

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Children's Services
Date of Decision:	22 July 2010
Decision Title:	Children's Services Department 2009/10 Revenue Budget final position, and 2010/11 Budget Monitoring – Period 2 (end of May 2010)
Decision Reference:	1781
Report From:	County Treasurer and Director of Children's Services

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1. Executive Summary

- 1.1. The purpose of this paper is to set out for the Executive Lead Member for Children's Services the final position for the 2009/10 Revenue Budget. The report also sets out the key emerging financial pressures faced by the department in 2010/11.
- 1.2. For 2009/10, the service achieved an overspend of £478,000 against the non-schools budget. This is a reduction of approximately £2m compared with the revised budget position reported to the Executive Lead Member for Children's Services in January 2010 and agreed by the County Council in February 2010.
- 1.3. Details of the variations against both the Schools Budget and the non-schools budget were included in the report to Cabinet on 28 June 2010, setting out the County Council's overall 2009/10 outturn.
- 1.4. Within the Schools Budget there is an overall carry-forward of £12.638m of Dedicated Schools Grant (DSG). Of this amount, £7.071m was agreed by Schools Forum to be carried toward meeting the 2010/11 and 2011/12 budget strategy, leaving £1.632m available to meet new and emerging pressures. Schools Forum have agreed to carry this forward in full to 2011/12.
- 1.5. School balances at March 2010 have reduced by approximately £3.4m (9%) when compared to March 2009. Following application of the clawback policy, including the Appeals panel process, Schools Forum has agreed to claw back a total of £65,985 from three schools.
- 1.6. The final 2009/10 revenue outturn demonstrates the department's proactive approach to addressing the financial pressures which emerged during the

financial year, primarily around Children Looked After, Home to School Transport and Interest on School Balances. This paper summarises the in-year savings achieved and the ongoing financial pressures faced by the department.

- 1.7. At this stage it is too early to provide a detailed forecast outturn position for 2010/11 based on existing or budget assumptions and anticipated funding changes. However, based on information received to date a number of continuing budget pressures have been highlighted, in particular Children Looked After and Home to School Transport. In addition other emerging pressures are anticipated which will further impact on the department's ability to manage within its cash limit. These will require on-going monitoring, and a more detailed analysis will be prepared by managers as part of the June reporting cycle.
- 1.8. As reported to Cabinet on 28 June 2010 Hampshire County Council faces a minimum reduction of approximately £8.4m revenue funding and £5.5m capital funding, of which £6.2m relates to reductions in Area Based Grant (ABG). The most significant of these relate to The Department for Education (formally the Department for Children, Schools and Families) who have reduced the overall amount available to local authorities through ABG by 24%, a reduction of approximately £4.9m for Hampshire. Other confirmed funding reductions, as well as details of where ringfencing has been removed from some specific grants is provided in paragraphs 5.4 to 5.8 of the report. A separate report is being prepared for the Executive Lead Member for Children's Services on the department's response to these funding decisions.

2. Contextual information

- 2.1. The 2009/10 final outturn was presented to Cabinet on 28 June 2010.
- 2.2. The 2010/11 budget was agreed by the County Council on 18 February 2010.
- 2.3. Appendices are listed at paragraph 12.1.

3. Final Accounts 2009/10

- 3.1. The County Council's final accounts were considered by Cabinet on 28 June 2010. This report included an overall summary and an appendix detailing the main variations within the Children's Services department. This appendix is attached for information (Appendix 1).
- 3.2. The outturn position for 2009/10 shows an underspend against non-schools budget in line with the projected outturn at revised budget, as summarised in the table below.

	Period 8 (Revised Budget)	Period 10 (January 2010)	Final Variance*	Movement (Revised Budget to Final)	Movement (Period 10 to Final)
	£000	£000	£000	£000	£000
Schools Budget	0	-464	-1,632	-1,632	-1,168
Non-Schools Budget	+2,499	+1,821	+478	-2,021	-1,343
Total	+2,499	+1,357	-1,154	-3,653	-2,511

The Schools Budget figures shows as 'Nil' variance at the year end in appendix 1. This is because Dedicated Schools Grant (DSG) is automatically carried forward.

- 3.3. Cash limits are adjusted during the financial year to reflect adjustments to grants, including any allowed 'carry-forward' arrangements. It has been possible to carry-forward specific government grants to the value of £19.6m, made up of £12.6m DSG and £7m of other grants (primarily Standards Fund grants that carry-forward automatically as they are given until the end of the following school year to spend these). The cash limit for 2009/10 was adjusted to reflect these carry-forward arrangements and, therefore, they are not shown in the accounts as underspends. Further information on these is provided later in the report.
- 3.4. The non-schools budget overspend of £478,000 is funded from corporate reserves earmarked for this purpose within the 2010/11 budget, avoiding the need for this to be repaid by the department from the current year's cash limit.

Schools Budget – Dedicated Schools Grant (DSG)

- 3.5. The total DSG underspend is £5.6m. This includes Children's Services and Policy and Resources elements of the Schools Budget and is made up of:

	£000
Capital expenditure met from Revenue	3,935
Other net underspends (see Appendix 1)	1,632
Total	5,567

- 3.6. The total carry-forward to 2010/11 is £12.638m. This includes:

- £2.269m carry-forward from 2008/09 previously agreed by Schools Forum to support the 2010/11 budget strategy

- £4.802m of planned carry-forward from 2009/10 as agreed with Schools Forum (£1.4m equal pay fund, £2.641m for 3 & 4 year olds, £150,000 previously earmarked for Independent Safeguarding Authority checks during 2009/10, and £390,000 clawback of school revenue surplus balances, £131,000 to support 14-19 initiatives and £90,000 required for backdated Teachers Pay Reform payments).

3.7. The £3.9m underspend on capital consists of the following:

	£000
Smart meters (see Item 5 Schools Forum 11 December 2009 - £900,000 carry-forward estimated; additional £93,000 due to delays in staff appointments)	993
Buildings, Land and Procurement Panel report – 23 March 2010	
- Carry-forward to mitigate anticipated reduction in New Deal for Schools in 2010/11 and 2011/12 (£450,000 to 2010/11 and £950,000 to 2011/12)	1,400
- Slippage in schemes primarily as a result of the severe winter weather	636
Further slippage in schemes	906
Total	3,935

- 3.8. £5.484m of New Deal for Schools (NDS) condition funding was advanced from 2010/11 into 2009/10. In order to smooth the overall programme, in the light of reduced NDS funding in future years, the Panel agreed that £1.4m should be carried forward - £450,000 to 2010/11 and £950,000 to 2011/12.
- 3.9. Of the £1,992,000 capital carry-forward to 2010/11 (i.e. excluding the Smart meters), at the time of writing, £1,633,000 of works are already committed and progressing. Planned works to the value of £359,000 have not yet been ordered.
- 3.10. It is proposed that, in accordance with Schools Forum's previous decisions, any additional underspend from 2009/10 will be carried forward to 2011/12 to help meet the anticipated future financial pressures. However, Schools Forum has agreed to a specific proposal relating to the Admissions Service for which one-off funding for one year of £78,000 (£46,000 in 2010/11 and £32,000 in 2011/12), thereby reducing the amount of carry-forward available to £1,484,000.
- 3.11. The County Council has also recently received confirmation of its final DSG allocation for 2010/11, which is £690,000 higher than budgeted. Schools Forum agreed that this should also be carried forward to 2011/12.

School Balances

3.12. Schools balances have reduced by £3.4m overall since 31 March 2009, to £36.9m. The detailed breakdown together with the average balance, across each sector, is summarised in the table below:

	Balance 31 March 2009	Average balance	Balance 31 March 2010	Average Balance	Change in Balance as at 31 March	Change in Average Balance
	£000	£000	£000	£000	£000	£000
Nursery	472	157	501	167	+29	+10
Primary	19,009	44	16,849	39	-2,160	-5
Secondary	17,176	246	16,288	232	-888	-14
Special	3,686	142	3,301	132	-385	-10
	40,343	76	36,939	71	-3,404	-5

3.13. This reflects the official net book figure which will be presented in the County Council's accounts. This reflects all school balances including adult and community funds. However, due to various technical adjustments (primarily relating to cheque book schools where transactions cross the year end), the actual balances held in schools' accounts is £37.146m.

3.14. Within this position 22 primary schools are in deficit (compared to 24 as at 31 March 2009), seven secondary schools (no change from the previous year), and no special schools (reduced from one). The total deficit balance (within the above figures) has reduced by £300,000 to approximately £1.0m.

3.15. The Hampshire Scheme for Financial Management (SfFM) was revised in 2009/10 to include a number of changes in criteria for clawback, which reinforced that current budgets should be spent on today's pupils. The provision for any clawback only applies to uncommitted surplus balances as set out in section 6 of the SfFM. Having declared all amounts assigned for specific purposes, the clawback provision only applies to any uncommitted sums as follows:

- a sum greater than 4% of the current year's budget share (secondary schools)
- whichever is the greater of 5% of the current year's budget share or £25,000 (primary, special and nursery schools).

- 3.16. Any clawback has to be re-distributed to schools and Schools Forum determines how that is done. The 2007/08 clawback of £216,000 was re-distributed to schools based on low attainment factors. Only £10,000 of the 2008/09 clawback of £400,000 was re-distributed (for a primary school recording licence), with the balance being carried forward to meet general Schools Budget pressures.
- 3.17. The reduction in balances of £3.4m (9%), whilst seen as a positive outcome, was still some £7.9m less than the reduction that schools had forecast in their December returns. In accordance with the revised clawback policy, eight schools (six Primary, one Secondary, one Special) were issued with letters advising of clawback of their excess surplus balances. Two Primary schools subsequently had their notices of concern withdrawn. All six remaining schools appealed against these decisions. At its meeting on 13 July 2010, Schools Forum confirmed the following outcomes:
- three appeals were upheld (one with qualifications)
 - total clawback from three schools of £65,985.

Non-Schools Budget

- 3.18. The final overspend position of £478,000 against the cash-limit represents a reduction of approximately £2m since the revised budget was reported to the Executive Lead Member in January 2010, and £1.3m reduction from the position reported in March 2010 (based on the end of January).
- 3.19. On recognising the scale of the pressures on the activity-led budgets, including Home to School Transport and Children Looked After, the department put in place a robust recovery plan, which has proved to be effective in reducing the overspend in year. This included:
- savings in the region of £600,000 against non-schools staffing budgets, primarily as a result of vacancy management in non-front-line posts by CSDMT
 - additional savings of approximately £400,000 identified by the HIAS Business Unit (primarily through additional earned income), resulting in return of core funding to the department
 - refund of partnership underspends amounting to approximately £300,000 not previously anticipated (e.g. Hampshire CAMHS Commissioning Partnership, Hampshire Safeguarding Children's Board and Child Death Overview Panel)
 - unplanned one-off Home to School Transport savings of approximately £200,000 as a result of poor weather experienced during December and January and, therefore fewer journeys
 - lower final costs against some social care packages (e.g. Home Care) than originally estimated, approximately £200,000 of in-year savings
 - savings of approximately £200,000 resulting from lower recharges from other departments than originally anticipated (e.g. insurance)

- final expenditure on external consultants to support Hampshire's BSF programme approximately £100,000 lower than previously estimated
 - grant income received of approximately £100,000 from the Department of Business, Innovation and Skills in relation to Disabled Student and Mandatory Award grant claims backdated to 2003/04 and 2004/05.
- 3.20. These savings were partially offset by an increase of approximately £100,000 in respect of expenditure on Children Looked After compared with the forecast outturn at the end of November 2009.

Other Grants

- 3.21. Other grants which have been carried forward in 2010/11 total approximately £7m, of which £6.9m relates to Standards Fund. These have been achieved through the flexibility to spend over 17 months for Standards Fund grants and slippage in relation to actual commitments being delayed beyond 31 March 2010.

4. Key Activity, Performance and Workforce information

- 4.1. The department is developing links between budgets, performance and human resource information and has implemented an integrated service planning approach that embraces these elements.
- 4.2. Appendices 2(a) and 2(b) provide details of activity data from which is extracted the key activity led/high risk budgets that are reported to Cabinet. Appendix 2(c) shows the figures for the year (April 2009 to March 2010) that were reported to Cabinet on 28 June 2010.
- 4.3. The Children's Services department was judged as *performing well* in the annual rating from Ofsted, published as part of the Comprehensive Area Assessment in 2009. As part of this assessment, Ofsted identified a number of strengths, including:
- the overall effectiveness of the large majority of inspected services and settings (including schools and childcare) is *good* or better
 - performance in social care settings and services is consistently above the national average and above, or in line with similar areas
 - fostering and adoption services and private fostering arrangements are good
 - nine of the County Council's ten children's homes are good
 - performance against the very large majority of National Indicators (NIs) is above, or in line with, similar areas and the national average
 - most children have a good start in life and achieve well at school.
- 4.4. The department delivers good and improving outcomes, with key improvements in 2009/10 including:

- an increasing proportion of settings judged as *good* or better in Ofsted inspections (100% of nurseries; 68% of primary schools; 69% of secondary schools; 92% of special schools; 80% of children's homes – all higher proportions than the national average)
- the percentage of children in care achieving level 4 in English increased from 35% in 2007/08 to 47.6% in 2008/09; the percentage achieving level 4 in maths increased from 31% in 2007/08 to 50% in 2008/09
- the proportion of children in care experiencing three or more placements during one year has fallen from 16.4% in 2008/09 to 13.9% in 2009/10 (provisional data)
- the percentage of children subject to a second or subsequent child protection plan has fallen significantly in 2009/10, from 17% in 2008/09 to 10.9% for the 12 months to March 2010 (internal monitoring data)
- the proportion of 16-18 year olds not in education, employment or training has fallen from 6.3% in 2008/09 to 5.6% in 2009/10 (provisional data)
- all areas for development raised in Ofsted's unannounced inspection of arrangements for contact, referral and assessment (2009) have been addressed.

4.5. Areas identified for further improvement in 2010/11 include:

- narrowing the attainment gap for vulnerable children
- continuing to improve outcomes for children in care and care leavers
- increasing the timeliness of safeguarding assessments
- reducing teenage conceptions.

4.6. These are already being addressed through the department's improvement plan for safeguarding.

4.7. Monitoring data for March 2010 identifies that performance against 49% of Children's Services National Indicators (NIs) has improved during 2009/10. Based on this latest information, 11.65% of targets have been achieved to date, 14.56% are on track to be achieved, 20.39% are at risk of not being achieved, 49.52% are unlikely to be achieved and 2.9% have been missed (the remaining 0.97% did not have targets set). The proportion of targets achieved reflects the challenging nature of the Local Area Agreement and statutory attainment targets. The latest Ofsted performance profile shows that performance in 90% of NIs is in line with or above the national average. Final data for all indicators will be available by the end of August 2010.

4.8. During 2009/10 there was an increase of 182 FTEs in the workforce compared with the end of quarter 4 (2008/09). These FTEs were funded from either grant, Dedicated Schools Grant (DSG) or additional growth and mainly relate to the following planned changes:

- the appointment of additional staff in the Children and Families branch to support front line social workers following the additional budget growth received in relation to safeguarding
 - the continued roll out of Children's Centres and associated staff appointments
 - appointment of visiting music teachers funded by schools
 - the appointment of a number of new clerks to governors posts as part of the Business unit to enable them to begin training which has been funded from within the Schools Budget
 - the filling of a number of Personal Adviser posts (Connexions)
 - a number of posts, grant funded, that have enabled the appointment of staff on fixed term contracts.
- 4.9. However, this does represent a reduction on the number of FTEs in the previous report (an increase of 195 FTEs as at the end of quarter 3 compared to 2008/09). This slight downward trend is expected to continue with the department retaining its vacancy management strategy during 2010/11.
- 4.10. Retention of staff continues to be generally higher than in the past, resulting in underlying pressures against some staff budgets where it had been assumed that there would be similar turnover levels as in previous years. As at the end of March 2010 the total number of employees was 2.1% higher than originally budgeted for during 2009/10, whereas the overall staff budget showed an underspend of 0.2%. This represents a reduction since the figures reported at the end of September (+3.7% and +0.6% respectively), and is primarily due to the vacancy management in place. However, despite this some recruitment and retention difficulties continue to be experienced in some areas and/or specialisms.
- 4.11. The overall sickness figures for the department during 2009/10 continues to show a small upward trend compared to 2008/09. Whilst better recording may account for some of this, it is clear that continued close monitoring is required, including ensuring that managers at all levels are holding return to work discussions and supporting proactive absence management.

5. 2010/11 Budget Strategy

- 5.1. The 2010/11 Children's Services Budget strategy was agreed by the Executive Lead Member for Children's Services (Education) in January 2010 and approved by the County Council in February 2010. The key areas which need to be considered by the Executive Member are set out below.

Non-schools Budget

- 5.2. A number of budget pressures experienced during 2009/10 are anticipated to increase. In particular these relate to Children Looked After and Home to School Transport budgets which overspent by £2,986,000 and £938,000 respectively. The number of Children Looked After by the County Council

has continued to increase over the last financial year (from 1,084 as at 31 March 2009 to 1,118 as at 31 March 2010), and this increase has mainly arisen over the last few months of the 2009/10 financial year and was not therefore captured in the budget setting. This increase is considered to reflect the on-going impact on child protection work in the aftermath of the 'Baby Peter' case. In addition, increased activity and contract costs in Home to School Transport together with a number of smaller emerging budget pressures contribute further to the department's anticipated pressures.

- 5.3. The achievability of savings targets currently set within the 2010/11 budget is outlined in section 7 of the paper.
- 5.4. A report presented to Cabinet on 28 June 2010 outlined a minimum funding reduction of approximately £8.4m revenue funding and £5.5m capital funding, of which £6.2m related to reductions in Area Based Grant (ABG). The most significant of these was in respect of The Department for Education (formally the Department for Children, Schools and Families) who announced a reduction in the overall amount available to local authorities through ABG by 24%, a reduction of approximately £4.9m for Hampshire. In view of the County Council's policy of directing ABG to respective services, it can be expected that the full amount of this funding reduction will need to be met by the Children's Services department. Whilst it is acknowledged that there would be significant service implications of achieving this reduction in full during 2010/11, the department will be seeking to identify measures necessary to deliver cash savings as far as possible during the current financial year with a view to achieving full year savings in 2011/12.
- 5.5. The Department for Communities and Local Government also confirmed that the overall LPSA reward grant previously anticipated will reduce by 50% as local authorities will now not receive the second phase of payments in 2010/11. Cabinet agreed on 28 June 2010 that the Children's Services Department will now receive £883,000 of the overall reward grant (a reduction from the £1.85m originally anticipated), and that this could be used, if required, to offset the wider grant reductions.
- 5.6. A link to the Cabinet report can be found at the following link:
http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemsummary.htm?pref=Y&tab=1&item_ID=1739&cancel=n
- 5.7. Ringfencing has also been removed from some specific grants. For Children's Services these are the Youth Opportunities Fund (£594,300) and the Think Family Grant (£598,300).
- 5.8. In addition to the changes outlined above, additional announcements of in-year funding reductions (revenue and capital) have been received from the Department for Education (DfE). These in part relate to the DfE's share of £359m of the £6.2bn in year cuts which are in some instances proving to be cuts for local authorities and schools, in part funding redirected for Free school capital in 2010/11 and further announcements related to a loss of Government end of year flexibility. The frustration is the piecemeal and delayed approach to making these announcements which is making

planning to deliver in year savings very difficult for the County Council and for schools affected. The most significant of these cuts include:

	Approximate value of reduction £000
Harnessing Technology grant – 50% reduction	2,158
ContactPoint grant – programme to cease. One quarter of planned allocation to be received	176
Youth Capital Fund – 50% reduction	257
Extended Schools Capital – 54% reduction	570
14-19 Diploma capital provision	660

- 5.9. The Executive Lead Member for Children’s Services will receive a separate report on the implications of these funding decisions and the proposed actions to deal with them.

6. Revenue Budget Monitoring 2010/11 as at 31 May 2010 (period 2)

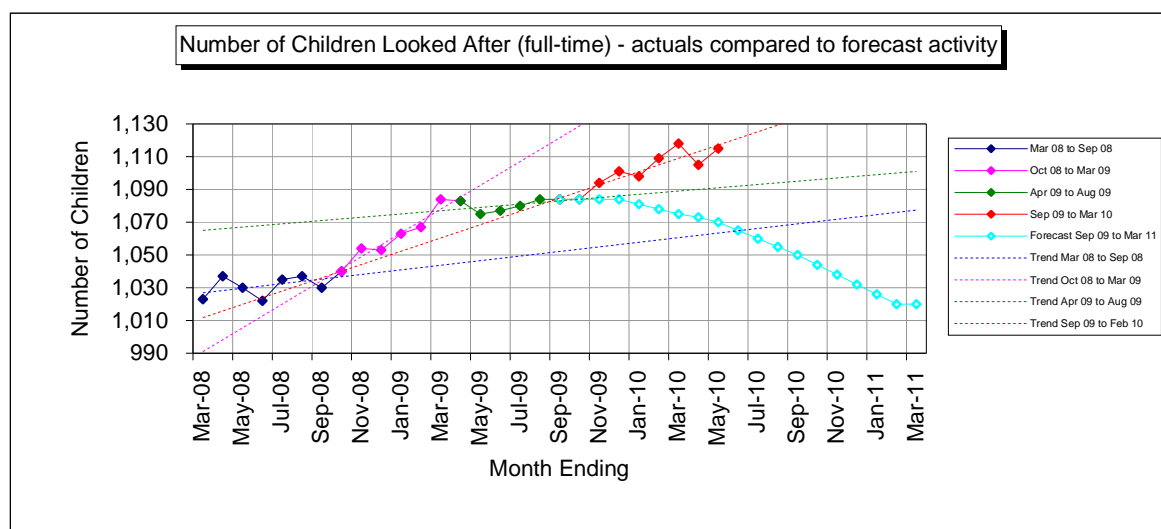
- 6.1. As part of the 2010/11 budget setting process a number of growth pressures and opportunities for budget redeployment were outlined within the Revenue Budget 2010/11 to 2012/13 report to the Executive Lead Member for Children’s Services (Education) on 15 January 2010. Appendix 3 summarises these.
- 6.2. The most significant areas of investment were within Home to School Transport, Children Looked After (including the in-house foster care service), other Social Care budgets (e.g. Family Support Services, Care Leavers and Adoption) and IT Operational Investment. Further information on these areas is provided below.
- 6.3. For period 2, detailed budget monitoring has not been prepared for a number of reasons including:
- Some allocations of growth and savings were dependent upon the final outturn for 2009/10 and final work to determine detailed allocations is currently underway
 - the carry-forward proposals on grants are also subject to approval of the final accounts and, therefore, these are not yet reflected in the 2010/11 cash limit (other than those reported as part of the revised budget).
- 6.4. Attention has therefore focused around the higher risk, activity-led budget areas, in particular Home to School transport and Children Looked After.

Home to School Transport (Non-schools budget)

- 6.5. As outlined above, there are early indications of further growth in demand against the Home to School Transport (HTST) budget as a result of increasing secondary and Higher Education entitlement. Whilst the position is not yet fully clear it has been estimated that a budget pressure in the region of £700,000 could emerge during 2010/11. A review of HTST policy and Education Inclusion and SEN transport provision is underway which could provide some efficiencies for 2011/12. The procurement of HTST taxis is subject to a corporate efficiencies review with a target of £1.2m for the corporate efficiencies fund.

Children Looked After (Non-schools budget)

- 6.6. Despite setting the 2010/11 budget to reflect a plan to reduce the number of Children Looked After (CLA) by March 2011 through intensive support services and reviewing care planning arrangements, activity levels have increased further over the latter part of 2009/10 increasing from 1,084 as at 31 March 2009 to 1,118 at 31 March 2010 (an increase of 3.0%). As part of the budget strategy, an additional £1m growth was added to the CLA budget for 2010/11, with a further £1m being retained corporately to support a higher than budgeted level of activity.
- 6.7. As at the end of May 2010, the overall number of CLA was reported to be 1,115. This represents a net decrease of three children since the end of March 2010, but an increase of ten children on the position confirmed at the end of April 2010 (1,105). The budgeted activity for the end of May was 1,075 (i.e. 40 more children actually looked after than budgeted).



- 6.8. These continued activity levels indicate that the department will face a significant budget pressure during the 2010/11 financial year. Children Looked After budgets will, therefore, continue to be scrutinised and monitored closely throughout the year.

6.9. These children are in a number of different placement arrangements including fostering and residential care, as well as other arrangements such as supported lodgings, secure welfare accommodation (secure remand accommodation arrangements are not reflected within Children Looked After activity or expenditure), children placed for adoption (subject to final approval), as well as in some circumstances living at home with their parent(s) on care order. It excludes children with a disability who receive short programmed breaks.

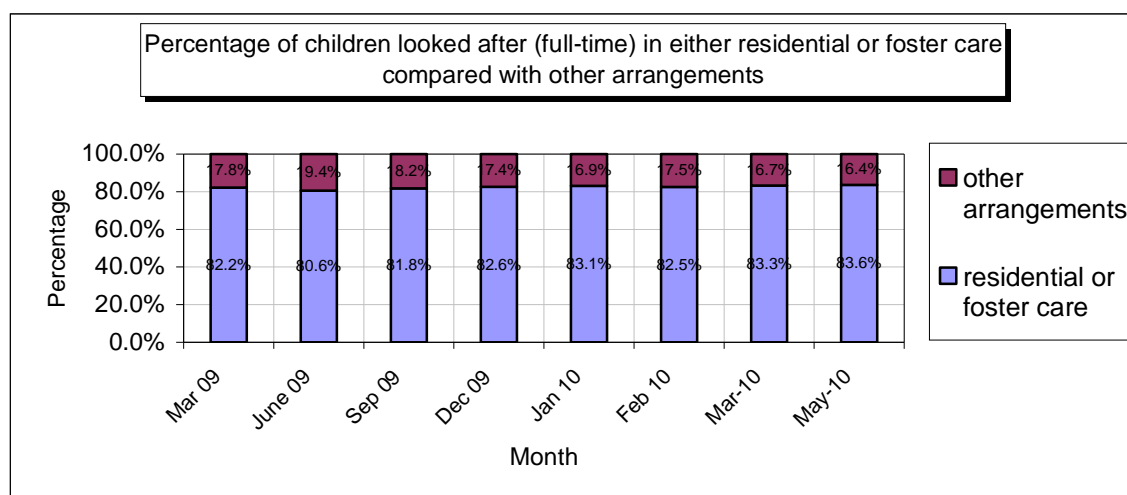
Number of children in full-time care by children with a disability (CwD) and non-disabled children		March 2009	%	March 2010	%	May 2010	%
Non-county placements	Non-disabled	14	1.3	16	1.4	21	1.9
	CWD	37	3.4	40	3.6	39	3.5
	Total	51	4.7	56	5.0	60	5.4
HCC residential children's homes [1]	Non-disabled	35	3.2	40	3.6	36	3.2
Independent Fostering Providers (IFP)	Non-disabled	163	15.0	180	16.1	192	17.2
	CWD	12	1.1	11	1.0	11	1.0
	Total	175	16.1	191	17.1	203	18.2
HCC Fostering	Non-disabled and CwD	630	58.1	644	57.6	633	56.8
Other	Non-disabled and CwD	193	17.8	187	16.7	183	16.4
		1,084		1,118		1,115	

[1] excludes programmed short-breaks for CWD

6.10. This table demonstrates that, in addition to the overall number of children increasing, a greater proportion of these children are being placed in either a foster care or residential placement whilst use of other less costly

arrangements (e.g. those placed at home on care orders and in supported lodgings) have reduced.

- 6.11. The proportion of children placed with either a foster carer or in a residential children's home/school (the more costly arrangements) has also slightly increased as a result, from 931 children (83.3% of the overall CLA) at the end of March to 932 (83.6%) at the end of May.



- 6.12. Most of this increase has resulted in the need for additional foster care placements. Demand for fostering placements has continued to increase beyond the capacity available within the in-house service, resulting in additional need for more costly Independent Fostering Provider (IFP) placements.
- 6.13. During April and May, 25 children were placed in new IFP placements and 13 were recorded as ceasing, demonstrating that the demand for this type of placement is still very high.
- 6.14. The number of in-house foster care placements has slightly reduced from 644 at March 2010 to 633 at the end of May 2010. However, it should be noted that it is not always possible to access a suitable placement within the in-house service. Foster carers are often registered to accommodate only children within a specific age range, and for a maximum number of children. However, the needs of an individual child for whom a placement is being sought may not fit with these criteria (e.g. a child needing to be placed on their own or as part of a wider sibling group), and this can therefore result in the need for an IFP or residential placement to be sought.
- 6.15. The need to ensure placement stability for those children in care remains an important factor in the decision making process in securing a suitable placement for the child. Performance on placement stability is gradually improving.
- 6.16. It is too early to say with any certainty what the potential financial impact of increased levels of activity could be, although initial work undertaken suggests that this could be in the region of £3.3m if activity levels remain in line with current levels throughout 2010/11.

6.17. Further work is underway within the Department to further analyse and monitor all of these potential pressures to determine the anticipated impact they will have in 2010/11 and in future years. Where necessary, alternative savings will be sought to enable the department to achieve a balanced budget within 2010/11.

7. Efficiencies

7.1. The 2010/11 budget strategy requires the achievement of £3.753m of cashable efficiency improvements. The individual targets are outlined below:

	£000	£000
Cashable efficiency improvements producing a budget saving:		
Additional Income Collection (Swanwick Lodge Secure Unit)	370	
Delivery model for Family Group Conferences	375	
Withstanding the impact of inflation (foster care and other allowances)	284	
Review of support service structures and business units	1,012	
Department efficiency savings (e.g. mileage, conference expenditure, printing and stationery)	472	
Sub-total	2,513	2,513
Cashable efficiency improvements not producing a budget saving:		
Independent Fostering Providers	600	
Increments and re-grading	623	
Supporting extra 3 year olds	17	
Sub-total	1,240	1,240
Total	3,753	3,753

7.2. The department is confident at this stage that these targets will be achieved. However, in view of other anticipated funding cuts, these will need to be carefully monitored throughout the year, as the achievement of this target will be key to the department achieving a balanced budget at the end of the financial year.

8. Children's Centres

- 8.1. Children's Centres are a Government initiative intended to provide better outcomes for children, families and local communities, acting as a local hub for a wide range of integrated services.
- 8.2. The total funding for Children's Centres in 2009/10 was £14.2m, of which £7.3m related to the Children's Centres service budget. The remaining £6.9m represented funding provided to the business unit which is considered separately in paragraph 9.1.
- 8.3. For 2009/10 the Children's Centres Service reported an underspend of £512,000 against the available budget of £6.9m in respect of school managed and third party centres, support related expenditure, and centrally allocated budgets. This underspend is mainly as a result of significant savings being achieved against contracts where tenders have been received for a lower amount. Other smaller revenue savings which have been identified by the service, for example due to delays in some centres opening, account for the remaining underspend. To ensure that the overall SSEYCG funding is maximised, this surplus was re-directed toward the Early Education and Child Care Unit (EECU) to further support services for under 5s, as is allowed within the conditions of the ring-fenced SSEYCG 'Main Revenue Block' funding stream. This enabled the EECU to re-direct grant eligible expenditure previously met from the non-schools budget against the surplus SSEYCG, releasing a proportion of the non-schools budget toward meeting other underlying budget pressures across the department in 2009/10.
- 8.4. The budget allocation for Children's Centres in 2010/11 is currently estimated at £17.0m. Of this, £9.7m relates to the Children's Centre service, and £7.3m is in respect of funding delegated to the business unit for service delivery.
- 8.5. Further information about the Children's Centres business unit is provided in paragraph 9.1.

9. Business Units

Children's Centres Business Unit

- 9.1. An in-year deficit of £104,000 was achieved by the business unit resulting in an overall reserve balance of approximately £1.276m as at 31 March 2010.
- 9.2. This represents a significant reduction of £617,000 from the estimated deficit of £721,000 as at the end of December previously reported. This reduction in expenditure reflects a number of savings achieved in relation to staffing and premises costs, and additional income secured by centres during the latter part of the financial. A small increase in income received from fees and charges for nursery fees previously not accounted for also contributes to this final position. Plans have been received from business unit children's centres which outline their intentions around use of these reserves during 2010/10 to improve facilities and services in communities where Children's Centres are based.

Other Business Units

- 9.3. Appendix 4(a) shows the education business unit balances as at the 31 March 2010 compared with the original budget. This shows that an overall in-year deficit balance of £29,000 has been achieved against the original budget. Reserves as at 31 March 2010 stood at £4.676m.
- 9.4. This is an increase of approximately £1.0m in the estimated reserves reported to the Executive Lead Member for Children's Services on 11 March 2010. The most significant changes relate to:
 - Hampshire Inspection and Advisory Service (HIAS); and
 - Education Information and Communication Technology (EdICT).
- 9.5. For HIAS a in-year deficit of £163,000 is reported, a reduction of £573,000 from the deficit previously forecast. One of the main factors contributing to this improved position is that schools have not fully utilised the hours available within their SLA agreements which has resulted in HIAS inspectors generating additional income from other chargeable work. Within HTLC, savings have been achieved relating to travel, training and conferences. Overall the business unit has also maximised it's use of Standards Fund grant income. As at 31 March 2010, HIAS' total reserves stand at £2.811m.
- 9.6. EdICT reported an in year deficit of £42,000 which is a considerable improvement on the quarter three position when a deficit of £226,000 was forecast.
- 9.7. The Music Service reported a surplus for the year of £142,000, which represents a continuation of the improved position reported at the end of quarter three, when a surplus of £115,000 was forecast.
- 9.8. The Field Study Centres (Stubbington and Minstead) are both reporting in-year deficits for the year. Minstead's position is £2,000 better than anticipated at the end of quarter three, with a £55,000 deficit reported at year end. For Stubbington, more income was generated in quarter four than anticipated giving a reduced deficit of £21,000 for the year.
- 9.9. Both Education Financial Services and Education Personnel Services achieved in-year surpluses, of £38,000 and £34,000 respectively. At the end of quarter three both business units were forecasting a deficit for the year but avoided this through the generation of additional income and reductions in expenditure. Governor Services achieved a surplus of £38,000 for the year, which was in line with the projection reported at the end of quarter three.
- 9.10. All Business Units are in the process of finalising their business plans for 2010/11. However, the key issues which are emerging from these plans include:
 - overall, an in-year deficit of £1.129m is forecast which would result in a reduction in cumulative reserves to £3.547m as at 31 March 2011.
 - HIAS is projecting a deficit for the year of £1.037m. The business unit will be meeting the expected shortfall in funding for the National Strategies Consultants' posts in 2010/11, as well as for the following

year. HIAS will also fund the continuation of market supplement payments and the shortfall on core funding as no inflation allocation has been given for 2010/11. The Unit's reserves are therefore forecast to reduce to £1.774m as at 31 March 2011, and these are anticipated to be used over the following two years towards further school improvement.

- Education Financial Services, Hampshire Governor Services and Education Personnel Services are also projecting smaller in-year deficits, totalling approximately £140,000.
- EdICT business unit has transferred to Property, Business and Regulatory Services (PBRs) with effect from 1 April 2010 following completion of the Central Services Review. In future, therefore, the EdICT business unit will be incorporated into the PBRs reporting framework.

9.11. A further update on these issues will be presented to the Executive Lead Member in the next report.

9.12. Appendix 4(b) outlines the Business Units anticipated financial position for 2010/11, based on their draft business plans.

10. Partnerships

10.1. Within Children's Services there are three significant partnerships – Wessex Youth Offending Team (YOT), the Hampshire CAMHS Commissioning Partnership and the Hampshire Safeguarding Children Board.

10.2. Recent finance reports to all partnership Management Boards have highlighted the impact of recent Government funding announcements and all Boards will be considering how this will impact on the partnership arrangements.

Wessex Youth Offending Team

10.3. The Wessex Youth Offending Team (YOT) is funded primarily by the Youth Justice Board (YJB) and partner organisations (whose contributions may be in cash and/or in kind).

10.4. The Wessex YOT budget for 2009/10 was £10.4m, with the majority of funding coming from partner contributions (£5.8m, of which Hampshire County Council's contribution is £3m) and Youth Justice Board (YJB) grant (£2.7m).

10.5. At its meeting on 29 June 2010 the Board received an update on the final position for 2009/10 which outlined an overall balanced budget. The Management Board also agreed the gross budget for 2010/11 of £10.7m.

10.6. The 2010/11 budget has been agreed in the context of some partners not giving their previously agreed or planned increased contributions and the Youth Justice Board not increasing its grant in line with inflation, thus

creating an overall pressure of £132,000 on the budget. The Board is looking at various ways to achieve efficiencies and has agreed to set the 2010/11 budget to include a staff vacancy factor of 4% applied across all staffing budgets in order to manage this pressure.

Hampshire CAMHS Commissioning Partnership

- 10.7. The Partnership provides services focused on promoting and restoring the emotional well-being of children and young people. It is a partnership between Hampshire County Council and the Hampshire Primary Care Trust, who provide some of the services. Most services are commissioned through contract arrangements. These include NHS providers and other organisations who provide support for children and young people with emotional, social, and mental health needs.
- 10.8. A finance report was agreed by the Board in May 2010, outlining a final underspend for 2009/10 of £503,000 against a budget of £10.1m. Of this underspend £433,300 was returned to partners. The remaining £70,000 has been carried forward to 2010/11 towards meeting the cost of specific one-off projects or exercises identified as agreed by the Board.
- 10.9. The Board also agreed the 2010/11 budget of £9.8m.

Hampshire Safeguarding Children Board

- 10.10. The Board has been established as a requirement of the Children Act 2004, which also sets out the partners that should be included. The Board is responsible for co-ordinating and ensuring the effectiveness of local work to safeguard and promote the welfare of children.
- 10.11. The 'partnership fund' for 2009/10, as agreed by the Board was £367,488, incorporating partner contributions and carry-forward from 2008/09. A finance report was presented to the Board on 10 May 2010 outlining the final position for 2009/10, an underspend of £129,500. This was repaid in full to partners.
- 10.12. The Board also agreed the proposed budget for 2010/11 of £380,000. At its meeting on 12 July 2010 the Board received an update on the 2010/11 budget, showing that a balanced budget is forecast, although it is too early to identify some commitments, especially in relation to Serious Case Reviews. The contribution to the Child Death Overview Panel (CDOP) is dependant upon the finalisation of a business plan, which is subject to review by the four Local Safeguarding Children's Boards (Hampshire, Portsmouth, Isle of Wight and Southampton).

11. Future direction

- 11.1. The department will monitor its forecast outturn against the available cash limit throughout 2010/11 using a risk based approach to reporting variances. A regular update report will be presented to the Executive Lead Member for Children's Services outlining any key or high risk issues.
- 11.2. This information will be used as part of a wider integrated service planning approach by the department to inform the proposed budget for 2011/12 to 2013/14.

12. Appendices

- 12.1. The following appendices are attached:

- 1 Final Accounts report to Cabinet – appendix summarising 2009/10 main variations within the service

- 2 Activity Data (a) termly
(b) monthly
(c) information reported to Cabinet

- 3 Summary of growth and redeployment proposals outlined in 2009/10 budget setting strategy

- 4 Business Units (a) 2009/10
(b) 2010/11 plans

13. Recommendations

- 13.1. Note the final outturn position for 2009/10 for the department and the potential impact on 2010/11.
- 13.2. Agree the current financial issues that are being addressed within the 2010/11 budget and the management action required in the areas of particular pressure.
- 13.3. Note the latest financial position of the Wessex Youth Offending Team and the Comprehensive CAMHS Commissioning Trust.
- 13.4. Approve the use of an additional £78,000 (£46,000 in 2010/11 and £32,000 in 2011/12) Dedicated Schools Grant, with the remaining additional underspend available (£1.484m) to be carried forward in full to 2011/12, as agreed by Schools Forum on 13 July 2010 and set out in paragraph 3.10.
- 13.5. Note the position of School Balances as at 31 March 2010.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	Yes
Corporate Business plan link number (if appropriate):	
Maximising well-being:	Yes
Corporate Business plan link number (if appropriate):	
Enhancing our quality of place:	No
Corporate Business plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Children's Services Revenue Budget 2010/11, 2011/12 , 2012/13	Item 1	15 January 2010
Budget Monitoring 2009/10 – Children's Services Department - Period 10 (January 2010)	Item 3	11 March 2010
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. Equality and diversity objectives are not considered to be adversely affected by the proposals of this report.

2. Impact on Crime and Disorder:

- 2.1. Crime and disorder objectives are not considered to be adversely affected by the proposals of this report.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?
- No impact
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?
- No impact