

Children, Families, Lifelong Learning and Culture

2020 – 2025 Budget Scrutiny
21st January 2020

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Context

- Last year - A budget that didn't rely on Reserves and helped stabilise our finances
 - This year - Moving from short to long term: **investing for impact** and for financial sustainability
 - Next year - Outcome focused and comprehensive medium-term plan
 - Significant progress towards financial stability and good performance
- Plus the injection of additional resources from Central Government, once again mean **no use of Reserves**, and a more medium-term and investment based outlook
- Continuing medium-term challenges:
 - Uncertainty about funding levels from 2021
 - Continuing high demand for services
 - A refreshed Organisation Strategy and Phase 2 Transformation

Organisation Strategy 2019 – 2023

OUR FOCUS FOR THE NEXT 5 YEARS 2020 - 2025

We are changing and improving what the Council does and how it delivers services to reflect the ways in which our residents and communities now live their lives. We are now a year into our transformation to become a leading council. We are ambitious about our future and here we outline where our focus lies in the years ahead.

<p>Tackling inequality Working with residents in every area of Surrey to identify and address causes of inequality, especially in life expectancy for everyone.</p> 	<p>Supporting independence Helping residents help themselves and each other within their community.</p> 	<p>More joined up health and social care Integrating health and council services so they're more effective, efficient and seamless for residents.</p> 	<p>Creating a greener future Tackling the causes of climate change and become a carbon-neutral county as soon as possible.</p> 
<p>Embracing Surrey's diversity Recognising the benefits of a diverse workforce and population to ensure Surrey is a place full of opportunity.</p> 	<p>Partnership Working with residents, businesses, partners and communities to collectively meet challenges and grasp opportunities.</p> 	<p>Supporting the local economy Investing in the infrastructure Surrey needs to build a strong and resilient economy.</p> 	<p>Digital revolution Making the most of new technology to innovate and improve services, and the way we work, to help Surrey and residents thrive.</p> 

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OUR VALUES: we care about -

-  our residents
-  being excellent
-  being open
-  working together
-  respecting others

THE PRINCIPLES GUIDING OUR WORK:

- 1** Focus on ensuring no one is left behind
- 2** Take a fresh approach to working in partnership
- 3** Support people to help themselves and each other
- 4** Involve and engage residents earlier and more often in designing and delivering services, and responding to challenges

To read a full list of our achievements from the past year and to read our Organisational Strategy in full, please go to www.surreycc.gov.uk

Transformation Programme 2020 - 2025

There are 28 individual programmes across different stages: 13 are continuing and 15 are newly introduced into the transformation programme

Discover & Define

Design & Develop

Deliver

PEOPLE

Adults with learning disabilities and autism
NEW

Health and social care integration
NEW

Working differently with communities
NEW

Domestic abuse **NEW**

Preparing for adulthood

Libraries and cultural services

Accommodation with care and support

Adult social care practice improvement

Adult social care market management

Adult mental health (including staff transfer) **NEW**

Family resilience

SEND transformation (including transport)

PLACE

Greener future **NEW**

Countryside **NEW**

Economic growth **NEW**

Rethinking transport

Rethinking waste **NEW**

Improving infrastructure **NEW**

Creating Environment, Transport and Infrastructure **NEW**

Community protection (including Surrey Fire and Rescue Service Transformation)

ORGANISATION

Data insights **NEW**

Digital

Agile workforce

Customer experience

Transforming our core business processes
NEW

Land and property **NEW**

Becoming more entrepreneurial **NEW**

Moving closer to residents

Headline Capital Schemes to commence 20/21- 24/25

Over £650M invested in the County
(c£530m over the medium-term)

Highways - Further **£92M** of spend to improve and maintain our highway network which includes 3000 miles of road, over 3000 miles of pavements; from a deteriorating to steady state.



Extra Care-up to 165 units across first three planned extra care sites, with an estimated pre-planning land value of £5.5M. SCC capex of **£1.8M**. Total investment of **£7.3M**. Future phases to deliver up to 725 units.



SEND - Up to **£31M** on specialist provision and a new SEND school. Further phases in future years.

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River Thames Flood Alleviation Scheme - £237M and Wider Surrey Flood Alleviation Scheme - £33M to protect thousands of homes and businesses from the risk of flooding.



Schools Basic Need - SCC will invest a further **£70M** to provide school places.

Community Investment Fund - £100M fund to regenerate high streets and visible investment in communities over the medium term.



Greener Futures – Various projects including a Solar Farms; EV charging point pilot; ULEV purchases and electrification of various transport services, including. Total spend **c£84M**.

Improved Access to the Countryside – Maintenance and improvements to the rights of way network and visitor improvements totalling **£3M**.



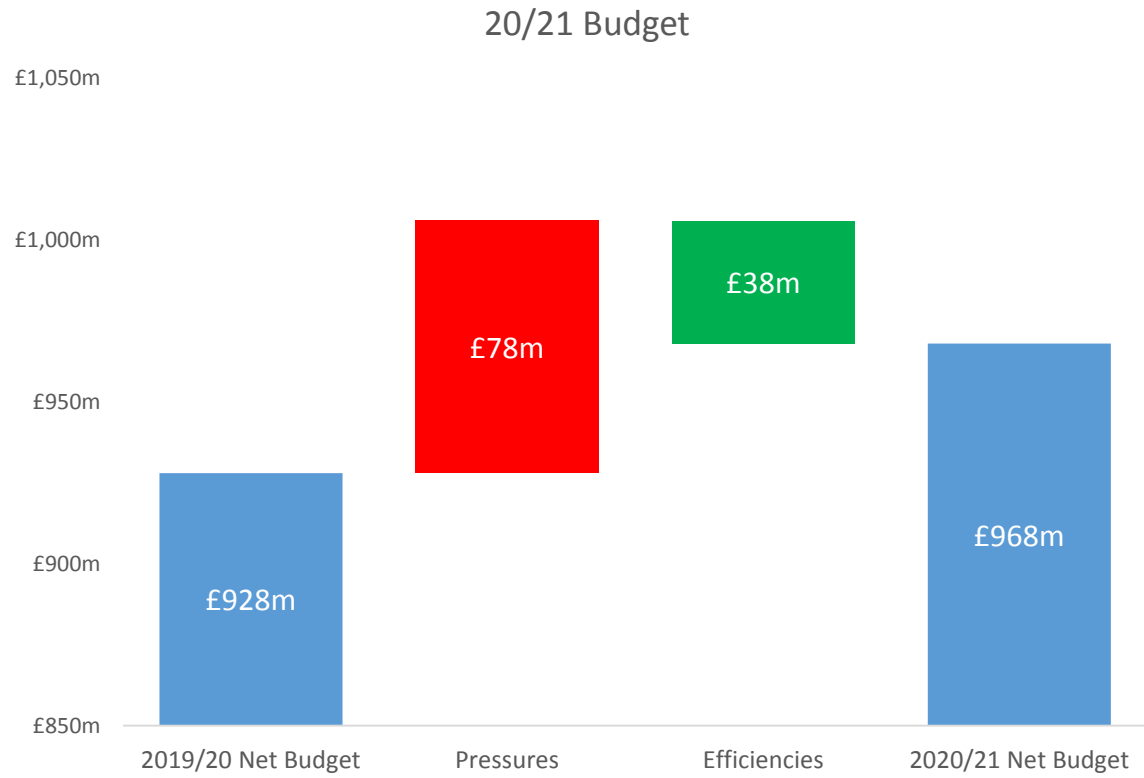
Draft Funding announcements from Central Government

- Draft funding was announced on 20th December (called the Provisional Settlement) - broadly followed our planning assumptions
- It was largely a roll forward of the 2019/20 position and provided additional funding for:
 - Adults Social Care (£14.2m)
 - Children with SEND (£13.5m)
- A new Social Care Precept of 2% (=£14.6m) and Council Tax threshold of 1.99% (=c£16m)

Key Budget Highlights for 20/21

- Additional **c£38M plus £13.5M SEND** from Provisional Settlement, one-year only – waiting on Final Settlement in Jan 2020 to confirm
- Total net funding of **£968M**
- Pressures of **£78M** – including pay and contract inflation
- Efficiencies of **£38M**, of which £24m to be delivered by Transformation
- Future year funding remains very uncertain - **provisional gap of c£160M by 24/25**

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Budget build 19/20 to 20/21 by Directorate

- New funding, additional pressures, pay and contract inflation as well as efficiency proposals identified through the budget process = **Net Budget for 2020/21 of £968M for SCC**

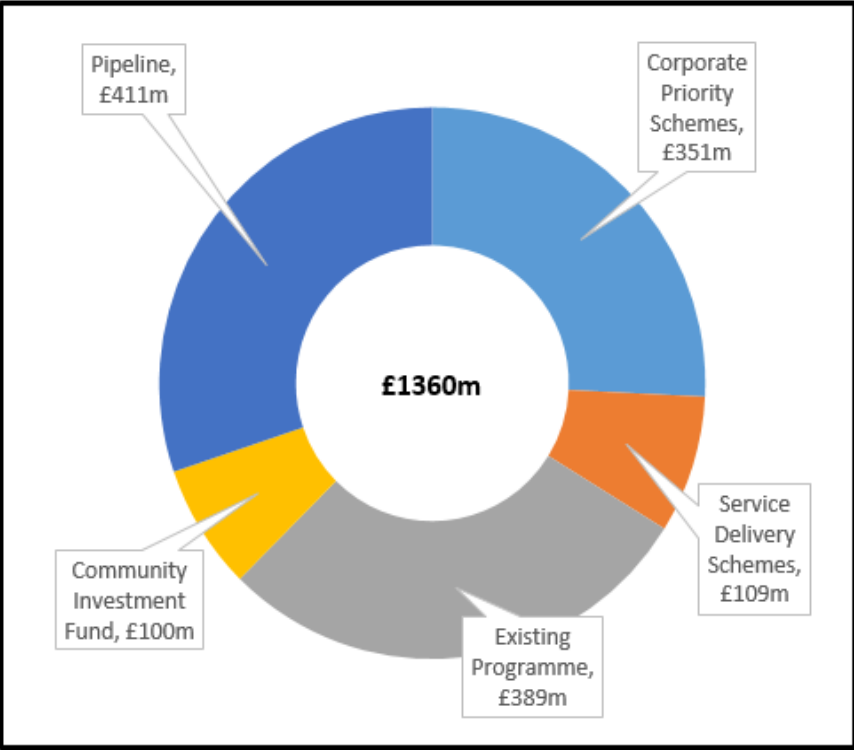
Directorate	2019/20 £m	Pressures £m	Pay Inflation £m	Contract Inflation £m	Efficiencies £m	2020/21 £m
Children, Families, Learning & Culture	243.7	5.7	3.0	3.8	-12.0	244.2
Public Health	30.2	0.3	0.0	0.0	-0.3	30.2
Adult Social Care	363.9	11.7	1.4	7.4	-12.3	372.1
Environment, Transport & Infrastructure	162.6	4.8	1.3	3.5	-4.0	168.2
Transformation, Partnerships & Prosperity	16.9	2.9	0.3	0.1	-1.0	19.1
Resources	65.7	2.6	0.9	1.2	-4.1	66.3
Central Income & Expenditure (1)	45.6	27.1			-4.4	68.2
Total Net Expenditure	928.6	55.0	6.8	16.1	-38.1	968.4
Total Funding	-928.6					-968.4

Note (1) The increase in CIE from 19/20 to 20/21 is mainly attributable to the following increases: £7.5m Transformation Fund, £5m Feasibility Reserve, £10m additional Contingency and additional MRP. This will be further detailed in the final report

Proposed Capital Programme 20/21 – 24/25

- Capital Programme continues to be developed; **c£1.4B** over the period
- **Corporate Priority Schemes** - £351M including SEND, Highways, River Thames, Extra Care
- **Service Delivery Schemes** - £109M of projects being finalised
- **Pipeline Schemes** - £411M of projects at early stages
- **Community Investment Fund** - £100M of schemes to be developed
- **Current Programme** - £389M

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- 9 • Detailed programme to be presented in January Budget Report



Children, Families, Lifelong Learning and Culture



SURREY
COUNTY COUNCIL

Children, Families, Lifelong Learning and Culture Strategy

The Council, with its partners, is going through a process of major change in response to two consecutive Ofsted ratings of 'Inadequate' and the organisation's own acknowledgement that improving outcomes for our most vulnerable children had not been effective in the past. Services for children and families are being transformed at pace with a much-needed focus on quality and consistency of practice.

Changes carried out in the first stage of the improvement programme:

- Top to bottom reorganisation of the structure with new service model in place
- Implementation of new front door arrangements
- Creating of a new Quality Assurance division
- Launch of Surrey Children's Services Academy providing a learning & development offer for staff across the partnership
- New Safeguarding Partnership arrangements designed to ensure strong and effective partnership working in child protection and safeguarding practice across the county and to promote the continuous improvement of these services
- Implementation of the Family Safeguarding Model including the relocation of the NE Quadrant to Walton to be closer to the community they serve

CFLC – where is the money spent?

Type of income / expenditure	19/20 Gross expenditure Budget £m	19/20 Income Budget £m	19/20 Net expenditure Budget £m
Education, Lifelong Learning and Culture (exc Schools)	282.0	(185.4)	96.6
Family Resilience	40.6	(2.2)	38.4
Corporate Parenting	110.3	(14.3)	96.0
Quality and Performance	10.3	(1.8)	8.5
Commissioning	65.4	(59.4)	6.0
Directorate efficiencies*	(2.5)	-	(2.5)
Total 2019/20 CFLC budget	506.1	(263.1)	243.0

*Directorate efficiencies relate to amounts not allocated to specific service and are not anticipated to be delivered in 19/20. For the 20/21 budgets all efficiencies have been allocated to services



CFLC budget summary

Budget movement	£m	Comments
Prior year budget	242.3	
Structure changes	1.4	Commercial services to Resources and other minor changes
Revised opening balance	243.7	
<u>Growth pressures</u>		
Placements 2019/20 pressure	3.0	19/20 proposal delayed due to the ongoing improvements within Corporate Parenting and Family Resilience.
Pay inflation	3.0	
Non pay inflation	3.8	Transport, social care placements and other contract inflation
Transformation funding	2.1	SEND and Strategic Commissioning moving to BAU from transformation
EMS implementation	0.3	New Education Management System
Other funded pressures	0.3	Care Leavers Council Tax and child death reviews
Total growth pressures	12.5	
Efficiencies	(12.0)	See next slide for a detailed list
Final 2020/21 budget	244.2	

Children, Families, Lifelong Learning and Culture efficiencies

Efficiency title	2020/21 £m	Transformation programme
Reduction in SEND reserve	5.1	SEND Transformation
Early Help Transformation	2.4	Family Resilience
CCG Funding	2.0	
Libraries and Cultural services transformation	0.8	Libraries and Cultural transformation
Short Breaks	0.3	
Contact Services	0.3	
Registrars commercialisation	0.3	
Care Leaver Packages	0.2	
Reunification project	0.2	
Surrey Outdoor Learning & Development (SOLD)	0.2	
Early Help Commissioning	0.1	Family Resilience
Schools income	0.1	
Total planned efficiencies	12.0	

20/21 CFLC Budget

Key service	Employee cost	Non Employee cost	Gross Exp	Income	Govt Grants	20/21 Net cost
	£'m	£'m	£'m	£'m	£'m	£'m
Family Resilience	31.0	8.4	39.4	(1.5)	(1.1)	36.8
Education, Lifelong Learning & Culture	54.3	227.3	281.6	(20.0)	(165.7)	95.9
Commissioning	5.6	60.7	66.3	(0.1)	(59.8)	6.4
Quality & Performance	8.9	1.3	10.2	(0.7)	(0.4)	9.0
Corporate Parenting	32.8	74.9	107.7	(4.0)	(9.6)	94.1
Directorate wide efficiencies	0.2	1.7	2.0	0.0	0.0	2.0
Total – Children, Families, Lifelong Learning and Culture	132.9	374.3	507.2	(26.3)	(236.6)	244.2

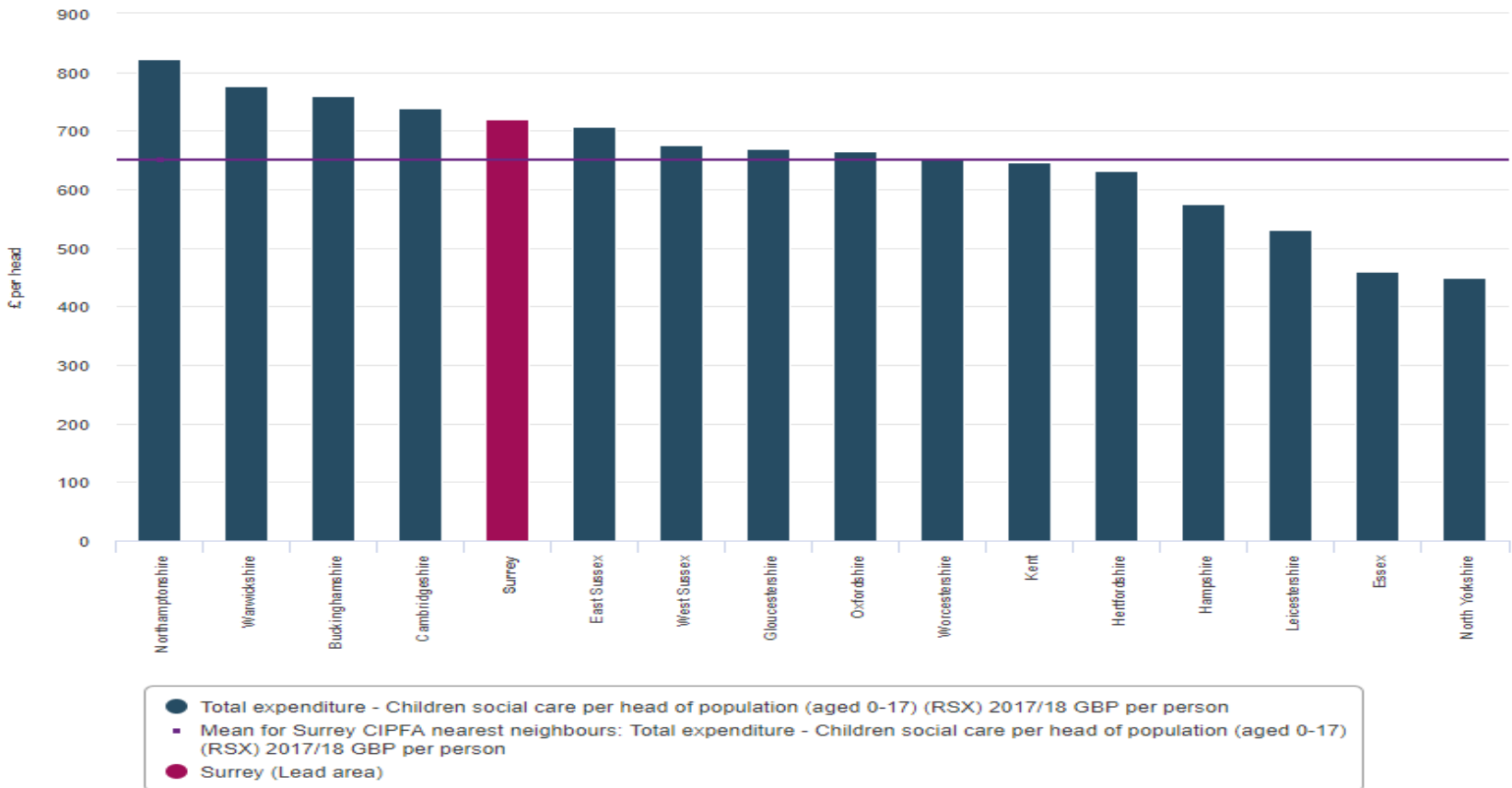
20/21 Budget Key risks

- External Residential and Fostering placement numbers remain above budgeted levels resulting in a 20/21 pressure.
- If actual demand and inflationary pressures are higher than estimated, this would require additional efficiencies and cost avoidance to be delivered.
- Anticipated additional contributions from other parties may take time to negotiate and agree.
- SEND overspend is building up a deficit on the Council's balance sheet. Government are currently consulting on how to account for this liability which could impact on future funding requirements.

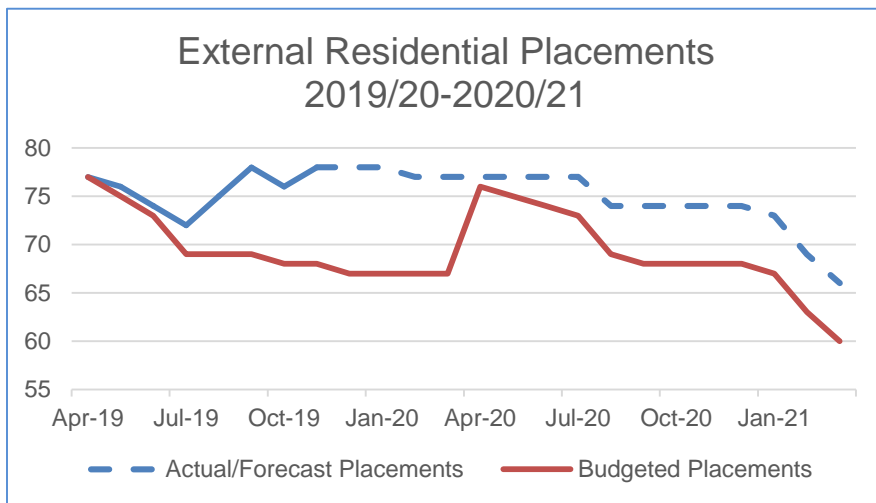
These risks are now explored in more detail on the following slides along with a comparison of Surrey's Children's Social Care spend against nearest neighbours.

In 2017/18, Surrey spent above median for its statistical nearest neighbours on children and young people

Total expenditure - Children social care per head of population (aged 0-17) (RSX) (2017/18) for Surrey & Surrey CIPFA nearest neighbours



Key budget areas – External/Residential placements

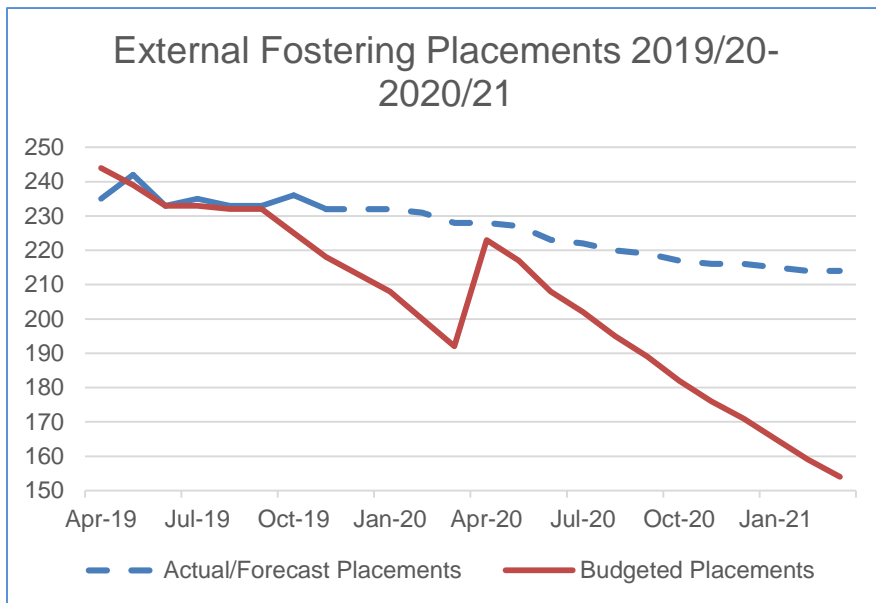


For both charts, the solid blue line represents the actual number of placements in 19/20 **and the dotted blue line the forecasted number** going forward based on the number of children turning 18.

The red line is the budgeted number of placements each month, the difference between the red line and the blue line represents the number of placement moves required in order to stay within budget.

This assumed any new demand will be met in-house.

The previous MTFs budget reduction for placements in 20/21 has been removed but this action is required in order to ensure the budget reduction proposed for 19/20 are delivered and flow through into future years.



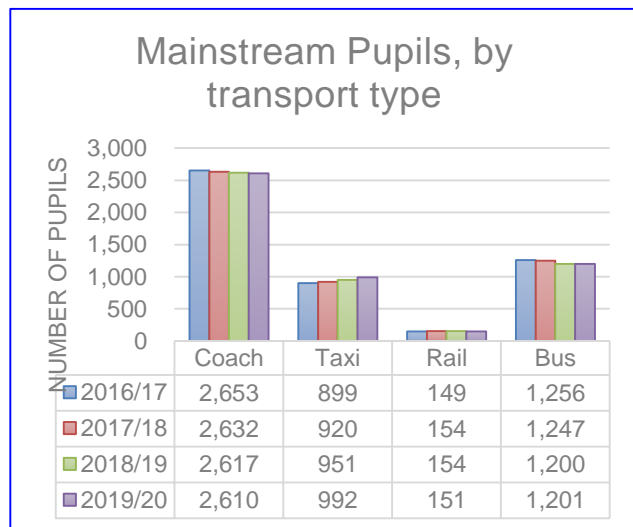
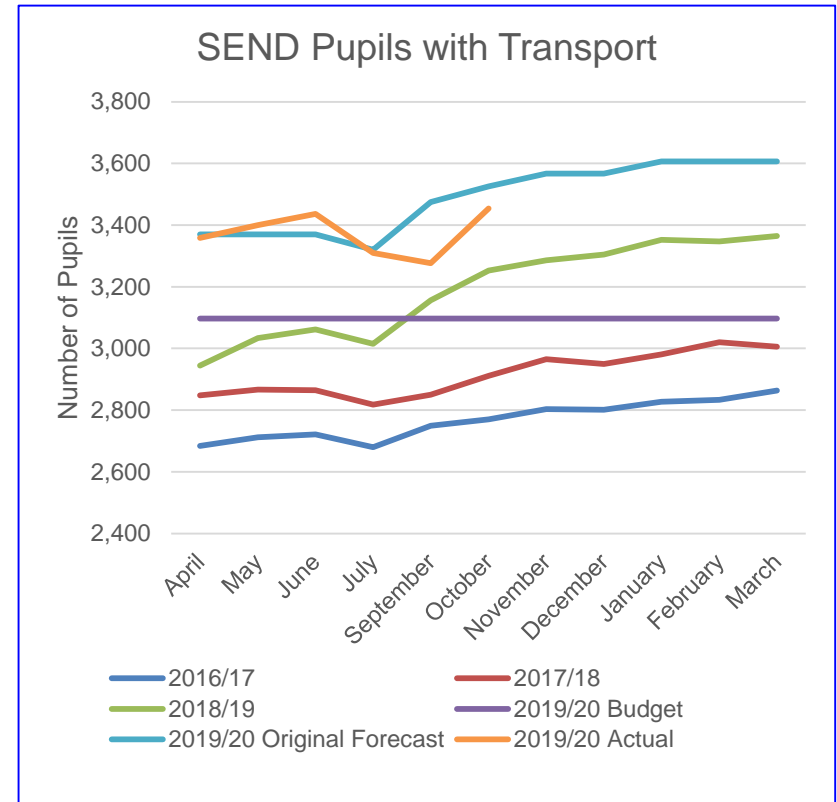
This assumed any new demand will be met in-house. The budget takes account of the expected increase in in-house foster carers following the late increase in 19/20.

Key budget areas – Transport

Transport expenditure is split into three main categories:

- SEND
- Mainstream
- Alternative provision

Despite being for SEND pupils, expenditure on these journeys is not fundable by the DSG so is a cost for the General Fund to bear.



When looking at trends over the past four years the number of SEND pupils with transport has increased.

The overall number of mainstream pupils has stayed broadly similar but there has been a trend towards Taxi over other forms of transport which can be more expensive.

Key budget areas – Health Funding

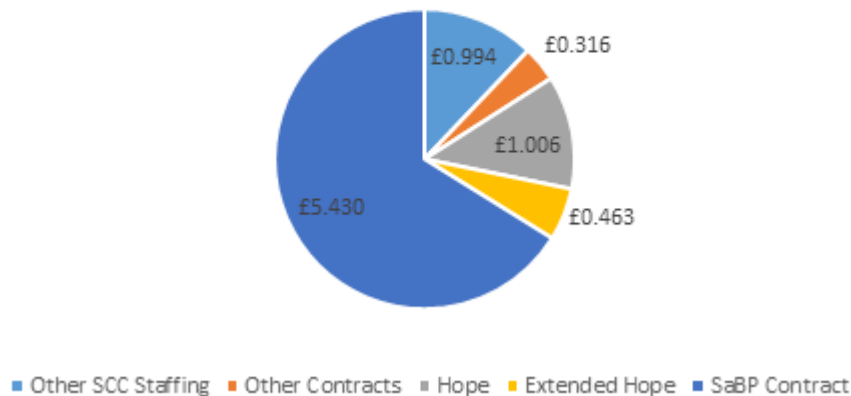
Ensuring costs are appropriately allocated to relevant bodies is a key part of the financial strategy in the future. In the past CFLC have been paying for costs that should sit elsewhere, often within Health. As well as the financial impact, this arrangement can sometimes lead to a “cliff edge” moment where a young person reaches 16 or 25 and is no longer eligible for this funding.

There are a number of budget reduction proposals, either within the General Fund (GF) of DSG High Needs Block (HNB) linked to this principle, which are summarised below.

Title	Description	20/21 efficiency £'000	Funding
CCG Funding	SCC are paying for 100% of services that should be part-funded by health.	2,000	GF
Health Contributions (part of SEND)		1,500	DSG HNB
Adult Social Care (part of SEND)	Post 16 funding decisions can improve the split of allocations between ASC and Childrens	500	DSG HNB
Continuing Health Care (part of SEND)	Increase contribution rate from existing 0.04% to benchmarked 5%	4,000	DSG HNB
Total		8,000	

Key budget areas – CAMHS

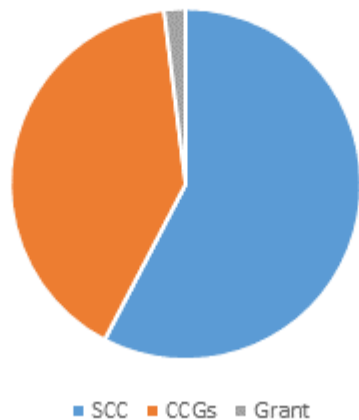
2019/20 CAMHS Expenditure £m
(excludes transformation funding)



The overall spend in this area is over £8m broken down in this first chart by the type of spend.

That funding comes from a number of sources which is then shown in the second chart.

2019/20 CAMHS Funding Split
(excludes transformation funding)

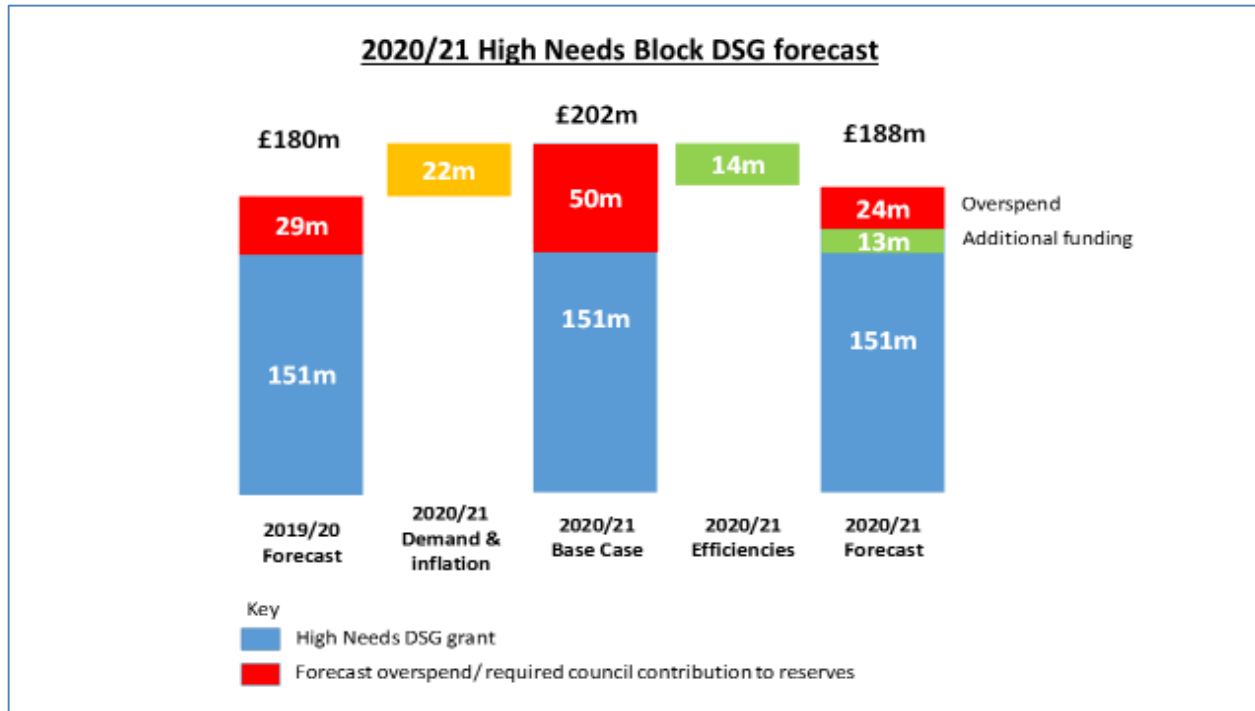


These contracts are due to go out for re-procurement in early 20/21 as part of the recommissioning of Emotional Wellbeing and Mental Health services in Surrey. This will be a joint process with the CCGs.

The CCG NHS transformation funding is not included within these figures as this has yet to be confirmed.

Key budget areas – SEND Transformation

The SEND transformation programme is focused on reducing the DSG High Needs Block (HNB) overspend. The forecast position as at period 8 for 19/20 is a £29m overspend as shown below.



- Overall DSG High Needs Block (HNB) pressure in 20/21 is forecast to be c£50m including inflation and demand increases
- Current overspend on HNB is £29m in 19/20 which is planned to reduce to £24m in 20/21 (the £5m MTFS efficiency)
- The balance of the £26m gap (£50m minus £24m) is to come from the additional £13m DSG HNB funding plus additional cost avoidance/efficiency of £14m

CFLC Capital Budgets

- There are also a number of Capital projects within the 20/21 budget for CFLC.
- These are split into two categories, those that are directly managed by CFLC and those where CFLC is the client and other Council services, such as property, manage the delivery of these projects.
- The schemes included in the 20/21 budget and beyond are summarised on the following slides.

CFLC Capital Budgets (1)

Project	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	Forecast						
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Adaptations For CWD	0.1	0.3	0.3	0.3	0.3	0.3	1.7
Devolved formula capital	1.6	1.1	1.1	1.1	1.1	1.1	5.7
Foster carer grants	0.2	0.2	0.2	0.2	0.2	0.2	1.0
Education Management System	-	0.9	0.2	-	-	-	1.1
Schools Exp Funded By Income	3.6	-	-	-	-	-	-
School Kitchens	0.4	0.2	-	-	-	-	0.2
Library Kiosks	0.4	-	-	-	-	-	-
Total CFLC managed schemes	6.4	2.6	1.9	1.7	1.7	1.7	9.5
Schools Basic Need	19.5	5.0	15.0	20.4	25.1	5.7	71.1
SEND Strategy	3.0	8.9	10.0	7.6	-	-	26.5
Recurring Capital Maintenance Schools	9.7	4.5	7.5	7.5	7.5	4.3	31.3
Pupil Referral Unit (PRU) Schemes	-	0.8	-	-	-	-	0.8
Schools Basic Need	-	13.3	14.7	18.0	18.6	-	64.6
Recurring Capital Maintenance Schools	-	9.8	9.8	9.8	9.8	9.8	48.9
SEND Strategy	-	0.2	-	-	-	-	0.2
Cranleigh School Scheme	0.3	6.1	6.2	1.0	-	-	13.3
Henley Fort	0.1	0.4	-	-	-	-	0.4
PSBP2 school projects	-	5.8	-	-	-	-	5.8
Priority Schools Building Programme	-	2.2	-	-	-	-	2.2
Reigate Priory School	0.1	-	-	-	-	-	-
Woking Library	0.1	-	-	-	-	-	-
Horley Library	0.2	-	-	-	-	-	-
Total CFLC client projects within Property	32.9	56.9	63.1	64.3	61.0	19.7	265.0
Overall Total	39.3	59.5	65.0	66.0	62.6	21.4	274.5

CFLC Capital Budgets (2)

- In addition to the budgets shown on the previous slide there is a further £72.3m of CFLC schemes contained within the corporate pipeline allocations. These include;
 - Surrey Outdoor Learning
 - Looked After Children Properties
 - Pupil Referral Unit
 - Quadrant Hubs; and
 - Priority Schools Building Programme
- These schemes are yet to go through the full governance process so will be held in the pipeline until this is completed.

Summary

- Whilst there is a comprehensive efficiency plan in place as shown earlier in these slides and also within the accompanying budget report, there are also a number of risks which may impact on the delivery of these plans
- Implementing the strategies and service transformation within CFLC will be the key to ensuring these financial benefits are met.
- Regular and effective monitoring of progress through the Council's governance process will help to identify any divergence at the earliest opportunity allowing for potential mitigating action to be taken.
- Capital schemes need also to be delivered on time to ensure the benefits intended are realised.