

Report Title:	<b>Financial Update</b>
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Saunders, Lead Member for Finance
Meeting and Date:	Cabinet – 27 September 2018
Responsible Officer(s):	Rob Stubbs, Deputy Director and Head of Finance.
Wards affected:	All

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## REPORT SUMMARY

1. This report sets out the Council's financial position to date for the financial year 2018-19. Current pressures, as previously identified during the 2017-18 financial year, are being partially mitigated resulting in a net pressure of £1,426,000, see Appendix A. The main pressures are: Children's Services placement costs in relation to providing children in care, housing benefit subsidy and bus subsidies.
2. The Council's base budget is £85,344,000. Aggregated usable reserves are in a healthy position at £8,682,000 (10.17% of budget) which remains in excess of the £5,860,000 (6.87% of budget) recommended minimum level set at Council in February 2018, see Appendix B.

## 1 DETAILS OF RECOMMENDATION(S)

### RECOMMENDATION: That Cabinet:

- i) **Notes the Council's projected outturn position for 2018-19 and requests work continues to identify mitigations to offset the projected variance.**
- ii) **Approves a capital budget of £285,000 for Design Quality. This grant has been awarded from the Planning Delivery Fund for use in the Borough, see para 4.18.**

## 2 REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 Cabinet are required to note the council's financial position and work will continue to identify mitigations to offset the projected variance.

## 3 KEY IMPLICATIONS

- 3.1 The Council is projecting an aggregated usable reserve totalling £8,682,000, against a recommended minimum reserve level of £5,860,000 to cover known risks for 18 months.

**Table 1: Key implications**

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
General Fund Reserves Achieved	<£5,900,000	£5,900,000 to £6,000,000	£6,000,001 to £6,900,000	> £6,900,000	31 May 2019

#### **4 FINANCIAL DETAILS / VALUE FOR MONEY**

##### **Council outturn position**

- 4.1 The expected outturn position for the Council remains as reported in July an overspend of £1,426,000 on service budgets of £79,052,000.

##### **AfC Contract - Children's Services**

- 4.2 Children's services has a net overspend of £911,000 as a result of the number of placements for children in care outside of the local authority area in independent fostering and residential care. The service continues to seek to mitigate these costs through scrutiny of provision, improved commissioning for buying bulk placements; ensuring partners, health partnerships and schools, are fairly contributing to placement costs. In addition AfC is completing the registration process to Ofsted to become an independent fostering agency with an indication of this coming on line in April 2019.

- 4.3 The local pressure is in accord with national pressures, for instance the Local Government Association are predicting a children's services funding gap nationally of £2 billion by 2020 to maintain services at the current level with nearly half of local authority children's services budgets being spent on foster and residential care costs.

- 4.4 In August 2018 the Leader of the Council wrote to the Secretary of State for Education in respect of the financial pressures of the authority. The Secretary of State responded recognising Local Authorities face extremely tough choices for priorities in spend, at a time when demand for services is growing, see Appendix H.

##### **Commissioning - Communities**

- 4.5 The service projects an overspend of £153,000 which relates to Cabinet approved expenditure to support the bus routes covering Maidenhead, Wraysbury and links between Maidenhead and Windsor for which offsetting savings have not proved to be available.

- 4.6 Nationally nearly half of all bus routes in England are now fully or partially subsidised by the local authority this is because operating costs are rising while passenger journeys are falling. Since 2013-14 there have been 297 million fewer journeys across the country.

##### **Communities, Enforcement and Partnerships**

- 4.7 Communities, Enforcement and Partnerships projects an overspend of £106,000 comprising:
- £16,000 in additional cost for the shared emergency planning service with West Berkshire and Bracknell Forest Councils, which started on the 1 April 2018.
  - £90,000 of unachievable income for printing as a result of external income not being generated.

## Finance

- 4.8 The finance service projects an underspend of £68,000 as a result of freezing vacancies.

## Library and Resident Services

- 4.9 Library and Resident Services projects a one-off overspend of £20,000, associated with employment of agency staff to cover vacancies to maintain performance levels in the call centre.

## Planning Service

- 4.10 The planning service projects an underspend of £90,000, this is made up of £50,000 projected surplus planning application income and £40,000 income for CIL(Community Infrastructure Levy)administration.

## Revenues and Benefits

- 4.11 Revenues and benefits projects an overspend of £394,000 for Housing benefit subsidy. The budgeted recovery rate for subsidy has been over 100% since 2014-15, and in 2017-18 was 101%. In 2017-18 the actual recovery rate was 99.7%, 1.3% less. Over the same period £2.5 million of budgeted subsidy has not been recovered, the vast majority of which, has been offset by a release in bad debt provision, or a positive move in debtors, which is no longer achievable.

## AfC contract - Dedicated Schools Grant & Dedicated Schools Grant Retained

- 4.12 There is a net in year deficit of £795,000 relating to the dedicated schools grant funded services consisting of £52,000 within AFC Contract and £743,000 within the retained element. The net in year deficit consists of:

- Manor Green School increased places and additional funding to support the provision of high needs within the school £436,000.
- Maintained schools additional funding to support the provision of high needs within schools £352,000.
- Others net £7,000.

- 4.13 The net overspend will be an additional pressure on the dedicated schools grant reserve which as at 31 March 2018 stood at £1,212,000. The revised projected deficit as at 31 March 2019 will be increased to £2,007,000.

- 4.14 At the Schools Forum in July 2018 the deficit carry forward of £2,007,000 was approved. If this is not offset over a period all schools will have to contribute to the overspend.

## Transfers to and from the General fund reserves

- 4.15 Additional funding of £6,000 is required to cover the overspend on the pay and reward budget

**Table 2: Revenue budget movement**

<b>Service expenditure budget reported to August cabinet</b>	<b>£78,703,000</b>
Early retirement and severance pay funded from the provision	£349,000
<b>Service expenditure budget this month, see Appendix C</b>	<b>£79,052,000</b>

### Cash balances projection

- 4.16 Throughout the year the council's cash balances have been revised, see Appendix D twelve monthly capital cash flow which is based on the assumptions contained in the 2018-19 budget report.

### Capital programme

- 4.17 The approved 2018-19 capital estimate is £64,802,000, see table 3. The projected outturn for the financial year is £64,777,000, see table 4 for capital programme status, with further information in Appendices E - G.

**Table 3: Capital outturn**

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
<b>Approved estimate</b>	£64,802,000	(£20,550,000)	£44,252,000
Variances identified	(£25,000)	£25,000	£0
Slippage to 2019-20	(£0)	£0	£0
<b>Projected Outturn 2018-19</b>	£64,777,000	(£20,525,000)	£44,252,000

**Table 4: Capital programme status**

	<b>Report Cabinet August 2018</b>
<b>Number of schemes in programme</b>	<b>175</b>
Yet to start	25%
In progress	44%
Completed	6%
Ongoing programmes e.g. Disabled Facilities Grant	24%
Devolved formula capital grant schemes budgets devolved to schools	1%

### 4.18 Planning Delivery Grant: Design Quality

The local authority has received a capital grant of £60,000 for 2017/18 & £225,000 for 2018/19 from the Planning delivery fund for design quality. This grant will fund design resources and raise the quality of new planned development, see recommendation 2.

- 4.19 **Business rates:** Business rate income at the end of July 2018 was 40.61% against a target of 41%. The annual collection target for 2018-19 is 98.8%.

- 4.20 **Business rate revaluation support.** The methodology for the distribution of the £329,000 available from Ministry of housing, communities and local government, has been agreed. The policy has been rewritten to reflect this and the accounts are being revised to reflect the adjustment.

## 5 LEGAL IMPLICATIONS

- 5.1 In producing and reviewing this report the Council is meeting its legal obligations to monitor its financial position.

## 6 RISK MANAGEMENT

**Table 5: Impact of risk and mitigation**

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
None			

## 7 POTENTIAL IMPACTS

7.1 None.

## 8 CONSULTATION

8.1 Overview & Scrutiny will review the report prior to Cabinet. Comments will be reported to Cabinet.

## 9 TIMETABLE FOR IMPLEMENTATION

9.1 Implementation date if not called in: immediately.

## 10 APPENDICES

10.1 There are seven appendices to the report:

- Appendix A Revenue Monitoring Statement 2018/19 for Sept Cabinet
- Appendix B General Fund Reserves
- Appendix C Revenue movement statement
- Appendix D 12 month cash flow @ 17/8/2018
- Appendix E Capital budget summary
- Appendix F Capital monitoring report
- Appendix G Major capital scheme progress
- Appendix H Letters to and from the Secretary of state for Education

## 11 BACKGROUND DOCUMENTS

11.1 The background document relating to this report is detailed below.

- Budget Report to Council February 2018.

## 12 CONSULTATION (MANDATORY)

<b>Name of consultee</b>	<b>Post held</b>	<b>Date issued for comment</b>	<b>Date returned with comments</b>
Cllr Saunders	Lead Member for Finance	23/08/2018	25/08/2018
Cllr Rankin	Deputy Lead Member for Finance	23/08/2018	
Alison Alexander	Managing Director	21/08/2018	22/08/2018
Russell O'Keefe	Executive Director	21/08/2018	
Andy Jeffs	Executive Director	21/08/2018	
Rob Stubbs	Section 151 Officer	21/08/2018	21/08/2018
Nikki Craig	Head of HR and Corporate	21/08/2018	

<b>Name of consultee</b>	<b>Post held</b>	<b>Date issued for comment</b>	<b>Date returned with comments</b>
	Projects		
Louisa Dean	Communications	21/08/2018	
Hilary Hall	Deputy Director Strategy and Commissioning	21/08/2018	2108/2018

## **REPORT HISTORY**

<b>Decision type:</b>	<b>Urgency item?</b>	<b>To Follow item?</b>
For information	No	No
Report Author: : Ruth Watkins, Senior Accountancy and Finance Operations Lead, 01628 683504		

## Revenue Monitoring Statement 2018/19 for September 2018 Cabinet

SUMMARY	2018/19		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
Management	660	348	0
Communications	412	450	0
Human Resources	883	1,069	0
Law & Governance	2,350	2,365	0
Commissioning & Support	3,872	3,812	0
Commissioning - Communities	8,182	8,222	153
AfC Contract - Children's Services	21,356	21,741	911
AfC Contract - Dedicated Schools Grant	12,196	11,311	52
Children's Services - Retained	(2,118)	(2,544)	0
Dedicated Schools Grant - Retained	50,385	51,098	743
Adult Social Care - Optalis Contract	29,443	29,414	0
Adult Social Care - Spend	15,461	15,764	0
Adult Social Care - Income	(10,658)	(10,867)	0
Better Care Fund	12,033	12,103	0
Public Health	4,780	4,781	0
Grant Income	(78,166)	(78,062)	(795)
<b>Total Managing Director's Directorate</b>	<b>71,071</b>	<b>71,005</b>	<b>1,064</b>
Executive Director of Communities	229	233	0
Revenues & Benefits	(109)	(68)	394
Communities, Enforcement & Partnerships	732	1,011	106
Library & Resident Services	3,019	3,233	20
<b>Total Communities Directorate</b>	<b>3,871</b>	<b>4,409</b>	<b>520</b>
Executive Director of Place	298	304	0
Housing	1,370	1,461	0
Planning Service	1,344	1,397	(90)
Property Service	(2,577)	(2,574)	0
Finance	1,269	1,340	(68)
ICT	1,133	1,710	0
<b>Total Place Directorate</b>	<b>2,837</b>	<b>3,638</b>	<b>(158)</b>
<b>TOTAL EXPENDITURE</b>	<b>77,779</b>	<b>79,052</b>	<b>1,426</b>

## Revenue Monitoring Statement 2018/19 for September 2018 Cabinet

SUMMARY	2018/19		
	Budget	Approved Estimate	Projected Variance
	£000	£000	£000
<b>Total Service Expenditure</b>	<b>77,779</b>	<b>79,052</b>	<b>1,426</b>
Contribution to / (from) Development Fund	5	5	0
Pensions deficit recovery	2,428	3,176	0
Pay reward	500	(6)	0
Transfer from Provision for Redundancy	0	(450)	0
Transfer to Provision for Redundancy			0
Increase / (Decrease) to provision for bad debt			0
Apprentice Levy	0	0	0
Environment Agency levy	156	156	0
Variance on income from Trading Companies			0
Variance on Education Services Grant			0
Variance on Business Rates income		(2,896)	0
Transfer to / (from) Capital Fund		830	0
Variances on general grants			0
Capital Financing inc Interest Receipts	<u>5,523</u>	<u>5,523</u>	<u>0</u>
<b>NET REQUIREMENTS</b>	<b>86,391</b>	<b>85,390</b>	<b>1,426</b>
Less - Special Expenses	(1,047)	(1,047)	0
Transfer to / (from) balances	0	1,001	(1,426)
<b>GROSS COUNCIL TAX REQUIREMENT</b>	<u><b>85,344</b></u>	<u><b>85,344</b></u>	<u><b>0</b></u>



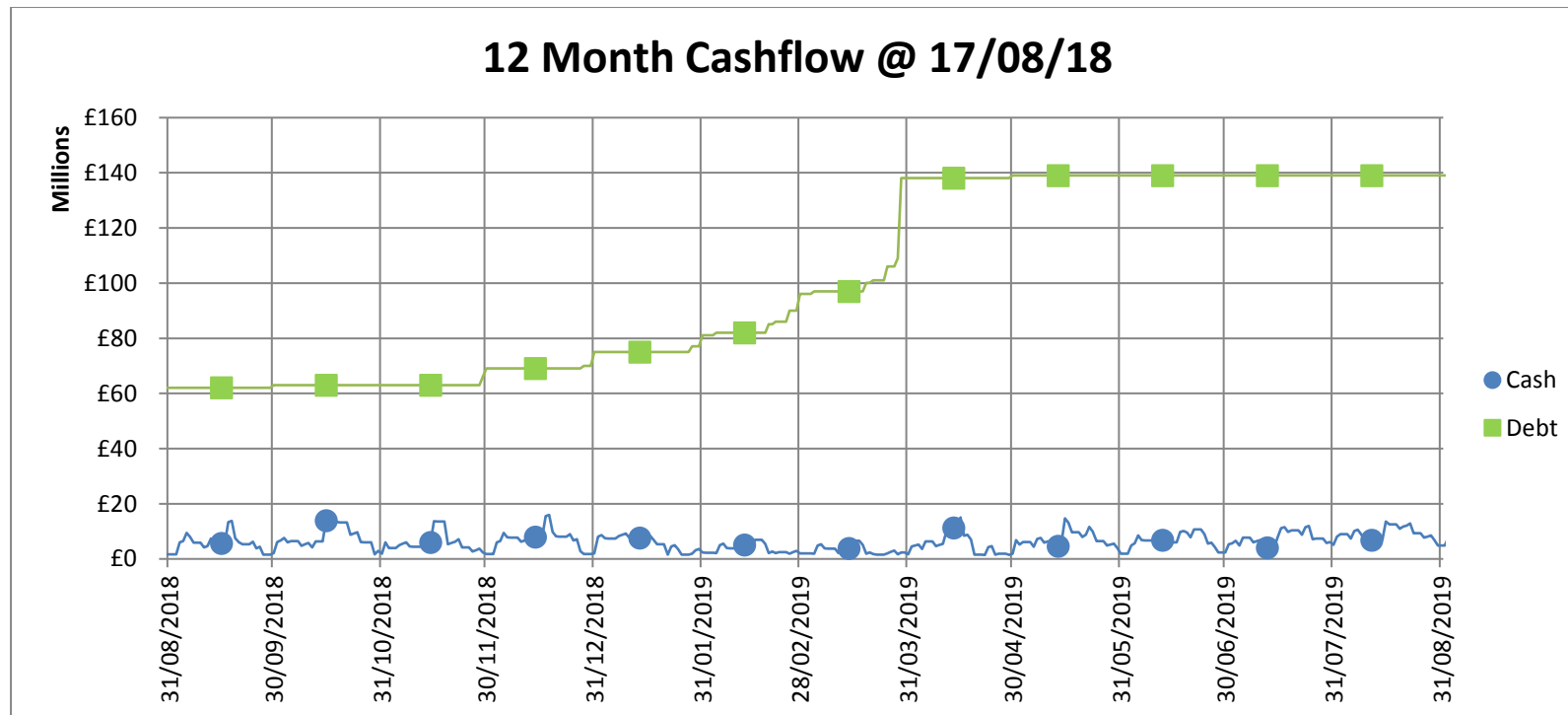
<b>General Fund Reserves £000</b>
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<b>Opening Balance 2017/18</b>		<b>8,947</b>
<b>Transacted amounts To/(From) General Fund reserves in 2018/19</b>		
September reported service variance	(1,426)	
<b>Total reported variances in 2018/19</b>		<b>(1,426)</b>
Empty homes supplementary budget to Housing Strategy	(32)	
Additional business rate income following annual business rates return	2,896	
Fire & Rescue Inspections	(130)	
Pay award	(55)	
Pension deficit shortfall	(748)	
Heathrow judicial review	(100)	
Overspend on pay award budget	(6)	
<b>Transfers to/(from) General reserves</b>		<b>1,825</b>
<b>Balance reported to September Cabinet</b>		<b><u>9,346</u></b>
<b>To be transacted / reported in 2018/19</b>		
Redundancy costs	(664)	
<b>Projected year end balance 2018/19</b>		<b><u>8,682</u></b>

Revenue Monitoring Statement 2018/19						
	Funded by the General Fund (1)	Funded by Provision (2)	Funded by the Capital Fund (3)	Included in the original budget (4)	Total	Approval
	£'000	£'000	£'000	£'000	£'000	
<b>Original Budget</b>					<b>77,779</b>	
1 Empty homes supplementary	32				32	May 2018 Cabinet
2 RBFRS Inspections	0		130		130	May 2018 Cabinet
3 Pay Reward				561	561	Feb 2018 Cabinet
4 Early retirement		36			36	Jun 2018 cabinet
5 Severance pay		65			65	Jun 2018 cabinet
6 Heathrow judicial review			100		100	July 2018 cabinet
7 Severance Pay & Early Retirement		349			349	August 2018 cabinet
<b>Changes Approved</b>	<b>32</b>	<b>450</b>	<b>230</b>	<b>561</b>	<b>1,273</b>	
<b>Approved Estimate September Cabinet</b>					<b>79,052</b>	

**NOTES**

- 1 If additional budget is approved but no funding is specified, the transaction would, by default, be funded from the General Fund Reserve. Transactions in column 1 are funded by the General Fund.
- 2 A provision for future redundancy costs is created every year and this is used to fund additional budget in services for the costs of redundancy they incur during the year. Transactions in column 2 are redundancy costs funded by the provision for redundancy.
- 3 When additional budget is approved, a funding source is agreed with the Lead Member of Finance. Transactions in column 3 have been funded from a usable reserve (Capital Fund).
- 4 Transactions in column 3 are amounts approved in the annual budget which for various reasons need to be allocated to service budgets in-year. An example would be the pay reward budget. Pay reward payments are not approved until June. The budget therefore has to be re-allocated.



Note 1. Capital expenditure is projected to increase steadily throughout 2018-19. The exact profile may vary and monitoring of schemes and cash balances will decide the rate at which our borrowing will increase to ensure that no unnecessary debt charges are incurred.

	2018/19 Original Budget			New Schemes – 2018/19 Approved Estimate			Schemes Approved in Prior Years			Projections – Gross Expenditure				
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	2018/19 Projected	2018/19 SLIPPAGE Projected	TOTAL Projected	VARIANCE Projected	VARIANCE Projected
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	(£'000)	(£'000)	(£'000)	(£'000)	(%)
<b>Portfolio Summary</b>														
<b>Communities Directorate</b>														
Revenues & Benefits	0	0	0	0	0	0	69	0	69	69	0	69	0	
Communities, Enforcement & Partnerships	3,098	(635)	2,463	8,448	(635)	7,813	4,369	(1,597)	2,772	12,817	0	12,817	0	0%
Library & Resident Services	435	0	435	720	0	720	948	(189)	759	1,668	0	1,668	0	0%
<b>Total Communities Directorate</b>	<b>3,533</b>	<b>(635)</b>	<b>2,898</b>	<b>9,168</b>	<b>(635)</b>	<b>8,533</b>	<b>5,386</b>	<b>(1,786)</b>	<b>3,600</b>	<b>14,554</b>	<b>0</b>	<b>14,554</b>	<b>0</b>	<b>0</b>
<b>Place Directorate</b>														
ICT	360	0	360	360	0	360	38	0	38	398	0	398	0	0%
Property	1,045	0	1,045	1,045	0	1,045	8,566	(282)	8,284	9,611	0	9,611	0	0%
Housing	0	0	0	0	0	0	881	(856)	25	881	0	881	0	0%
Planning	1,010	(50)	960	1,182	(222)	960	468	(185)	283	1,650	0	1,650	0	0%
<b>Total Place Directorate</b>	<b>2,415</b>	<b>(50)</b>	<b>2,365</b>	<b>2,587</b>	<b>(222)</b>	<b>2,365</b>	<b>9,953</b>	<b>(1,323)</b>	<b>8,630</b>	<b>12,540</b>	<b>0</b>	<b>12,540</b>	<b>0</b>	<b>0</b>
<b>Managing Director</b>														
Human Resources	0	0	0	0	0	0	64	0	64	64	0	64	0	
Adult Social Care	0	0	0	85	(85)	0	6	(6)	0	91	0	91	0	
Commissioning – Communities	7,156	(4,613)	2,543	7,417	(4,854)	2,563	3,994	(1,629)	2,365	11,411	0	11,411	0	0%
Law and Governance	0	0	0	0	0	0	26	0	26	26	0	26	0	
Green Spaces & Parks	183	(93)	90	183	(93)	90	207	(114)	93	390	0	390	0	0%
Non Schools	246	(46)	200	256	(56)	200	261	(146)	115	517	0	517	0	0%
Schools – Non Devolved	4,025	(875)	3,150	4,075	(925)	3,150	20,494	(8,034)	12,460	24,544	0	24,544	(25)	-1%
Schools – Devolved Capital	197	(197)	0	195	(197)	(2)	445	(445)	0	640	0	640	0	0%
<b>Total Managing Director</b>	<b>11,807</b>	<b>(5,824)</b>	<b>5,983</b>	<b>12,211</b>	<b>(6,210)</b>	<b>6,001</b>	<b>25,497</b>	<b>(10,374)</b>	<b>15,123</b>	<b>37,683</b>	<b>0</b>	<b>37,683</b>	<b>(25)</b>	<b>(0)</b>
<b>Total Committed Schemes</b>	<b>17,755</b>	<b>(6,509)</b>	<b>11,246</b>	<b>23,966</b>	<b>(7,067)</b>	<b>16,899</b>	<b>40,836</b>	<b>(13,483)</b>	<b>27,353</b>	<b>64,777</b>	<b>0</b>	<b>64,777</b>	<b>(25)</b>	<b>0</b>

	(£'000)	(£'000)	(£'000)
<b>Portfolio Total</b>	<b>17,755</b>	<b>64,802</b>	<b>64,777</b>
<b>External Funding</b>			
Government Grants	(5,060)	(10,443)	(10,443)
Developers' Contributions	(674)	(3,834)	(3,809)
Other Contributions	(775)	(6,273)	(6,273)
<b>Total External Funding Sources</b>	<b>(6,509)</b>	<b>(20,550)</b>	<b>(20,525)</b>
<b>Total Corporate Funding</b>	<b>11,246</b>	<b>44,252</b>	<b>44,252</b>

**Capital Monitoring Report - August 2018/19**

At 31st August 2018, the approved estimate stood at £64.802m

	<b>Exp</b>	<b>Inc</b>	<b>Net</b>
	£'000	£'000	£'000
Approved Estimate	64,802	(20,550)	44,252
Variances identified	(25)	25	0
Slippage to 2018/19	0	0	0
Projected Outturn 2017/18	64,777	(20,525)	44,252

**Overall Projected Expenditure and Slippage**

Projected outturn for the financial year is £64.777m

Variances are reported as follows.

CSDQ	Urgent Safety Works Various Schools	75	(75)	0	Expenditure on urgent schemes.
CSJN	Homer School - Electrical Re-Wire	(100)	100	0	Budget no longer required. This is now partly used for other urgent works.
		(25)	25	0	

There is no slippage to report this month.

**Overall Programme Status**

The project statistics show the following position:

<b>Scheme progress</b>	<b>No.</b>	<b>%</b>
Yet to Start	44	25%
In Progress	77	44%
Completed	11	6%
Ongoing Programmes e.g.. Disabled Facilities Grant	42	24%
Devolved Formula Capital Grant schemes budgets devolved to schools	1	1%
<b>Total Schemes</b>	<b>175</b>	<b>100%</b>

Major Capital Scheme Progress		August 2018 @ 09/08/18																	
Project	CAPITAL SCHEME	2018/19				APPROVED SLIPPAGE			TOTAL BUDGET			PROJECTIONS			PROJECT STATUS				
		TOTAL SCHEME VALUE				FROM PRIOR YEARS			2018/19			2018/19	2018/19	2019/20	Yet To	Preliminary	Work On-	Ongoing	Expected
		Gross	Gross	Income	Estimate	Gross	Income	Estimate	Gross	Income	Estimate	Projected Variance	Expected Slippage	SLIPPAGE Projected	Start	/ Feasibility Work	site	Annual Programme	Completion
	£'000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
<b>Communities Directorate</b>																			
<b>Communities, Enforcement &amp; Partnerships</b>																			
CT52	Disabled Facilities Grant	600	600	(600)	0	0	0	0	600	(600)	0	0	0	0					
CZ18	Braywick Leisure Centre	33,756	4,975	0	4,975	862	0	862	5,837	0	5,837	0	0	0					
CC60	Hostile Vehicle Mitigation Measures for Windsor	1,850	0	0	0	1850	(908)	942	1,850	(908)	942	0	0	0					
CC47	CCTV Replacement	1,302	1,300	0	1,300	2	0	2	1,302	0	1,302	0	0	0					
<b>Place Directorate</b>																			
<b>Property</b>																			
CI29	Broadway Car Park & Central House Scheme	33,000	0	0	0	2230	(140)	2090	2,230	(140)	2,090	0	0	0					
CI21	Windsor Office Accommodation	6,839	0	0	0	3898	(142)	3756	3,898	(142)	3,756	0	0	0					
CI62	Hines Meadow CP – Dilapidations	700	0	0	0	523	0	523	523	0	523	0	0	0					
CX40	Operational Estate Improvements	600	600	0	600	0	0	0	600	0	600	0	0	0					
<b>Housing</b>																			
CT55	Brill House Capital Funding	500	0	0	0	500	(500)	0	500	(500)	0	0	0	0					
<b>Managing Director</b>																			
<b>Schools – Non Devolved</b>																			
CSGR	Charters Expansion	4,560	380	0	380	2,556	(1,878)	678	2,936	(1,878)	1,058	0	0	0					
CSGV	Cox Green School Expansion Year 1 of 3	5,800	420	0	420	2821	(455)	2366	3,241	(455)	2,786	0	0	0					
CSGW	Furze Platt Senior expansion Year 1 of 3	8,000	750	0	750	6571	(2,033)	4538	7,321	(2,033)	5,288	0	0	0					
CSGX	Dedworth Middle School Expansion Year 1 of 3	4,700	420	0	420	3490	(1,791)	1699	3,910	(1,791)	2,119	0	0	0					
<b>Commissioning – Communities</b>																			
CC62	Maidenhead Missing Links (LEP Match Funded)	759	759	(659)	100	0	0	0	759	(659)	100	0	0	0					
CC67	Replacement Payment Equipment for Car Parks	775	775	(775)	0	0	0	0	775	(775)	0	0	0	0					
CD84	Street Lighting–LED Upgrade	5,100	0	0	0	600	0	600	600	0	600	0	0	0					

17 September 2018

The Rt Hon Damian Hinds MP  
Secretary of State for Education  
House of Commons  
London  
SW1A 0AA

Dear Damian,

On behalf of the council and residents of the Royal Borough I am writing to request, like all Council Leaders, that a review is undertaken on the level of funding councils receive for the provision of Children's Services.

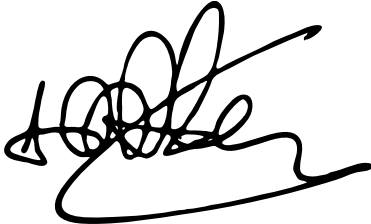
As you will be aware the Local Government Association (LGA) estimate that there will be a shortfall of £2 billion for Children's Services by 2020. This future shortfall reflects that today there are significant financial pressures, stemming mainly from: the increasing costs of residential care and independent fostering placements and the hike in costs charged by agency to supply essential qualified workers. As a small unitary authority we are sensitive to the overall marketplace and a 28% increase in the price of residential placements since 2015/16 has seen our budget spiral inexorably upwards. The recent analysis by Newton Europe looking at the drivers of differences in costs for Children's Service indicates that the Royal Borough will need to spend a further £3.2m more than it budgets on these services.

The pressures in Children's Services are compounded by the additional pressures within the schools and high needs block of the Dedicated Schools Grant. The financial pressures are growing at such a rate there is a probability that the gaps between the most vulnerable and their peers could grow rather than continue to decline. Whilst the deficit on the high needs block in our borough is a relatively modest £2m, it has grown rapidly with the extension of Education Health and Care Plans (EHCPs) up to the age of 25 - a new burden which has not been funded - and the increasing charges being applied by special schools as the market capacity is too low. The schools National Funding Formula will further affect the schools and the authority further, with reductions estimated to be in the region of £2m a year if protections are not put in place.

It is clear from the growing national pressure being experienced by most local authorities on budgets for high needs education that increased investment is required at a central Government level to ensure that the reforms brought about by the Children and Families Act 2014 are adequately funded. The funding pressure in high needs is not in 2020: it is here now and there has to be more funding provided so that vulnerable children do not get left behind.

When the crisis in Adult Services got to this stage radical action was taken with the introduction of the council tax precept, ringfenced for the need. Such action is needed now for children's services. I hope you will provide me with some assurance that these challenges are understood within the Department, the Treasury and that action will be taken to provide for our vulnerable children and young people.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Simon Dudley', with a large, sweeping flourish at the end.

**Cllr Simon Dudley,  
Leader of the Council**

Cc Theresa May, MP  
Cc Adam Afriyie, MP  
Cc Lord Gary Porter, Chairman of LGA  
Cc James Jamieson, Conservative Group Leader of LGA





2018-000POSoS

**Rt Hon Damian Hinds MP**  
Secretary of State

Sanctuary Buildings Great Smith Street Westminster London SW1P 3BT  
tel: 0370 000 2288 [www.education.gov.uk/help/contactus](http://www.education.gov.uk/help/contactus)

*Mr Cllr Dudley,*

Thank you for your letter of 3 August about funding for Children's Services. I understand the concerns you raise and I appreciate local authorities (LAs) are making extremely tough choices about their priorities, at a time when demand for services are growing.

As you will be aware, the 2015 Spending Review made available over £200 billion until 2020 for LAs to deliver services locally, including children's services. Within this, as you know, the Royal Borough of Windsor and Maidenhead has access to more than £346 million over the four-year period to 2020. My department is now working with colleagues across government and in the sector to pull together the best available evidence to support discussions about funding for local authorities in the next Spending Review period.

In addition to this, my department committed almost £270m since 2014 to support improvement and innovation in children's social care and we now have 15 Partners in Practice providing intensive peer support, challenge and advice, including in your borough.

Your letter mentions the costs of residential care and fostering as drivers of the increasing financial pressures. Work is underway to improve the commissioning of residential placements. This includes providing funding through our £200 million children's social care Innovation Programme to improve commissioning practice and ensure better value for money for local authorities. I also recently published '[Fostering Better Outcomes](https://tinyurl.com/y9v4pybx)' (<https://tinyurl.com/y9v4pybx>), which sets out how we will improve the commissioning of fostering placements.

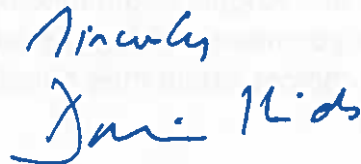
You and others have also expressed concerns about the costs of making provision for children and young people with special educational needs and disabilities. We have now notified local authorities of their provisional allocations of high needs funding for 2019-20, so they can start planning for next year with their schools and schools forum. As you know, the £19 million that the Royal Borough receives in high needs funding in 2018-19 is due to

rise to £19.2 million in 2019-20, although this will change slightly when pupil and student numbers are updated.

We are also monitoring the impact of our national funding formula for high needs on local authority spending decisions, and are keeping the overall amount of funding for high needs under review.

I am committed to doing what I can to ensure that both central and local government are able to provide appropriate support for our most disadvantaged children and young people, so that they all have the opportunity to achieve better outcomes.

Thank you for writing on this important matter.

A handwritten signature in blue ink, appearing to read 'Damian Hinds', is written over a faint, illegible background.

**Damian Hinds**  
**Secretary of State for Education**