

Committee:	Dated:
Community and Children's Services	23/01/23
Subject: Departmental Budget Estimates: Community and Children's Services – excluding the Housing Revenue Account (HRA)	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1,2,3,4,9,12
Does this proposal require extra revenue and/or capital spending?	N
Report of: Executive Director of Community and Children's Services and the Chamberlain	For Decision
Report author: Louise Said - Chamberlains Department	

Summary

This report presents for approval the budget estimates for the Department of Community & Children's Services for 2023/24. This report presents, at Appendix 1, the budget estimates for 2023/24 for the Community and Children's Services Department excluding HRA of which a summary is shown in the table below. The proposed budget has been prepared within the resource envelope allocated to each Director by Resource Allocation Sub Committee.

Summary of Appendix 1

Table 1	Original budget 2022/23 £'000	Original budget 2023/24 £'000	Movement original 2022/23 to original budget 2023/24 £'000
Expenditure	(29,641)	(29,227)	414
Income	16,500	14,536	(1,964)
Support services and capital charges	(2,383)	(2,440)	(57)
Total net expenditure	(15,524)	(17,131)	(1,607)

Recommendation

Members are asked to:

- i) review and approve the Community and Children's Services Department's (excluding HRA) proposed revenue budget for 2023/24 for submission to Finance Committee, noting that additional resources totalling £1.2m have been added to the 2023/24 Original Budget to help meet the ongoing pressures across Adults and Children's Social Care and the cost of Unaccompanied Asylum Seeking Children.
- ii) review and approve the Community and Children's Services Department's (excluding HRA) proposed capital and supplementary revenue projects budgets for 2023/24 for submission to Finance Committee.
- iii) authorise the Chamberlain, in consultation with the Executive Director of Community and Children's to revise these budgets to allow for any further implications arising from Corporate Projects and changes to the Cyclical Works Programme.
- iv) agree that minor amendments for 2022/23 and 2023/24 budgets arising during the corporate budget setting period be delegated to the Chamberlain.
- v) note the factors taken into consideration in compiling the Community and Children's Services Department's Business Plan, including efficiency measures

Main Report

Background

- The Community & Children's Services Committee oversees three main service areas:
 - People Services (which includes Adult Services & Children & Families Services)
 - Commissioning and Partnerships (which includes Commissioned Services)
 - Housing Services (including the Housing Revenue Account)

Departmental budget estimates for 2023/24

1. This report presents, at Appendix 1, the budget estimates for 2023/24 for the Community and Children's Services Department analysed between:
 - Local Risk budgets – these are budgets deemed to be largely within the Chief Officer's control.

- Central Risk budgets – these are budgets comprising specific items where a chief officer manages the underlying service, but where the eventual financial out-turn can be strongly influenced by external factors outside of his/her control or are budgets of a corporate nature (such as interest on balances and rent incomes from investment properties).
- Support Services and Capital Charges – these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk. Further analysis can be found in Appendix 2

Proposed Revenue budget for 2023/24

2. The provisional 2023/24 budgets, under the control of the Executive Director of Community and Children's Services being presented to your Committee, have been prepared in accordance with guidelines agreed by the Policy and Resources and Finance Committees. These include continuing the implementation of the required budget reductions across local risk, as well as the proper control of transfers of non-staffing budget to staffing budgets.
3. Overall, the 2023/24 provisional revenue budget total £17.1 million, an increase of £1.6m when compared with the original budget for 2022/23. The main reasons for this increase are:
 - Additional resources totalling £1.2m has been added to the 2023/24 Original Budget to meet the ongoing pressures within social care including £700k to central risk for Unaccompanied Asylum Seeking Children, £300k to local risk for Children's Services and £200k to local risk for Adults Services.
 - Decrease of £140k which is in relation to the Homelessness growth bid agreed in 2019 to deliver additional accommodation and services to reduce the occurrence, duration and impact of rough sleeping in the Square Mile. It was agreed to award this department additional resources totalling £8.9m phased over 5 years commencing in 2020/21. The annual costs rose during the first 3 years before reducing slightly in the final 2 years hence the reduction in the 23/24 Original budget.
 - The administration of the Housing Benefit service has been transferred to the cost of collection service area. The budget of £170k was therefore transferred across to the Chamberlain
 - Additional resources of (£157k) to compensate for the July 22 pay award
 - Net 2% inflation of (£255K) added to Local risk budgets. This is 4% inflation less 2% efficiency savings.
 - Increase in Surveyors Repairs & Maintenance budget of (£248k)
 - Increase in central support and capital charges (£57k)

4. An analysis of service expenditure is provided in Appendix 1. Expenditure and unfavourable variances are presented in brackets. Only significant variances (generally those greater than £100,000) have been commented on in the following paragraphs.

- The Surveyors Repair & Maintenance budget has increased by £248k to accommodate the structural works that are required at Golden Lane Leisure Centre.
- Third party payments overall have increased by £1.4m which is mainly due to the cost of the asylum seeker service along with new programme costs led by the Adult Skills & Education service such as Digital Hub, Skills Bootcamp and Multiply. The latter is fully met from external funding and has no affect on the overall budget. The pressures on the asylum seekers service is due to the number of individuals presenting themselves to the city along with a number of current individuals turning 18 which then attract little or no funding from the Home Office. Additional resources have been added to the 23/24 Original budget to accommodate these pressures.
- Rent allowance payments in respect of Housing benefit have reduced in line with the latest return made to DWP. This is offset by a reduction in income and therefore has no impact on the overall budget.
- Government grant income has decreased in total as the budgets are based on the most recent allocations and include decreases to the Department for Work and Pensions Housing Benefit subsidy as mentioned above.
- The income budget for customer and client contributions has increased by £165k which is largely due to rent income expected from the hire of the Portsoken Community Centre and the Portsoken Pavilion.
- Members should note that the Cyclical Works Programme (CWP) figures included in this report relate only to elements of previously agreed programmes, which will be completed in 2022/23 & 2023/24. The separate bid for CWP works in 2023/24 has not been included in this report as a report will be submitted to the Operational Property & Projects Sub Committee in the new year and will then require approval from Resource Allocation Sub Committee to agree the funding. Once both Sub-Committees have agreed the 2023/24 programme, Members will be advised of the outcome and are asked to authorise the Chamberlain to revise the budget to allow for these approvals.
- It should also be noted that the Building Repair & Maintenance and the Facilities management contract is currently being retendered and the new contract will commence on 1st April 2023. The 23/24 Original estimates are based on the latest available asset price from the current contractor. Any changes to these budgets arising from the new contract will be reported to Committee and Members are therefore asked to authorise the Chamberlain

to revise these budgets to allow for any further financial implications arising from the contract retendering.

- Analysis of the movement in total manpower and related staff costs are shown in Table 2 below

5. Staffing Statement

Analysis of the movement in staff related costs are shown in the table below. There is an increase of £316,000 in employee expenditure between the 2022/23 original budget and 2023/24 original budget. Factors influencing this overall increase are a provision for 3% pay award and incremental progression.

Table 2	Original Budget 2022/23		Latest Approved Budget 2022/23		Original Budget 2023/24	
	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000	Manpower Full-time equivalent	Estimated cost £000
People Services	74	(4,366)	71	(4,331)	72	(4,516)
Partnership Services (including Central Directorate)	42	(2,388)	48	(2,944)	43	(2,555)
Housing Services	11	(565)	11	(564)	9	(564)
TOTAL COMMUNITY AND CHILDREN'S SERVICES	127	(7,319)	130	(7,839)	124	(7,635)

Potential Further Budget Pressures

- Despite the very substantial £1.2m increase in budget in 2023/24 it should be noted that the department faces additional budgetary pressures in the coming year. These challenges will need to be met from within the existing enhanced budget envelope as and when they emerge through a process of reprioritisation. :
 - Local risk had benefited from income from the management of the Golden Lane Leisure Centre, but this payment was waved following the pandemic closure and impact on business, and replaced with a profit share arrangement. The centre is not profit making. The management fee had made an average contribution to local risk of £81,000 per annum.
 - Commissioned delivery – notably in the provision of social care placements – is subject to inflationary cost pressures. The government is also driving a “Fair Cost of Care” initiative, which will see some provider costs increase to ensure the social care provider market remains sustainable. Were placement costs to increase by 10% the Department would face additional expenditure (based on current placements) of £320k per annum – at 15%, £480k per annum.

Government. However, the Government has committed to provide local authorities with additional funding. While the allocated amount has not been confirmed, we anticipate it will meet a significant proportion of additional costs for social care delivery alongside the additional £200k adult social care funding set out in this budget.

- Other commissioned services may require additional support. The management of the Golden Lane Leisure Centre is likely to require revenue support. Other existing providers may seek additional funding or reduced delivery to meet growth in wages and other costs. The City's advice provider – which has had no inflationary uplift since 2017, has indicated a need for additional funding of circa £35k to prevent it running at a deficit. A significant number of services will be recommissioned in the financial year. The process will challenge the on-going need and scope of services to realise efficiencies where possible, but it is reasonable to assume the majority will need sustaining. The cost will be driven by market responses, but if they reflect current cost plus 10% inflation, the overall budget impact would be in excess of £200k .

Revenue Budget 2022/23

7. The current forecast local risk out-turn for 2022/23 is currently expected to be overspent by up to £300,000. The reason for this adverse variance is due to the cost pressures within child social care and the continued presence of a number of high cost placements.
8. The central risk budget is also facing pressures due to the number of asylum seekers that are 18 years or older for which we attract little or no government funding. The overspend could possibly reach £700,000 by the end of the financial year. These pressures have been highlighted through monthly budget monitoring and it has been agreed to increase the 2023/24 Original Budget by £1.2m to met these social care pressures going forwards.

Appendix 3 shows the movement between the Original Budget 2022/23 and the Latest Approved Budget 2022/23

Draft Capital and Supplementary Revenue Budgets

9. The latest estimated costs of the Committee's current capital and supplementary revenue projects are summarised in the Table below.

Service	Project	Exp. Pre 01/04/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Later Years £'000	Total £'000
	<u>Pre-Implementation</u>						
Community Development	Golden Lane Area Lighting & Accessibility	-	14	-	-	-	14
	<u>Authority to start work</u>						
Public Health	Disabled Facilities	32	35	-	-	-	67
Public Health	Assessment Centre for Rough Sleepers	51	683	691	-	-	1,425
Public Health	High Support Hostel	30	597	-	-	-	627
TOTAL COMMUNITY & CHILDREN'S SERVICES EXCLUDING HRA		113	1,329	691	-	-	2,133

10. Pre-implementation costs comprise feasibility/option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.
11. Therefore, the above figures do not include the cost of implementing the Golden Lane Area Lighting & Accessibility project which are subject to further gateway approvals.
12. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2023.

Business Planning for 2023/24

13. A separate report will be presented to this committee containing the high-level business plan.
14. This section outlines the following:
- the factors taken into consideration in compiling the Business Plan and setting priorities,
 - what the Department will be doing differently compared to 2022/23 and
 - how the Department will drive Value for money
15. The objectives for the departmental business plan were agreed by Members of the Community and Children's Services Committee following a consultative process with Members and Senior Officers. Specific workstreams were developed by

Senior Officers and individual teams reflecting the departmental business plan objectives and statutory requirements.

16. The balance of delivery and spend is driven by our statutory responsibilities in response to presenting needs, changes in the external environment and national policy drivers. Where statutory service demand has increased, the department has reallocated or sought additional resources.
17. There have continued to be significant changes in the external environment and national policy which we have had to respond to. This includes the ongoing impacts of the Covid-19 pandemic, the Afghanistan and Ukrainian resettlement programmes and the cost of living crisis.
18. There are also opportunities to be more efficient where we have secured added value or savings from services for no additional cost to the City Corporation. For example, the Commissioning Team continues to use the Commissioning Alliance's Care Place framework to source placements for looked-after children and young people. This allows access to a wide range of care provision areas such as fostering, residential care, special educational needs, and 16–25-year-olds' semi-independent accommodation. Use of the framework has resulted in gaining access to market-leading prices and delivering £160,000 savings per annum since its implementation this financial year. This represents a 34% saving on the previous average weekly placement costs.
19. The team continues to review placement processes with a view to improving service quality and outcomes. The team's contract monitoring and management approach, which includes a senior management visitors programme, is designed to dovetail and supplement the Commissioning Alliance's own programme and processes. The monitoring approach will be expanded further to include a young inspectors programme in partnership with City of London Children in Care Council.
20. The Department, along with all others, has undergone a rigorous process of examining all service areas and identifying savings and assessing their potential impacts.
21. Delivery is evidenced and tested by a comprehensive set of performance and outcome indicators. These indicators are monitored, and remedial action is taken where necessary. We benchmark performance through bodies such as London Councils and nationally, government departments such as DfE.

Corporate & Strategic Implications

22. The work of the Department contributes to the following Corporate Plan priorities:
 - 1: People are safe and feel safe
 - 2: People enjoy good health and wellbeing
 - 3: People have equal opportunities to enrich their lives and reach their full potential
 - 4: Communities are cohesive and have the facilities they need
 - 9: We are digitally well connected and responsive

12: Our spaces are secure, resilient and well maintained

Security implications

23. There are no specific security implications in relation to the budget or business plan but many of our workstreams contribute to the departmental priority 'safe' with the aim of people of all ages living in safe communities, our homes are safe and well maintained and our estates are protected from harm.

Public sector equality duty

24. Promoting equality, fostering good relations and reducing discrimination are all integral elements of the work of the department as demonstrated in some of the work included in the high-level summary business plan. The department specifically considers this in service and policy development through Tests of Relevance and Equality Impact Assessments.

Conclusion

25. This report presents the budget estimates for the Community & Children's Services Department for Members to consider and approve.

Appendices

- Appendix 1 – Committee Summary Budget – City Fund
- Appendix 2 – Support Services and Capital Charges from / to Community & Children's Services Committee
- Appendix 3 – Original 2022/23 budget to Latest Approved 2022/23 Budget
- Appendix 4- Original 2022/23 Budget to Original 2023/24 budget

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Appendix 1: Community and Children's Services Summary – City Fund

Analysis of Service Expenditure	Local or Central Risk	Actual 2021/22 £'000	Original Budget 2022/23 £'000	Latest Approved Budget 2022/23 £'000	Original Budget 2023/24 £'000	Movement 2022-23 to 2023-24 £'000	Para ref
EXPENDITURE							
Employees	L	(6,217)	(6,591)	(7,137)	(6,877)	(286)	5
Employees – mainly social workers dealing with Asylum Seekers and staff paid by Dedicated Schools Grant (DSG)	C	(1,761)	(728)	(702)	(758)	(30)	5
Premises Related Expenses(see note i)	L	(603)	(283)	(374)	(343)	(60)	
Premises Related Expenses (SRP)	C	(378)	(2)	0	(4)	(2)	
City Surveyor – R&M	L	(5)	(3)	(3)	(251)	(248)	4
Transport-related Expenses	L	(4)	(14)	(14)	(15)	(1)	
Home to School Transport (met from DSG)	C	(19)	(72)	(72)	(72)	0	
Supplies and Services (mainly professional fees which are largely met from grant income plus expenses relating to contracts such as Broadway)	L	(6,321)	(4,894)	(7,371)	(4,857)	37	
Supplies and Services (mainly costs of our private, voluntary and independent childcare providers which are met from DSG)	C	(2,305)	(157)	(95)	(102)	55	
Third Party Payments (mainly social care clients plus contract costs such as Toynbee Hall Advice and providers of adult learning)	L	(7,014)	(6,072)	(6,369)	(7,003)	(931)	4
Third Party Payments (mainly agency costs relating to asylum seekers plus costs that are met from DSG)	C	(5,142)	(4,799)	(4,726)	(5,271)	(472)	4
Transfer Payments (mainly payment to Fusion Lifestyle funded by income from London Marathon Charitable Trust)	L	(129)	(134)	(109)	(113)	21	
Rent allowances – funded by Department for Work and Pensions (DWP) rent benefit rebates)	C	(3,913)	(6,172)	(6,172)	(3,561)	2,611	4
Capital charges	C	(12)	0	0	0	0	
Unidentified Savings - CSC	L	0	280	188	0	(280)	4
Total Expenditure		(33,826)	(29,641)	(32,956)	(29,227)	414	
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Analysis of Service Expenditure							
	Local or Central Risk	Actual 2021/22 £'000	Original Budget 2022/23 £'000	Latest Approved Budget 2022/23 £'000	Original Budget 2023/24 £'000	Movement 2022-23 to 2023/24 £'000	Para ref
INCOME							
Government Grants (mainly Public Health and Skills Funding Agency grant income)	L	5,657	3,397	6,733	4,002	605	4
Government Grants (mainly DSG, DWP rent benefit rebates, Home Office funding)	C	11,456	10,587	10,436	7,719	(2,868)	4
other grants, reimbursements and contributions (mainly B&B rent allowances, S256 Monies and London Marathon Charitable Trust	L	1,362	628	808	778	150	4
other grants, reimbursements and contributions (City's Cash contributions towards Toynbee Hall contract and Strings project at The Aldgate School)	C	203	363	351	366	3	
Customer, client receipts (mainly fee income and client contributions towards their social care packages), and rent income for the community centres	L	1,050	918	1,033	1,083	165	4
Customer, client receipts	C	90	0	0	0	0	
	L	196	29	91	10	(19)	
Transfer from Parking Meter Reserves (in relation to concessionary fares and taxi cards)	C	453	578	578	578	0	
Total Income		20,468	16,500	20,030	14,536	(1,964)	
TOTAL EXPENDITURE BEFORE SUPPORT SERVICES AND CAPITAL CHARGES		(13,358)	(13,141)	(12,926)	(14,691)	(1,550)	
SUPPORT SERVICES AND CAPITAL CHARGES							
Central Support Services and Capital Charges		(3,036)	(2,434)	(2,422)	(2,494)	(60)	App 2
Recharges within Fund		65	51	51	54	3	
Total Support Services and Capital Charges		(2,970)	(2,383)	(2,371)	(2,440)	(57)	
TOTAL NET (EXPENDITURE) / INCOME		(16,328)	(15,524)	(15,297)	(17,131)	(1,607)	

Notes – Examples of types of service expenditure:

- (i) Premises Related Expenses – includes repairs and maintenance, energy costs, rates, and water services.

Appendix 2: Support Service and Capital Charges from/to Community and Children's Services Committee

Support Service and Capital Charges	Actual 2021/22 £000	Original Budget 2022/22 £000	Latest Approved Budget 2022/22 £000	Original Budget 2023/24 £000
Administrative Buildings	(281)	(265)	(265)	(295)
City Surveyor's Employee Recharge	(1)	(1)	(1)	(1)
Insurance	(66)	(55)	(54)	(63)
IS Recharges – Chamberlain	(752)	(551)	(540)	(547)
Capital Charges	(485)	(503)	(503)	(519)
Support Services –				
Chamberlain	(609)	(439)	(439)	(444)
Comptroller and City Solicitor	(277)	(200)	(200)	(201)
Town Clerk	(387)	(279)	(279)	(282)
City Surveyor	(111)	(80)	(80)	(80)
CPS	(66)	(61)	(61)	(62)
Total Support Services and Capital Charges	(3,035)	(2,434)	(2,422)	(2,494)
Recharges Within Funds				
Corporate and Democratic Core – Finance Committee	32	32	32	32
HRA	0	0	0	0
Barbican Residential Committee	33	19	19	22
Total Support Service and Capital Charges	(2,970)	(2,383)	(2,371)	(2,440)

Appendix 3: Movement between 2022/23 Original Book Budget and 2022/23 Latest Approved Budget

	£'000
Original Budget 2022/23 (Excluding support service and capital charges)	(13,141)
Decrease in Local risk due to the transfer of the Housing benefit administration budget amounting to £170k along with a transfer to libraries of £45k.	215
Latest Approved Budget (excluding support services and capital charges)	(12,926)

Appendix 4: Movement between 2022/23 Original Book Budget and 2023/24 Original Book Budget

	£'000
Original Budget 2022/23 (Excluding support service and capital charges)	(13,141)
Decrease in Local risk budget as agreed by Policy & Resources (growth bid and high support hostel for Homelessness)	140
Transfer of Housing Benefit administration to the Chamberlain	170
Increase in budgets to compensate for the July 22 pay award	(157)
2% net inflation	(255)
Increase in Surveyors repairs and maintenance charge	(248)
Additional resources agreed to offset pressures in social care including adults, children's and unaccompanied asylum seekers	(1,200)
Original Budget 2023/24 (excluding support services and capital charges)	(14,691)