering model, new short breaks and shared care placements and potentially in new in-house residential capacity. In addition to these major commissioning projects we are also leading a transformation of our own Fostering Service, using behavioural insights techniques to understand the motivations of existing and potential foster carers and so develop a completely new approach to recruiting and retaining carers and over time reducing the reliance on costly external agencies.
- 5.9 Our analysis of the care market for children with Special Educational Needs also highlights sufficiency challenges and a corresponding reliance on high-cost specialist placements – and we are bringing forward proposals for a step-change capital investment to develop 4 new special schools to ensure that the right services are available in the right place and to reduce ongoing revenue costs for the future.

- 5.10 A final strand of our response to the financial challenge is informed by the Norfolk Futures principle of ***joining up work so that similar activities and services are easily accessible, done once and done well***. This principle is particularly important in our work alongside health partners to design services which respond to health and care needs in coherent and seamless way. To that end we have recently established integrated commissioning arrangements with our health partners and are working with them to examine our collective spend as a system, to eliminate any duplication and to align our commissioning priorities and contracts. We are also looking to join up our operational arrangement where this can improve outcomes. In particular we are looking to create an integrated model of Children's Mental Health Services, co-designing this in the coming months with the Clinical Commissioning Group, local CAMHS services and of course, with children and families. These areas of work have strong potential to deliver both better outcomes through more integrated provision, and a range of financial efficiencies across the system.

6. Financial Risks & Pressures

- 6.1 The work to develop and deliver the transformation programme is being undertaken at pace, and it is anticipated that changes to ways of working, interventions available and support provided will enable additional savings. However, this must be achieved against a background of rising demand and existing financial pressures and it is important that the Committee are sighted on a number of financial risks in relation to 2019-22 budget planning. These are outlined below and are also reflected in the Period 4 2018/19 Revenue Budget Monitoring Report (elsewhere on this committee's agenda).
- 6.2 Where pressures and risks cannot be fully mitigated they will need to be reflected in the business plan which would then impact on the overall budget gap and will require additional offsetting savings to be found.
- 6.3 The key risks within the remit of Children's Services Committee are;
- The number of children entering care nationally continues to increase, and Norfolk is no different to other authorities. The number of children in care and the total expenditure on Looked After Children's placements are currently above the levels anticipated in initial budgeting and in the forecast trajectory set out in the Outline Business Case for the Safe Children and Resilient Families transformation programme. This primarily reflects the increase in LAC numbers which occurred between December 2017 and January 2018, and whilst the numbers have broadly stabilised since, there has not yet been any decrease and so spending on all placement types is beyond budget. There is currently no demand growth built in to Children's Service's budgets and so the transformation proposals will therefore have to address the current budget pressure in this area before any cashable savings against the current approved budget can be achieved.
 - The service is continuing to see increasing numbers of children with special educational needs and also an increase in the level of complexity of need amongst those children and young people. This has brought pressure to the High Needs Block of the Dedicated Schools Grant above the level which can be met by funding provided by Central Government. This mirrors a national position

and is the experience of many other Local Authorities. The pressure will, in time, be reduced by the Special Educational Needs sufficiency strategy, which is being designed to increase the specialist resource bases and maintained special school provision in Norfolk and reduce the reliance on the highest cost provision.

- Linked to these increases in numbers of children in care and with special educational needs is an increased level of unavoidable legal proceedings and tribunals which incur significant legal costs. The demand management strategies will, in time, also address these pressures.
- The decision taken to extend the existing Children’s Centre contracts for an additional 6-months prior to the implementation of the transformed model has necessitated a re-phasing the saving planned from Children’s Centres for 2019-20 which is being built into the 2019-22 budget planning assumptions.

7. Budget Timetable

7.1. The Council’s overarching budget setting-timetable for 2019-20 was agreed by County Council in February as part of the 2018-19 Budget. The timetable is updated as further information becomes available (for example about the timing of Government announcements). The latest version of the timetable is set out in the table below.

Table 5: Budget setting timetable 2019-20 to 2021-22

Activity/Milestone	Time frame
County Council agree recommendations for 2018-22 including that further plans to meet the shortfall for 2019-20 to 2021-22 are brought back to Members during 2018-19	12 February 2018
Spring Statement 2018 announced	13 March 2018
Consider implications of service and financial guidance and context, and review / develop service planning options for 2019-22	February – June 2018
Member review of the latest financial position on the financial planning for 2019-22	July 2018
Development of savings proposals 2019-22	June – September 2018
Member review of service and budget planning position including savings proposals	Committees in October 2018
Consultation on new planning proposals and council tax 2019-22	Late October to December 2018 / January 2019
Chancellor’s Autumn Budget 2018	TBC November / December 2018
Provisional Local Government Finance Settlement	December 2018
Service reporting to Members of service and financial planning and consultation feedback	January 2019
Committees agree revenue budget and capital programme recommendations to Policy and Resources Committee	Mid-January 2019
Confirmation of District Council tax base and Business Rate forecasts	31 January 2019

Final Local Government Finance Settlement	TBC February 2019
Policy and Resources Committee agree revenue budget and capital programme recommendations to County Council	28 January 2019
County Council agree Medium Term Financial Strategy 2019-20 to 2021-22, revenue budget, capital programme and level of council tax for 2019-20	11 February 2019

8. Financial implications

- 8.1. Potentially significant financial implications are discussed throughout this report. Any implications of the Autumn Budget and the three changes expected to be implemented in 2020-21 will be reflected as far as possible in the Council's 2019-20 budget planning, and these impacts will need to be refined as further information is made available by Government.
- 8.2. Specific financial risks in this area are also identified in the Corporate Risk Register, including the risk of failing to manage significant reductions in local and national income streams (RM002) and the risk of failure to effectively plan how the Council will deliver services (RM006).
- 8.3. Risks relating to budget setting are also detailed in the Council's budget papers. There is a risk in relation to the Comprehensive Spending Review and the Fair Funding Review that a failure by the Government to provide adequate resources to fund local authorities could lead to a requirement for further service reductions, particularly where the Fair Funding Review results in a redistribution between authority types or geographical areas.
- 8.4. Much of Children's Services spend is demand led, leading to associated difficulties with both accurately predicting and managing the demand, and the related costs. Action is being taken to manage and reduce demand; though the impact of doing so can take time to flow through the wider system.

9. Issues, risks and innovation

- 9.1. Significant risks, assumptions, or implications have been set out throughout the report.
- 9.2. Equality issues were considered in the Equality Impact Assessment of 2018-19 budget proposals. Decisions about significant savings proposals with an impact on levels of service delivery will require public consultation. As in previous years, new 2019-22 saving proposals, and the Council's Budget as a whole, will be subject to equality and rural impact assessments later in the budget-setting process.

Background Papers

Norfolk County Council Vision and Strategy

<https://www.norfolk.gov.uk/what-we-do-and-how-we-work/policy-performance-and-partnerships/policies-and-strategies/corporate/council-vision-and-strategy>

Norfolk County Council Revenue and Capital Budget 2018-22 (Item 4, County Council 12 February 2018)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/592/Committee/2/SelectedTab/Documents/Default.aspx>

Norfolk County Council Budget Book 2018-22

<https://www.norfolk.gov.uk/-/media/norfolk/downloads/what-we-do-and-how-we-work/budget-and-council-tax/budget-book-2018-22.pdf?la=en>

Strategic and Financial Planning 2019-20 to 2021-22 (Item 10, Policy and Resources Committee, 16 July 2018)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/1419/Committee/21/SelectedTab/Documents/Default.aspx>

Demand Management & Prevention Strategy: Children's Services (Item 12, Policy and Resources Committee, 25 September 2017)

<http://norfolkcc.cmis.uk.com/norfolkcc/Meetings/tabid/128/ctl/ViewMeetingPublic/mid/496/Meeting/637/Committee/21/Default.aspx>

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