

CABINET - MONDAY, 14TH SEPTEMBER, 2015

SUPPLEMENTARY PAPER

The following Paper was tabled at the meeting.

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
3.	Children's Services Organisation Decisions - Contract with Children's Services Organisation for the Delivery of Children's Social Care Services	1 - 4	All

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**SLOUGH BOROUGH COUNCIL
CABINET – 14TH SEPTEMBER 2015**

TABLED PAPER:

**ITEM 3 – CONTRACT WITH CHILDREN'S SERVICES ORGANISATION
FOR THE DELIVERY OF CHILDREN'S SOCIAL CARE SERVICES**

The Trust has submitted a requirement for the 1st year budget based on an 18 month budget position. The budget is based on the following:

- i. Budget to be based on actual spend of the service area and not their base budget
- ii. extras for improvements and changes to service delivery

This has required an 18 month budget for the Trust at £39.7m; the first 12 month budget is £27.3m (see Trust paper dated 3.9.2015) with decreasing amounts going forward. The current comparable annual base budget for Children's Social Care is £21.8m (which the Trust expect to reduce spend to by the 4th year of operation).

The Council has questioned the make up of the budget profile/requirement. For example the Council has sought evidence whether the requirements of the proposed budget profile resulted from the due diligence work undertaken by the DfE project partner, Deloitte. As far as the Council have been made aware, Deloitte did not carry out any due diligence around the proposed make up of the profile or budget requirement that has been put forward by the Trust. For the purposes of this paper only, an assumption of a £27.3m budget has been allowed for to enable an understanding of the impact on the Council and therefore what mitigation is required.

It is also important to note that all of this paper is predicated on the full Council approving the budget and therefore transfer to the Trust.

The Council is being requested by the Trust to support it with three areas of financial support¹:

Table 1.1: Funding position for the service

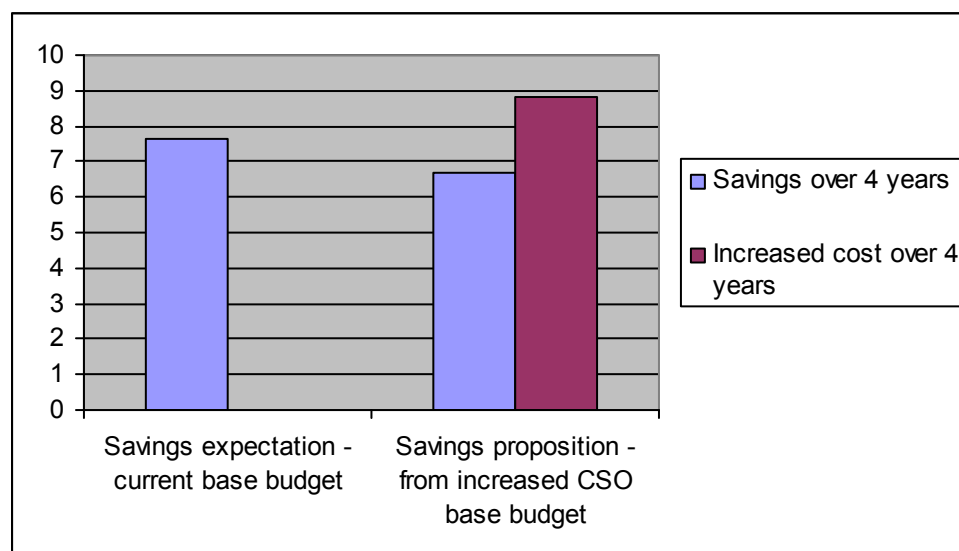
• SBC current budget	£21.8m
• Additional budget due to overspend position ²	£1.3m
• Risk / rewards share	£1.3m
• <i>Revised position tbc</i>	<i>£24.4m</i>
• The Trust's requested budget	£27.3m
• Gap to be found	£2.9m
• SBC funded Invest to Save (subject to sufficient bids)	£1.5m
• DfE ongoing funding of the service	£1.4m

The above represents a significant additional investment from the Council in the Trust far in excess of its base budget position, and far in excess of any investment in

¹ The detail behind accessing this funding is covered in the contract between SBC and the 'Trust'

² SBC awaiting responses from the Trust

other Council services. The investment is beyond any service changes the Council would need to have made to improve the Service. The Council is forecasting to make very little other underlying investment in other services for the life of the medium term financial strategy through to 2020.



The impact of the above table on the wider Council financial position needs to be taken into account as it is significant. Even before the commencement of formal discussions with the Trust, the Local Government Association has highlighted that the Council has the 53rd of 56 worst funding level position of all unitary Councils (and 324th of 353 Councils nationally). The proposed budgets requires the Council to find an additional £4.1m of public funds to support the Trust and this will severely impact the Council's financial position for both 2015-16 and 2016-17 onwards.

Council Savings / £m in 2016-17	
Position at Children's services base budget - £21.8m	£9.7m
Position with investment - £25.9m budget supported	£12.3m plus Invest to Save monies of £1.5m
Position with SBC providing all support	£13.7m plus Invest to Save monies of £1.5m

The Council, along with the rest of the public sector, is anticipated further funding reductions over the next four years of up to 40%. At present, this is leading to a projection of cost savings of some £30-35m over the next four years (with approximately £12m in 2016-17 alone). To put this into perspective, the total savings is the size of the entire Adult Social Care budget that needs to be removed by 2020 (see appendix A).

If SBC were to provide the additional final funding gap of £1.4m, it would mean an additional £5.5m for the next 12 months. In light of the above, this would require a fundamental shift in the Council's financial strategy, which is already seeking

significant savings. On a budget the Council can directly influence, without Children's Social Care, of £86m finding up to £14m (16%) of the budget in one year (the equivalent of more than the entire waste management, housing and enforcement & regulation budgets combined) would likely jeopardise the current effective running of the Council's services to residents.

Appendix A – SBC budget summary

