

# **Children, Families, Lifelong Learning and Culture Select Committee**

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## **2021/22 Draft Budget Report and Medium-Term Financial Strategy to 2025/26**

14<sup>th</sup> December 2020

# Introduction – 2021/22 Draft Budget and Medium-Term Financial Strategy

## Purpose and content

- Set out to Select Committee the 2021/22 Draft Budget and MTFs, setting out:
  - 2021/22 budget gap
  - 2021/22 – 2025/26 summary position
  - Detailed Directorate progress

## The process to date

- Stabilise the 2020/21 budget following the immediate CV-19 crisis through budget resets
- Establish Core Planning Assumptions and funding projections
- Convert the assumptions into the Draft Budget position
- Identify efficiencies to contribute towards closing the gap for 2021/22 and the medium-term
- Draft budget presented to Cabinet 24<sup>th</sup> November with a gap to close of £18.3m

## Next Steps

- Closing the gap
  - Refine core planning assumptions, funding assumptions and Directorate gaps
  - Finalise the efficiency and transformation proposals
- Finalise the 2021/22 – 2025/26 Capital Programme
- Consultation with residents on draft proposals and Equality Impact Assessments
- Final Budget to Cabinet in January 2021
- Final Budget to Council February 2021

# Our Focus for the Next 5 Years: 2021 – 26

## Community Vision 2030

We want Surrey to be a uniquely special place where everyone has a great start in life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community and where no one is left behind. Where our economy thrives and grows, in balance with our beautiful natural environment. While many residents and businesses thrive in Surrey, not everyone has the same opportunities to flourish so our focus for the next five years will be guided by the principle of **tackling inequality and ensuring no-one is left behind**

## Four priority objectives ('dial up' areas)

### Growing a sustainable economy so everyone can benefit

Support people and businesses across Surrey to grow during the economic recovery and re-prioritise infrastructure plans to adapt to the changing needs and demands of residents at a time of financial challenges

### Tackling health inequality

Drive work across the system to reduce widening health inequalities, increasing our focus on addressing mental health and accelerating health and social care integration to reduce demand on services while improving health outcomes for residents

### Enabling a greener future

Build on behaviour changes and lessons learnt during lockdown to further progress work to tackle environmental challenges, improve air quality and focus on green energy to make sure we achieve our 2030 net zero target

### Empowering communities

Reinvigorate our relationship with residents, empowering communities to tackle local issues and support one another, while making it easier for everyone to play an active role in the decisions that will shape Surrey's future

## Transforming the Council

### Customer experience

We will get better at seeing things from a resident's perspective, giving customers a simpler and more consistent experience

### Stronger Partnerships

We will focus on building stronger and more effective partnerships with residents, other public services and businesses to collectively meet challenges and take opportunities

### Transformation and reform

We will continue our comprehensive transformation programme to improve outcomes for residents, deliver efficiencies and make sure financial sustainability underpins our approach

### Digital and Data

We will embrace digital solutions and take a data-driven approach to transforming our organisation and services we deliver for residents

### Agile, diverse and motivated workforce

We will embed new agile ways of working and provide staff with the tools and support to be high performing and outcomes-focussed. We will put equality, diversity and inclusivity at the heart of everything we do, valuing the strength of a diverse workforce

### Financial Management

We will spend our money in the most efficient and effective ways, so we can have the greatest impact on improving people's quality of life and ensure we provide the best value for money to our residents

# 2021/22 Draft Budget

- The table shows the overall picture for the Council for 2021/22 against estimated funding
- Pressures, efficiencies and funding will continue to iterate over November and December
- In particular, funding estimates are subject to clarification as our understanding of the impact of CV-19 on Council Tax Collection continues to develop
- Announcements from Government expected on 24<sup>th</sup> November - further detail before Christmas
- The draft budget includes net pressures of £59.3m, with efficiencies of £41m, leaving a net gap of £18.3m

	Base Budget £m	Pressures £m	Efficiencies £m	Directorate Total £m	Directorate Gap £m
Adult Social Care	372.1	16.5	(11.5)	377.1	5.0
Public Health	32.6	0.0	0.0	32.6	0.0
Children, Families, Lifelong Learning and Culture	245.2	26.8	(20.9)	251.2	5.9
Environment, Transport and Infrastructure	132.8	9.4	(3.5)	138.8	5.9
Community Protection	36.2	1.8	(0.5)	37.4	1.2
Resources	66.6	3.9	(4.4)	66.1	(0.5)
TPP Services	17.4	0.9	(0.2)	18.1	0.7
Central Income and Expenditure	65.4	3.2	0.0	68.6	0.0
Directorate Sub-total	968.4	62.5	(41.0)	989.9	18.3
Projected Funding	(968.4)	(3.2)	0.0	(971.6)	
Net Gap	0.0	59.3	(41.0)	18.3	

# 2021-2026 Medium Term Financial Plan

- Directorates were tasked with costing the core planning assumptions and scenarios to arrive at a **pressures and efficiencies** for the MTFs from 2021/22 to 2025/26 to include alongside the Draft Budget
- **Draft estimates of likely funding over the medium-term** from Council Tax, Business Rates and Government Grants have been developed – these will need to be updated for funding announcements expected in November and December
- Pressures may iterate as further information on CV-19 becomes clearer
- The Capital Programme will continue to be refined to present the final programme to Cabinet in January, recommended to full Council in February

# 2021-2026 Council Summary Position

- The table shows the overall picture for the Council against estimated funding
- The estimates in some cases are indicative at this early stage and will require review
- 2021/22 shows a gap of £18.3m, growing to £170.1m over the 5-year MTF5
- Funding estimates are based on the most likely outcome but will be kept under review

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	Total					Total £m
	2020/21	2021/22	2022/23	2024/25	2025/26	
	£m	£m	£m	£m	£m	
<b>Budget Envelope</b>	<b>968.4</b>	<b>971.6</b>	<b>960.3</b>	<b>933.8</b>	<b>929.0</b>	
Brought forward budget	968.4	968.4	989.9	1,034.5	1,066.8	
Plus growth (inc inflation)		62.5	47.6	44.5	43.9	<b>243.9</b>
Less identified efficiencies		(41.0)	(29.7)	(12.3)	(11.5)	<b>(113.2)</b>
<b>Total budget requirement</b>		<b>989.9</b>	<b>1,007.7</b>	<b>1,066.8</b>	<b>1,099.1</b>	
Reductions still to find		18.3	29.1	50.2	37.0	<b>170.1</b>

# Children, Families, Lifelong Learning and Culture



# Services provided

Our purpose is to ensure that Surrey's children and families get the help and support they need at the right time, enabling children and young people to be safe and feel safe, healthy, have great education, skills and employment opportunities and make good choices about their wellbeing. Our ambition is that children and young people can live, learn and grow up locally.

The directorate aims to work with all our multi-agency partners and in true partnership with children and families to provide them with access to a range of services that tackle inequalities in outcomes, support independence and enhance their lives.

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There are seven strategic priorities for 2020/21 alongside ongoing, business as usual, responsibilities within the Directorate. These seven are:

- Response to the Coronavirus Pandemic
- Starting well: first 1000 days
- Children's Services Improvement
- SEND and additional needs transformation
- Emotional Health and Wellbeing
- Libraries and Cultural Services transformation
- Enabling our people, utilising our technology and embedding equality and diversity for all



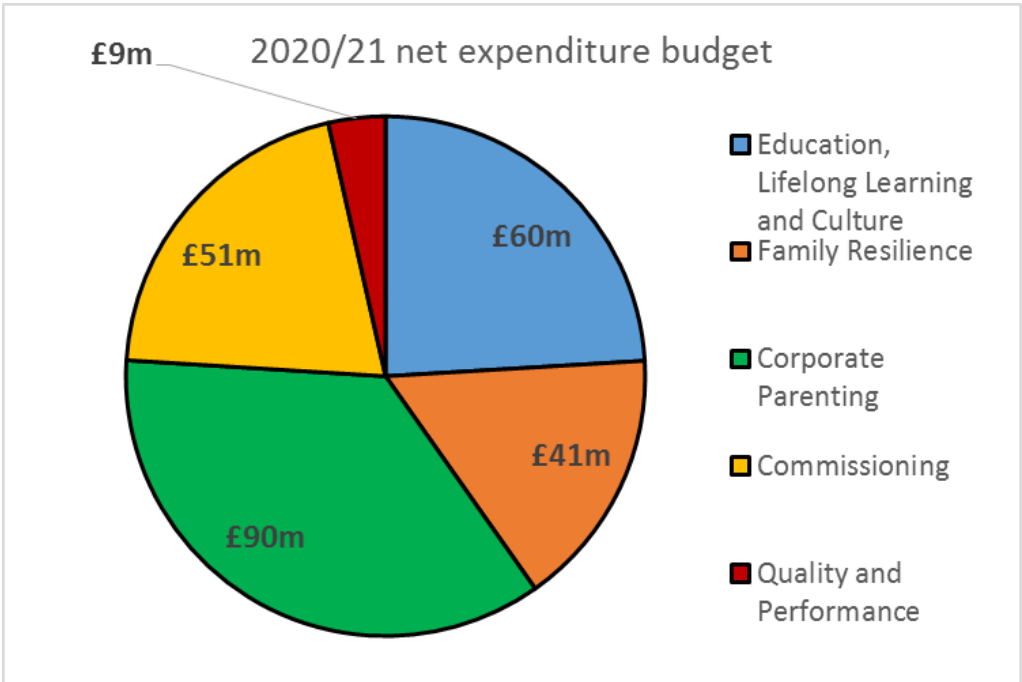
# How is the service budget spent?

Care package net expenditure	2020/21 budget
Education, Lifelong Learning and Culture	£60m
Family Resilience	£41m
Corporate Parenting	£90m
Commissioning	£51m
Quality and Performance	£9m
Exec Director central costs	£1m
<b>Total</b>	<b>£251m</b>

The net expenditure budgets do not show the expenditure funded through the Dedicated Schools Grant (DSG) which is held within ELLC.

This accounts for another £920m of expenditure including the schools, high needs, early years and central services blocks.

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# Service strategy for 2021-26 MTFS

CFLC's 2021-26 MTFS strategy is focused on the key areas of transformation and financial pressure within the Directorate. The transformation and transition of Children's Services within the Council and its partners following the Ofsted inadequate rating continues to be an primary focus but there are other emerging financial issues this strategy looks to address.

- **Expenditure on placements** within both Education and Childrens Social Care are the cause of the main cost pressures within the directorate. A number of approaches including expanding the Council's internal provision through the Capital programme are being brought forward to mitigate the impact of increasing demand.
- As well as the pressures on placements, **SEND expenditure** through the DSG High Needs Block (HNB) continues to impact on the Council's General Fund. Increases in demand through Education Health and Care Plans (EHCPs) significantly outstrips funding increases in this area so additional management action is required to try and limit the impact.
- Changes continue to be made to **Integrated Commissioning** that will strengthen the way we integrate, deliver and continue to develop our Integrated Care System (ICS) to improve outcomes for our residents. It aims to drive forward and support agile decision making and effective use of resources, with a key focus on self-care, prevention, early intervention and building resilience. The Emotional Wellbeing and Mental Health (EWMH) contract re-procurement is progressing to be implemented in April 2021 and will represent the first major piece of work undertaken as part of these new integrated commissioning arrangements.

# 2021-26 MTFS Budget Summary

Children, Families, Lifelong Learning and Culture									
	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	Budget	Outturn							
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Brought forward budget	243.4	244.6	250.9	250.9	256.9	252.0	247.9	244.5	
Pressures				61.6	22.0	24.1	23.6	22.9	154.3
Efficiencies				(55.7)	(26.9)	(28.1)	(27.0)	(26.6)	(164.3)
<b>Current calculated budget requirement</b>				<b>256.9</b>	<b>252.0</b>	<b>247.9</b>	<b>244.5</b>	<b>240.9</b>	
Pressures vs Efficiencies				5.9	(4.9)	(4.0)	(3.4)	(3.7)	
Indicative share of medium term gap					8.7	6.1	11.6	6.2	
<b>Reductions still to find</b>				<b>5.9</b>	<b>3.8</b>	<b>2.1</b>	<b>8.2</b>	<b>2.5</b>	<b>22.6</b>

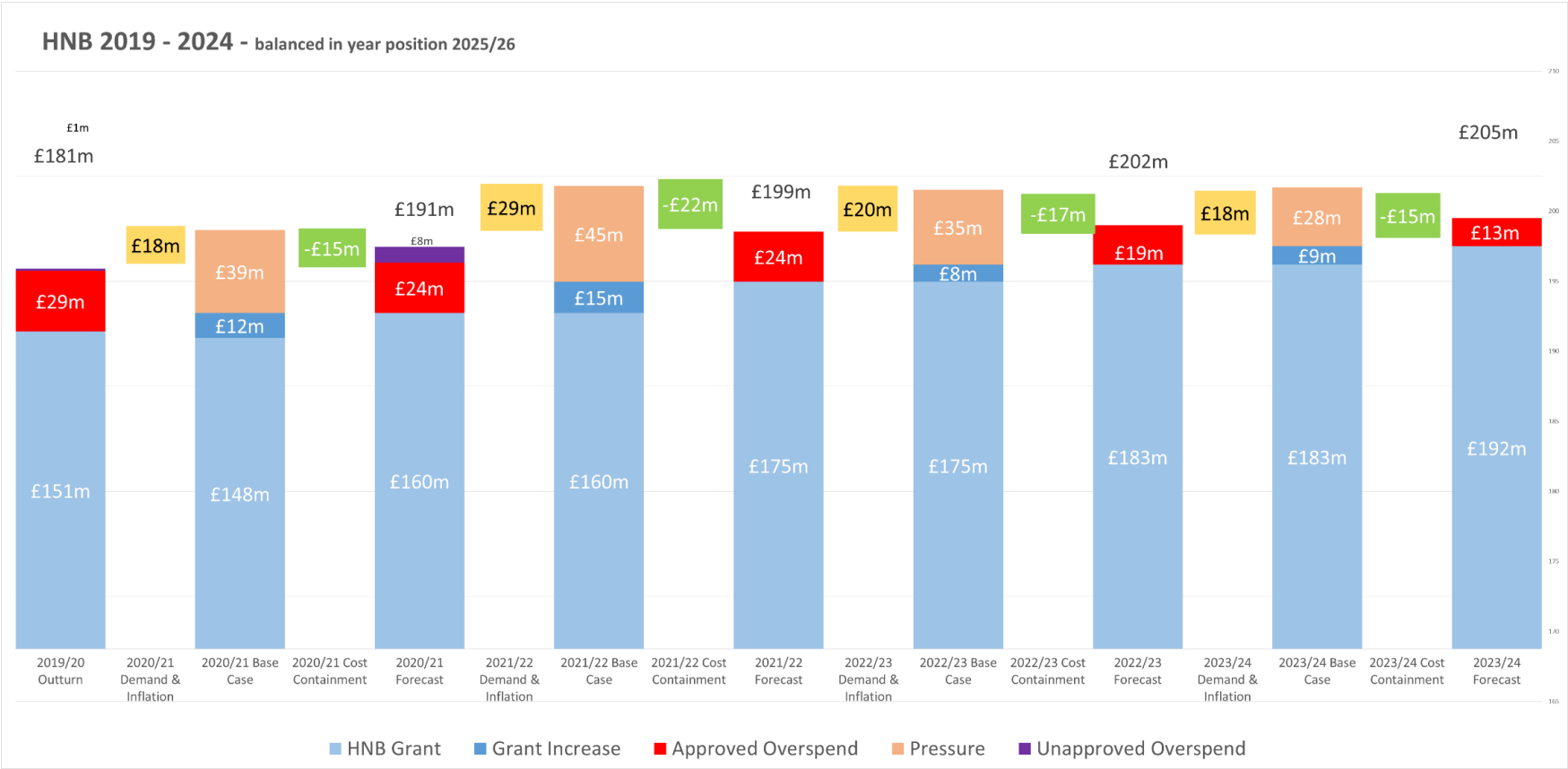
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Although significant progress has been made in developing more financially sustainable budget proposals in recent months a gap of £6m still remains in 2021/22 compared to the Council's currently estimated available funding.

The cumulative gap over the five year period is £22.6m, however that is on the assumption that a spike in Looked After Children referrals caused by COVID-19 reduces from 22/23 creating a year on year reduction in financial requirement.

The funding available in 2021/22 for all Council services will be reviewed when the Local Government Finance Settlement for 2021/22 is published (expected in December 2020). This combined with any changes to CFLC's current estimated pressures or efficiencies will determine the budget gap for 2021/22 that CFLC will need to be close.

# Year on year expenditure



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The green segments represent the cost containment required to achieve the planned position over the next three years. Any reductions in the assumed grant increases would result in additional cost containment activity being required.



# Summary of budgeted pressures

Pressure	2021/22 £m	2021-26 £m	Comments
Increase in CSC referrals and LAC	13.1	4.6	Increase in Looked After Children (LAC) numbers due to impact of COVID-19 pandemic in addition to a c4% year on year growth rate. 20/21 pressure of £2.9m also adds to the requirement in 21/22.
SEND High Needs Block	34.8	66.8	Projected growth and demand pressures within the DSG HNB. The 21/22 position includes a b/f £7.6m overspend from 20/21 which needs to be found.
Pay inflation	2.5	11.3	Corporate allocation for pay inflation but this will also need to cover any changes in pay structure or restuctures.
Contract and other inflation	2.1	8.0	Projected inflation on key contracts within the directorate.
Integrated Commissioning	3.0	0.0	Additional SCC contribution to the Emotional Wellbeing and Mental Health contract.
Lost COVID-19 cultural income	3.1	0.0	Income loss is being funded in 20/21 through the COVID-19 grant. This will not be available in 21/22 so any reductions in income will need to be mitigated.
Existing at risk efficiencies	3.0	2.0	Additional health contribution efficiencies have not been achieved in 20/21.
<b>Total budgeted pressures</b>	<b>61.6</b>	<b>92.6</b>	

# Planned efficiencies

Efficiency proposals	Transformation programme	2021/22	2021-26	RAG
		£'000	£'000	
Libraries and cultural services transformation	Libraries	600	1,100	G
Reunification Project		200	400	A
Health integration		1,000	2,000	R
Systems development and automation		0	450	A
Transport inflation containment	SEND	1,292	5,791	A
Transport stretch target	SEND	1,750	0	R
ELLC 20/21 underspends		500	0	A
HNB Cost Containment	SEND	20,004	53,715	R
HNB Additional Grant	SEND	14,820	34,191	G
Increase vacancy factor in non social work roles		1,300	0	R
Travel allowances/other supplies given remote working		500	0	A
Quality & Performance savings		0	200	A
Reduction in 20/21 in year overspend		1,000	0	A
Inflation containment/commissioning savings		500	0	A
Key lines of enquiry; e.g s20 charges etc.		500	0	A
Impact of new practice models on LAC numbers		1,000	10,755	A
Increase in SC referrals - treat through work spreading	Family Resilience	7,590	0	R
Managing lost income due to COVID-19 within culture		3,146	0	A
<b>Total efficiency proposals</b>		<b>55,702</b>	<b>108,603</b>	

# CFLC - Capital Programme

- The CFLC Capital Programme totals £3.0m over 5 years, as set out below:

Project	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	TOTAL £m
Education Management System	0.8	-	-	-	-	0.8
Adaptions For CWD	0.3	0.3	0.3	0.3	0.3	1.7
Foster carer grants	0.2	0.2	0.2	0.2	0.2	1.1
School Kitchens	0.3	-	-	-	-	0.3
<b>Children Services Total</b>	<b>1.7</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>3.8</b>

- These amounts represent schemes directly delivered by CFLC.
- The EMS project also sits in the IT & D programme
- In addition, a number of CFLC projects are included in the Property Capital Budget or Pipeline

The CFLC schemes of £270.4m are also included in the Property Capital Budget, as set out below:

Project	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	TOTAL £m
Schools Basic Need	30.6	38.4	43.7	5.7	5.7	124.0
Recurring Capital Maintenance Schools	13.5	17.3	17.3	17.5	18.0	83.5
Priority Schools Building Programme 2	2.2	-	-	-	-	2.2
SEND Strategy	22.0	29.3	9.4	-	-	60.7
<b>CFLC Schemes Delivered by Property</b>	<b>68.3</b>	<b>85.0</b>	<b>70.3</b>	<b>23.2</b>	<b>23.6</b>	<b>270.4</b>

- Property Pipeline allocations for CFLC include:
  - Looked After Children (£40m)
  - Pupil Referral Unit Schemes (£23m)
  - Children's Centres and Family Centres (£1m)

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