

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Lead Member for Children's Services
<b>Date of Decision:</b>	28 September 2011
<b>Decision Title:</b>	Budget Monitoring, Performance and Workforce - 2011/12 Quarter 1
<b>Decision Reference:</b>	3196
<b>Report From:</b>	County Treasurer and Director of Children's Services

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### 1. Executive Summary

- 1.1. This report outlines the budget monitoring, performance and workforce position as at the end of quarter 1 (30 June 2011).
- 1.2. The projected outturn for 2011/12 is a net underspend of £1.6m (£0.9m underspend on the Schools Budget and £0.7m underspend on the non-schools budget). The forecast variance by each branch, and by Schools and non-schools budgets is as follows:

	<b>Current budget £000</b>	<b>Quarter 1 forecast variance</b>	
		<b>£000</b>	<b>%</b>
Access, Performance & Resources (A,P&R)	782,383	(2,058)	(0.3)
Education & Inclusion (E&I)	93,408	(764)	(0.8)
Children & Families (C&F)	118,382	1,202	1.0
<b>Total</b>	<b>994,173</b>	<b>(1,620)</b>	<b>(0.2)</b>
<i>Broken down by:</i>			
Schools Budget	820,447	(884)	(0.1)
Non-schools budget	173,726	(736)	(0.4)
<b>Total</b>	<b>994,173</b>	<b>(1,620)</b>	<b>(0.2)</b>

- 1.3. The Schools Budget underspend is net of some continuing significant variances from 2010/11 e.g. Local Management of Schools (LMS) contingency underspend (mainly rates and temporary classroom rentals), inter-authority recoupment overspend, out county special schools and statemented pupils underspends.
- 1.4. On the non-schools budget the main pressure is on Children Looked After (£1.2m) where, although overall activity is in line with budget, there is a higher than planned number of purchased residential placements. These placements, and the processes for agreeing them are being reviewed in order to reduce the overspend. There are offsetting savings on Services for Young Children of £1m where savings initiatives have been implemented within Early Years in 2011/12. The costs of change in relation to implementation of the new Children's Centres arrangements will be managed within this.
- 1.5. Significant variances for the end of quarter 1 are summarised as follows:

	<b>Forecast variance this quarter £000</b>	<b>Para ref</b>
<b>Schools Budget</b>		
<b>Local Management of Schools (LMS) contingency</b>	<b>(1,770)</b>	<b>2.2</b>
This forecast reflects a similar rates forecast as last year, a reduced demand for temporary classrooms and lower allocations for children in care.		
<b>Premature retirement costs</b>	<b>550</b>	<b>2.2</b>
This reflects the increased number of school re-organisations and includes a reduction in Sports Co-ordinator roles.		
<b>Supply Cover (not sickness)</b>	<b>(165)</b>	<b>2.2</b>
This reflects a reduction in trade union representatives and a forecast position on suspended staff based on 2010/11.		
<b>Education Inclusion Service</b>	<b>198</b>	<b>3.3</b>
Management action is being taken to reduce this overspend, which relates to Education Centres.		
<b>Hospital Recoupment</b>	<b>119</b>	<b>3.3</b>
This forecast is based on last year's outturn. Given the time lag in receiving information from other local authorities, it is difficult to forecast.		
<b>Statemented Pupils</b>	<b>(423)</b>	<b>4.5</b>
This forecast reflects estimated school support costs as at the Spring term but is likely to change throughout the year.		

	<b>Forecast variance this quarter £000</b>	<b>Para ref</b>
<b>Inter Authority Recoupment</b>	<b>1,390</b>	<b>4.5</b>
This forecast is based on the continuing trend from 2010/11 of an increasing number of children in Other Local Authority (OLA) schools.		
<b>Out of County Special Schools</b>	<b>(673)</b>	<b>4.5</b>
This forecast is based on current placement numbers.		
<b>Non-schools budget</b>		
<b>Home to School / College Transport</b>	<b>(345)</b>	<b>2.2</b>
This underspend consists of ongoing savings on contracts arising from 2010/11, a reduction in escort costs, offset by small overspends on season tickets and reduced income on Post 16 education.		
<b>Branch Management (Access, Performance and Resources)</b>	<b>(204)</b>	<b>2.2</b>
This underspend arises from vacancy management and additional income generated by the Health and Safety team.		
<b>Services for Young Children</b>	<b>(1,036)</b>	<b>3.3</b>
This underspend arises from the early implementation of planned restructuring proposals and other savings in advance of full implementation in 2012/13.		
<b>Youth Support Service</b>	<b>(473)</b>	<b>4.5</b>
This underspend arises from the earlier than originally planned re-organisation of the Youth Practitioner service. Savings from the restructuring of the Careers Advice and Guidance service are subject to further consideration.		
<b>Educational Psychology and Behaviour</b>	<b>(129)</b>	<b>4.5</b>
This underspend is being achieved through planned vacancy management.		
<b>Children Looked After (CLA)</b>	<b>1,151</b>	<b>4.5</b>
The forecast is based on current CLA numbers as at June 2011 of 1,097. Although this is inline with the budgeted number of 1,100, the additional cost reflects the higher proportion of more expensive residential placements. These placements, and the processes for agreeing them, are being reviewed in order to reduce this overspend.		

	<b>Forecast variance this quarter £000</b>	<b>Para ref</b>
<b>Family Support Services</b>	<b>211</b>	<b>4.5</b>
The main area of pressure is on Home Care, where the number of children receiving these services in quarter 1 (215) is 20% higher than at the same time last year (178).		
<b>Youth Justice (including Swanwick Lodge Secure Unit)</b>	<b>242</b>	<b>4.5</b>
The main reason for this pressure is reduced income at Swanwick Lodge Secure Unit, arising from reduced demand for welfare beds from OLAs.		
<b>Other Children's Services (Children and Families)</b>	<b>(202)</b>	<b>4.5</b>
The main variance is an underspend on Leaving Care, which reflects the ongoing impacts of the previous year's actions to control placement costs.		
<b>Management &amp; Support (Children and Families)</b>	<b>211</b>	<b>4.5</b>
The main variance is an overspend on legal fees, where costs are forecast to be in line with last year. However, options for reducing these costs are being explored and will be reported more fully in the next report.		

1.6. Specific service area issues are highlighted in the following sections of this report. In addition the following information is shown as appendices to this report:

1. Adjustments to Children's Services' cash limit.
2. Forecast outturn across services
3. Progress on achievement of Efficiency Savings
4. Business Units
5. Workforce

## 2011/12 Revenue Budget

### 2. Access, Performance and Resources (A,P&R) Branch

2.1. The current position for Access, Performance and Resources is a forecast underspend of £2,058,000 (0.3% of the budget). This consists of underspends on schools budgets of £1.397m and £661,000 on non-schools budgets, summarised below:

	Current budget	Quarter 1 forecast variance	
	£000	£000	%
Schools Budget	736,287	(1,397)	(0.2)
Non-Schools budget	46,096	(661)	(1.4)
<b>Total</b>	<b>782,383</b>	<b>(2,058)</b>	<b>(0.3)</b>

2.2. Significant variances for the end of quarter 1 are summarised as follows:

**Variance  
this  
quarter  
£000**

#### **Schools Budget**

##### **LMS Contingency**

**(1,770)**

The forecast outturn reflects expectations around rates charges this year being similar to last year, a fall in the demand of temporary classroom rentals, the postponement of mainstreaming an autistic provision beyond 2011/12, an anticipated saving from the Advanced Skills Teachers funding and a saving in the cost of rates for two schools which have recently converted to Academy status. There is also a forecast underspend on children in care allocations of £111,000 which is based on projections made from termly expenditure in the previous financial year.

##### **Premature Retirement costs**

**550**

This year, there is a significant increase in the number of people being made redundant from schools compared to last year. In particular, the closure of Oak Farm school, the reduction of Sports Co-ordinator roles and budgetary pressures and falling numbers on roll are expected to result in further staff reductions.

##### **Other Supply Cover not sickness**

**(165)**

A number of trade union representatives are due to leave at the end of August 2011 which will result in some savings. Forecast costs associated with suspended staff are based on last year's figures, when there was an underspend of about £60,000.

#### **Non-Schools Budget**

##### **Home to School Transport**

**(345)**

The forecast outturn reflects expectations around the reduction in escorts' salaries and daily and annual contract charges. These have been offset by an

increase in season ticket costs and less income due primarily to the local authority partnership fund ceasing at the end of 2010/11. Additional information is provided in paragraphs 2.3 to 2.4.

### **Branch Management**

**(204)**

The underspend relates to the Health and Safety team generating the same level of income as last year and savings from vacancy management; an anticipated drop in the demand of CRB checks for social care staff and savings in premises costs.

### **Home to School Transport (HTST) – further information**

2.3. The current forecast position for HTST is an underspend of £345,000, which represents 1.3% of the budget. This is due to several factors:

- Escorts' salaries are anticipated to be underspent by £248,000. The main reason for this is lower weekly escort hours in April and May caused by a combination of longer routes being replaced by shorter routes and escorts taking redundancy
- Overall contract costs are forecast to be underspent by £248,000. Of this, £224,000 is based on an anticipated reduction of daily and annual contract costs due in part to a one-off saving in 2011/12 caused by prices being held. In future years, however, contracts will be re-priced in line with RPI and the procurement framework. Also minibus project costs are currently expected to be £24,000 below budget, as the minibus contract at Linden Education Centre has been ceased from April 2011
- These savings will be offset by an overspend of £23,000 in season ticket costs, which reflects increased pupil numbers since October 2010 and estimated price rises of approximately 3% from September 2011
- Additionally, the income budget is currently forecast to underachieve by £127,000. This is due to £118,000 of Post 16 income (from the local authority partnership fund) ceasing at the end of 2010/11 as announced in March 2011. However, it had originally been included in the budget. Also recharged income is forecast to be £9,000 less than originally anticipated as this was based on data available as at October 2010. However, the recharge has now been calculated based on current activity levels.

2.4. This budget is summarised in the following table:

<b>Category</b>	<b>Current budget £000</b>	<b>Quarter 1 forecast variance</b>	
		<b>£000</b>	<b>%</b>
Escorts	4,198	(248)	(5.9)
Contracts	21,436	(248)	(1.2)
Season Tickets	1,426	23	1.6
Income	(437)	127	0.3
<b>Total</b>	<b>26,623</b>	<b>(346)</b>	<b>(0.4)</b>

### 3. Education and Inclusion (E&I) Branch

- 3.1. The current position for E&I Branch is a forecast underspend of £764,000. This consists of an overspend of £291,000 on schools budgets and an underspend of £1.055m on non-schools budgets, summarised below:

	<b>Current budget</b>	<b>Quarter 1 forecast variance</b>	
	<b>£000</b>	<b>£000</b>	<b>%</b>
Schools Budget	58,628	291	0.5
Non-schools budget	34,780	(1,055)	(3.0)
<b>Total</b>	<b>93,408</b>	<b>(764)</b>	<b>(0.8)</b>

- 3.2. The non-schools forecast underspend position primarily relates to Services for Young Children (SfYC) and the schools forecast overspend relates to Education Inclusion Centres and Hospital Recoupment. The SfYC forecast takes into account the estimated costs of change for the Children's Centres Service and includes savings within Early Years.
- 3.3. Significant variances for the end of quarter 1 are summarised as follows:

**Variance  
this  
quarter  
£000**

#### **Schools Budget**

##### **Education Inclusion Service**

**198**

The overspend predominantly relates to several Education centres. Work is being undertaken with these centres to reduce the overspend.

##### **Hospital Recoupment**

**119**

The budget represents the net position from payments and receipts arising from Hampshire pupils receiving tuition in out of county hospitals and other Local Authority pupils attending Leigh House. It is a difficult budget to monitor because Hampshire often does not have full details of pupils who are receiving education in other authorities until an invoice is submitted. The current forecast is deduced by looking at past trends.

#### **Non-schools budget**

##### **Services for Young Children**

**(1,036)**

In preparation for the further savings the service has to find in 2012/13, some of the savings initiatives have been started in 2011/12 which has led to the current projected underspend

#### 4. Children and Families (C&F) Branch

4.1. The current position for Children & Families is a forecast overspend of £1,202,000 (1% of the budget). This consists of an overspend on schools budgets of £222,000 and an overspend of £980,000 on non-schools budgets, summarised below:

	<b>Current budget £000</b>	<b>Quarter 1 forecast variance</b>	
		<b>£000</b>	<b>%</b>
Schools budget	25,532	222	0.9
Non-schools budget	92,850	980	1.1
<b>Total C&amp;F</b>	<b>118,382</b>	<b>1,202</b>	<b>1.0</b>

4.2. The schools position relates largely to a pressure on inter-authority recoupment from the ongoing trend towards more children placed out of the county and fewer placed in. This is offset by forecast underspends on stated pupils and out county special schools.

4.3. The non-schools forecast overspend position primarily relates to overspends across Children Looked After (CLA), Management and Support from the Legal Services forecast, Family Support Services from pressures on Special Guardianship Orders and the Swanwick Lodge income budget from a challenging welfare sales market.

4.4. The forecast may be subject to change pending outstanding structural changes in the Branch. The key issues are:

- Branch Administration – pending outcomes of appointments to posts (affects Commissioning and Social Work, Youth Support Service (YSS), Fostering, Adoption, Locality Teams – Education Welfare Service (EWS) and Combined Budget)
- Youth Support Services – pending greater accuracy relating to potential Schools Forum income, departure dates for voluntary and compulsory severance and consequent final Local Children’s Partnership (LCP) commissioning budgets.

4.5. Significant variances for the end of quarter 1 are summarised as follows:

**Variance  
this  
quarter  
£000**

#### **Schools Budgets**

#### **Stated Pupils**

**(423)**

This forecast underspend is based on the likely claims for school support. This is based on the Spring term position and is subject to change through the year as the actual position with schools claims emerges.

	<b>Variance this quarter £000</b>
<b>Inter Authority Recoupment</b>	<b>1,390</b>
This forecast pressure reflects the full year effect of an increasing number of children in OLA schools (214 in April 2011, compared with 194 in April 2010), while fewer are placed in Hampshire (122 in April 2011, compared with 131 in April 2010). This pressure emerged in the last quarter of 2010/11.	
<b>Out County Special Schools</b>	<b>(674)</b>
This underspend includes £622,000 on Out County Special School placements from all currently known placement information and £52,000 savings against pre-school placements based on Spring term claims.	
<b>Non-Schools Budgets</b>	
<b>Services for Young People - Youth Teams</b>	<b>(473)</b>
This overall underspend has been based on a range of changes to the budgeted position, including the earlier departure of Youth Practitioners than originally planned, but offset by additional costs of Careers Advice and Guidance from not charging schools for the full service during 2011/12.	
<b>Educational Psychology &amp; Behaviour</b>	<b>(129)</b>
This underspend primarily relates to staffing budget savings against the former SEN project headings.	
<b>Children Looked After</b>	<b>1,151</b>
The forecast is based on activity at the end of June of 1,097. The budgeted activity level used in the 2011/12 budget strategy is 1,100. The pressure reflects a change in the composition of placements, with a high level of Purchased Residential (74 placements at the end of June against a budgeted average of 60), offset by underspends against In-House and Purchased Fostering. Additional information is provided in paragraphs 4.6 to 4.15.	
<b>Family Support Services</b>	<b>211</b>
The main area of pressure is on Home Care, where the number of children receiving these services in quarter 1 (215) is 20% higher than at the same time last year (178).	
<b>Youth Justice (including Secure Unit)</b>	<b>242</b>
The overall pressure relates primarily to Swanwick Lodge Secure Unit and includes an underspend of £159,000 largely from staffing, as the unit works towards reducing sickness levels. There is a pressure of £376,000 against the income budget from lower demand for welfare beds from Other Local Authorities.	
<b>Other Children's Services</b>	<b>(202)</b>
There is a pressure of £174,000 on the Adoption Service largely from inter-agency placements, offset by savings on adoption allowances from lower levels of activity. This is offset by an underspend of £299,000 on Leaving Care, representing the full year effect of work to control provision. There is also an underspend of £78,000 on Other Children's Services largely from all currently known information on transport provisions.	

**Variance  
this  
quarter  
£000**

**Management & Support**

**211**

This overspend includes £254,000 on the legal fees forecast with activity assumed to continue at the level of previous years. This does not, however, reflect any potential benefit from work by Legal Services to reduce the pressure. The remainder of the pressure relates to senior management salaries in excess of mid-point. This is offset by the saving against the Advocacy and Independent Voice contract of £29,000, as the service was commissioned for less than the available budget, £20,000 against Strategy and Commissioning and £23,000 from the Child Trust Fund top up budget, as this duty has now ceased.

**Children Looked After – further information**

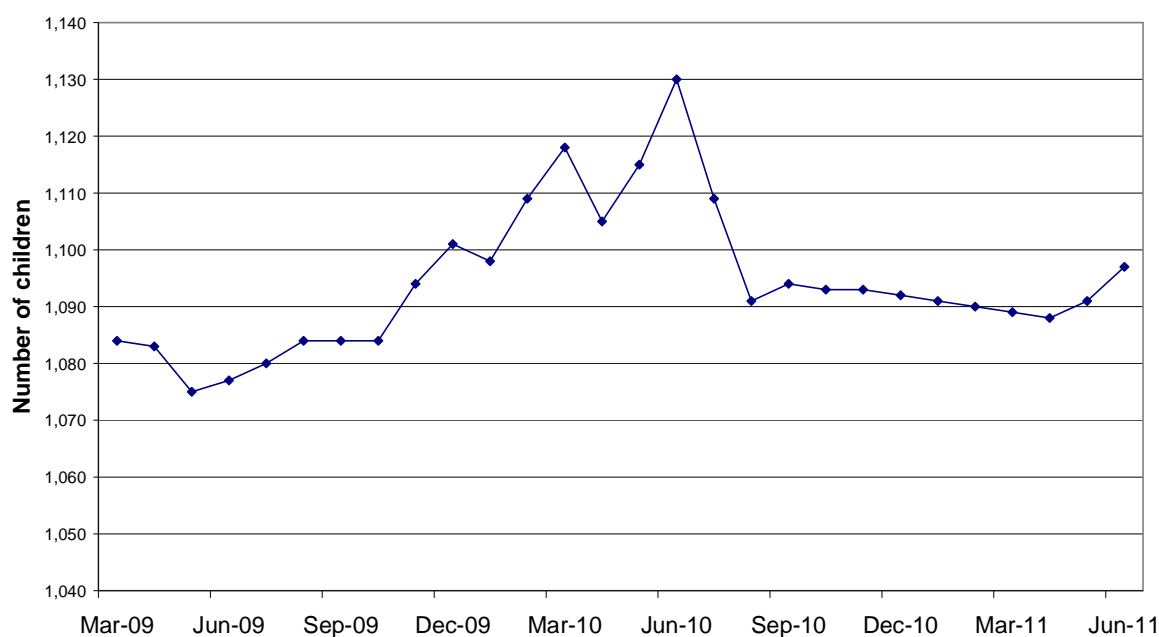
4.6. There is a forecast overspend of £1,151,000, 3.2% of the budget, as follows:

	<b>Current budget £000</b>	<b>Quarter 1 forecast variance</b>	
		<b>£000</b>	<b>%</b>
Purchased Residential Care (Non-County Placements (NCPs) and Secure Welfare)	9,738	1,751	18.0
Purchased Fostering (IFPs)	9,122	(387)	(4.2)
HCC Children's Homes	5,624	191	3.4
HCC Fostering	11,483	(501)	(4.4)
Other Residential	415	98	23.6
<b>Total</b>	<b>36,382</b>	<b>1,151</b>	<b>3.2</b>

4.7. The variances reflect the revised budget allocation, including the £3m growth included in the 2011/12 budget.

4.8. Activity has increased this month to 1,097 from 1,091 in May. The following graph shows the movement in numbers of CLA since March 2009.

**Number of full-time Children Looked After**



*Total number of children looked after (full-time)*

- 4.9. The trends in Hampshire continue to be consistent with national trends and are also linked to a range of other workload pressures in relation to vulnerable children.
- 4.10. As reported previously, there have been a number of drivers for these increased activity levels, the most prominent factors of which have been the public and professional reaction to the Baby P tragedy in Haringey and the impact of the recession. Further possible factors include changes in the legal process (the 'public law outline'), the improved early identification of risk and need in relation to children, and the fact that these are national issues meaning that, on occasions, demand for placements far outstrips supply. This latter point adds an inflationary factor to the costs of placements on top of the simple quantitative pressure.
- 4.11. Children Looked After can be placed in a variety of arrangements, the most common of which are Foster Care and Residential placements (children's homes and in some cases school placements). Other arrangements can include supported lodgings, secure welfare accommodation (secure remand accommodation arrangements are not reflected within Children Looked After activity or expenditure), children who are placed for adoption (subject to final approval), as well as in some circumstances children living at home with their parent(s) on care order.
- 4.12. The proportion of children placed within these different types of arrangements will impact on the financial cost to the department. The overall activity levels (excluding children in short programmed breaks, e.g. CWD respite provision) throughout the year is broken down further in the following table:

Number of children in full-time care by children with a disability (CwD) and non-disabled children)

		<b>Mar-09</b>	<b>%</b>	<b>Mar-10</b>	<b>%</b>	<b>Mar-11</b>	<b>%</b>	<b>Jun-11</b>	<b>%</b>
Non-county placements (purchased residential placements)	Non-disabled	14	1.3	16	1.4	25	2.3	26	2.4
	CWD	37	3.4	40	3.6	47	4.3	48	4.4
	Total	51	4.7	56	5.0	72	6.6	74	6.7
HCC residential children's homes	Non-disabled	35	3.2	40	3.6	34	3.1	34	3.1
Independent Fostering Providers (IFP)	Non-disabled	163	15	180	16.1	180	16.5	187	17.0
	CWD	12	1.1	11	1.0	10	0.9	10	0.9
	Total	175	16.1	191	17.1	190	17.4	197	18.0
HCC Fostering	Non-disabled and CwD	630	58.1	644	57.6	589	54.1	580	52.9
Other	Non-disabled and CwD	193	17.8	187	16.7	204	18.7	212	19.3
<b>Total</b>		<b>1,084</b>		<b>1,118</b>		<b>1,089</b>		<b>1,097</b>	

4.13. This table confirms that, despite a reduction in the overall number of children looked after by the County Council, the number placed within higher cost arrangements (non-county placements or independent foster care) has increased since March 2010 from 247 to 271 children. However, the number of children placed with independent fostering providers has reduced since a peak in July 2010 of 209 to 197 as at the end of June 2011, reflecting the decrease in CLA numbers since that month (1,109 in July 2010).

4.14. An analysis has also been completed of the age profile of the Children Looked After population to determine whether there has been any significant change between March 2008 and June 2011. This shows that a significant proportion of the overall increase since the end of March 2008 relates to children who are either aged between 0 to 4 or 16+ years old. The growth in the number of children over the age of 16 partly reflects changes in legislation brought about by 'Regina (G) v. Southwark' and the legal ruling which followed.

Age Group	Number of CLA as at				Change Mar 2008 to Jun 2011	
	Mar-08	Mar-10	Mar-11	Jun-11	Number	%
0 to 4	194	234	235	222	28	14.4
5 to 10	240	195	185	237	(3)	(1.3)
11 to 15	413	481	449	398	(15)	(3.6)
16+	176	208	220	240	64	36.4
<b>Total</b>	<b>1,023</b>	<b>1,118</b>	<b>1,089</b>	<b>1,097</b>	<b>74</b>	<b>7.2</b>

### Comparison against budgeted activity

4.15. The table below compares the budgeted average number of children looked after (as planned at December 2010) for 2011/12 with the actual average activity to date. This assumes that current activity levels will continue for the remaining year. This shows that purchased residential care is driving much of the forecast overspend, despite overall numbers being lower than budgeted.

	Budgeted average number	Forecast average number	Variance %	Forecast variance £000	Forecast variance %
Purchased residential care (NCPs) / secure welfare	60	74	23.3	1,751	18.0
Purchased fostering (IFPs)	206	197	(4.4)	(387)	(4.2)
HCC children's homes	34	34	-	191	3.4
HCC fostering	608	581	(4.4)	(501)	(4.4)
Other residential	10	22	120.0	98	23.6
Other (including placed at home)	182	188	3.3	n/a	n/a
<b>Total</b>	<b>1,100</b>	<b>1,096</b>	<b>(0.4)</b>	<b>1,151</b>	<b>3.2</b>

### 5. Business Units (Services to Schools and the Children's Centres)

5.1. Appendix 4 shows in detail the business units' anticipated financial position as at the end of Quarter 1 (end of June 2011) compared with their business plans. This appendix also outlines the core contributions made by the department to each of the business units and their current estimated reserves as at 31 March 2012. This can be summarised as follows:

	Original Budget £000	Quarter 1 Forecast £000	Variance £000
Opening balance	5,575	5,575	-
In-year surplus/(deficit)	(1,474)	(1,219)	255
<b>Total</b>	<b>4,101</b>	<b>4,356</b>	<b>255</b>

- 5.2. The main variance is a forecast increase of £311,000 on the Children's Centres Business Unit. However, commitments against the reserves are being reviewed, including the possible use for transition costs for the new contract arrangement from March 2012.

## **6. Partnerships**

- 6.1. 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.

### **Wessex YOT**

- 6.2. The Wessex YOT budget for 2011/12 is £7.2m. The report to the Wessex YOT Management Board in May 2011 confirmed the budget position following the disaggregation of the Isle of Wight Authority and PCT from the partnership.
- 6.3. Following significant reductions in funding, there has been a restructuring of the service and funding has been set aside to help meet the costs of these changes.

### **CAMHS Commissioning Partnership**

- 6.4. The budget for 2011/12 is £9.944m, of which £8m relates directly to the new contract with the Sussex Partnership NHS Foundation Trust. Services outside of this contract include the CAMHS Social workers and other support costs. Hampshire County Council's contribution in respect of the psychological assessment and therapy service for the Swanwick Lodge Secure Unit is included for 2011/12.
- 6.5. The Joint Child Health Commissioning Board received the first quarterly finance report on 25 July. There may be scope within the funds to develop an intensive support service. This will be discussed at a future meeting of the Board, when final outcomes of the transfer arrangements for the new contract are finalised.

### **Hampshire Safeguarding Children Board**

- 6.6. The budget for 2011/12 is £300,000, which was agreed by the Board on 3 July 2011. This includes £52,000 in respect of Hampshire County Council's contribution to the Child Death Overview Panel, which is being administered by the County Council in 2011/12 on behalf of the four authorities (including Portsmouth and Southampton City Councils and the Isle of Wight Council).

## **7. 2011/12 Efficiency Savings**

- 7.1. Appendix 3 summarises the children's services phase 3 efficiency savings proposals in 2011/12, showing that, of the total £18.8m, 90% (£16.9m) is secured and £1.9m is at a 'medium confidence' level of being achieved. This compares with the overall County Council position at June 2011 of 76% of savings being either secured or 'high confidence' level, 10% at medium confidence and just 3% 'low confidence'.

7.2. The majority of the children's services savings emanate from the efficiency programme put in place in 2010/11. The £1.9m that has some risk attached relates to:

- £1.4m for Services for Young Children, including Children's Centres (£0.7m) and Early Education and Childcare (£0.7m). The risk relates mainly to the delayed implementation of the new contract arrangements. However, the service is projecting an overall underspend that will deliver these savings.
- £0.4m for Youth Support Services. This relates to the uncertainty in funding of the Careers Advice and Guidance service. However, the overall savings figure will be achieved through earlier implementation of staff changes.

## **8. Performance update**

8.1. Ofsted completed a focused and intensive inspection of Hampshire's services for safeguarding and children in care during June/July 2011. Ofsted rated all 22 scrutinised areas of Hampshire services as either 'outstanding' or 'good'. 'Leadership and management' and 'performance management' were rated as outstanding, with inspectors finding a strong sense of safeguarding being everyone's business. 'Partnership working' was also graded as outstanding and highly effective, leading to increasingly good outcomes for vulnerable children and young people. Significantly, 'capacity for improvement' in both safeguarding and services for children in care was also rated as outstanding. The positive judgements, together with the continued inspection success of the county's schools and other regulated services, suggest that Hampshire could potentially retain the performing excellently assessment in this year's annual Ofsted rating for the quality of Children's Services.

8.2. Strong progress has been made against the Department Plan for 2011/12, with the majority of measures rated as 'green', signalling that 51.1% of targets are on track to be achieved. Additionally, 21.7% of measures show progress from year end. Key achievements include:

- An increase in the proportion of children gaining 78 points at Early Years Foundation Stage, including at least six points in Communication, Language and Literacy and Personal, Social and Emotional Development, from 54.0% in 2009/10 to 58.3% in 2010/11 (provisional data)
- A decrease in the gap between the lowest achieving 20% at Early Years Foundation Stage and their peers, from 29.7% in 2009/10 to 29.0% in 2010/11 (provisional data)
- A steady increase in the proportion of pupils achieving level 4 or above in both English and maths at Key Stage 2, from 76.0% in 2009/10 to 77.0% in 2010/11 (provisional data)
- An increase in the percentage of pupils achieving five or more GCSEs grade A\*-C, including English and maths, from 58.9% in 2009/10 to 61.5% in 2010/11 (provisional data).

### 8.3. Areas for improvement include:

- The percentage of children in care achieving level 4 in maths at Key Stage 2, which fell from 46.0% in 2009/10 to 41.7% in 2010/11 (provisional data)
- The proportion of children in care experiencing three or more placement moves in a year, which increased from 13.9% in 2010/11 to 15.1% for the 12 months to the end of June 2011
- The gap between pupils with Special Educational Needs and their peers at Key Stage 2, which increased from 61.3% in 2009/10 to 66.0% in 2010/11 (provisional data).

## 9. Workforce update

- 9.1. As shown in appendix 5, at the end of quarter 1 there were 2,550.6 fte employees in post, which is a reduction of 127.9 fte from the end of quarter 4 in 2010/11. Turnover for the first quarter was 2.9%.
- 9.2. The average staff sickness level for the department during quarter 1 was 1.8 days per fte, which compares with 2.0 days per fte for the last quarter of 2010/11.

## 10. Recommendations

- 10.1. Note the forecast position for the revenue budget as at the end of quarter 1, including the partnership budgets and the business unit balances.
- 10.2. Note the performance for the year to date.
- 10.3. Note the performance against sickness absence targets and the impact of the recruitment moratorium.
- 10.4. Note the risks around delivery of the efficiency savings targets.

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

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
Children's Services Department Revenue Budget 2011/12	<u>Reference</u> 2503	<u>Date</u> 28 January 2011
<b>Direct links to specific legislation or Government Directives</b>		
<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.)

<u>Document</u>	<u>Location</u>
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

## Appendix 1 - Cash limit and Revised Budget

### Budget movements in quarter 1

Original budget as at 1<sup>st</sup> April 2011 (from budget book) **987,463**

Type	Reason for movement	£000
<b>LGPS</b>		
	LGPS adjustments	(3,185)
<b>Grants</b>		
	Early Intervention Grant - increase to final allocation	167
	School Milk Grant – increase in allocation	16
	Music Grant (Baseline + formula) -adjustment for 2011/12 decrease in grant amount	(164)
	Extended Rights for Free Travel - adjustment for 2011/12 - increase in grant amount	199
	Grant Carry forwards from 2010/11	9,667
	Allocation for one off admissions funding	32
<b>Inter Departmental Transfers</b>		
	Adult Education	223
	Transfer of salaries for Communications team to Chief Executives	(268)
	Allocation of Rural Strategy Funding for New Forest	12
<b>Reserves</b>		
	Agreed carry-forward of HCC share of partnership underspends	11
	<i>Total movements</i>	<b>6,710</b>

**Budget as at quarter 1 (end of June) 994,173**

### Budget movement in quarter 1 by Branch

Branch	Original budget	Change	Budget quarter 1(end of June)
	£000	£000	£000
Access, Performance and Resources	778,658	3,725	<b>782,383</b>
Education and Inclusion	120,675	(27,267)	<b>93,408</b>
Children and Families	88,130	30,252	<b>118,382</b>
<b>Total</b>	<b>987,463</b>	<b>6,710</b>	<b>994,173</b>

## Appendix 2 - Forecast outturn

### Position as at 30 June 2011 across services

Description	Current Budget	Quarter 1 forecast variance	
	£000	£000	%
<b>Access, Performance and Resources Branch</b>			
<b>Schools Budget</b>			
School Budget Shares	700,273	-	-
LMS Contingency	14,919	(1,770)	(11.9)
EPF	12,919	-	-
School Standards Grant	436	-	-
Music	2,025	-	-
Supply Cover (not sickness)	727	(165)	(22.7)
Admissions	919	-	-
Premature retirement	400	550	137.5
Headteachers' Conferences	150	-	-
Copyright and Licensing	355	-	-
14 - 19 Commissioning	735	-	-
Early Years Grants to Voluntary Orgs	293	-	-
Insurance	40	(10)	(25.0)
School Meals & Milk	212	(2)	(0.9)
Harnessing Technology	1,828	-	-
Other	56	-	-
	<b>736,287</b>	<b>(1,397)</b>	<b>(0.2)</b>
<b>Non-Schools Budget</b>			
14 to 19	54	-	-
Aim High Scheme	18	-	-
Home to School / College Transport	27,534	(345)	(1.3)
Insurance	247	(14)	(5.7)
Interest on Schools' balances	(1)	-	-
Learning and Development	1,826	(23)	(1.3)
Miscellaneous Other	59	(29)	(49.1)
Music	215	-	-
Performance & Partnerships	939	16	1.7
Secondary Exceptions – Pupil Support	152	-	-
Unallocated	914	-	-
Local Children's Partnership	462	-	-
IT Facilities	3,041	(18)	(0.6)
Branch Management	4,445	(204)	(4.6)
Sparsholt Study Centre	5	-	-
Services to schools recharge	(824)	-	-
Premature Retirement - Schools	2,594	-	-
Premature Retirement – Non Schools	793	(39)	(4.9)
IT Development & Systems	1,182	-	-

Description	Current Budget	Quarter 1 forecast variance	
	£000	£000	%
Maintenance			
Children's Services Procurement Unit	1,868	-	-
Minstead & Stubbington Recharges	(65)	(2)	3.1
Strategic Planning & School	665	(3)	(0.5)
Organisation team			
Caretakers Housing	(27)	-	-
	<b>46,096</b>	<b>(661)</b>	<b>(1.4)</b>
<b>Total Access, Performance and Resources Branch</b>	<b>782,383</b>	<b>(2058)</b>	<b>(0.3)</b>

### Education and Inclusion Branch

#### Schools Budget

14-16 Budgets (Schools Budget)	1,160	4	0.3
Education Inclusion Service	8,533	198	2.3
Hampshire Ethnic Minority Achievement Service	1,169	(28)	(2.4)
Gifted and Talented	82	-	-
National Challenge	26	-	-
One to one Tuition	1,633	-	-
Targeted Improvement	45	-	-
Targeted Support – Primary	1,031	-	-
Targeted Support - Secondary	360	-	-
Olympic Legacy & Minibus training	90	(2)	(2.2)
Hospital Recoupment	145	119	82.1
Payments for 3 & 4 Year Olds	33,429	-	-
Extended Flexibility - 3&4 year olds	7,668	-	-
Services for Young Children	839	-	-
Portage	2,393	-	-
AST Management	25	-	-
	<b>58,628</b>	<b>291</b>	<b>0.5</b>

#### Non-Schools Budget

Community Education	1,152	-	-
Community Language Service	31	-	-
County Matches	51	-	-
Education Inclusion Service - Organisation budget	0	-	-
Education for Children Looked After	939	-	-
Music – pupil support	654	-	-
Outdoor Education	223	-	-
School Intervention	310	-	-
Rights, Respect and Responsibility	50	-	-
School Improvement Initiative	64	-	-
Flexible 14 to 19 Partnership	116	(50)	(43.1)

Description	Current Budget	Quarter 1 forecast variance	
	£000	£000	%
Services for Young Children	25,251	(1,036)	(4.1)
14-19 Budgets (non Schools)	542	1	0.2
Duke of Edinburgh's Award	186	-	-
Standards and Improvements	4,508	4	0.1
Education Inclusion Service Management (EIS)	376	22	5.9
Adult Learning	223	-	-
Health & Wellbeing	104	4	3.9
	<b>34,780</b>	<b>(1055)</b>	<b>(3.0)</b>
<b>Total Education and Inclusion Branch</b>	<b>93,408</b>	<b>(764)</b>	<b>(0.8)</b>

### Children and Families Branch

#### Schools

Statemented Pupils	10,161	(423)	(4.2)
Special School Training	51	-	-
Inter Authority Recoupment	630	1,390	220.6
Out of County Special Schools	9,434	(673)	(7.1)
Behaviour Support Teams	1,853	(79)	(4.3)
Behaviour Support Implementation	107	-	-
Independent Investigations	10	-	-
Combined Budget - Locality and CAF	1,499	(24)	(1.6)
Specialist Teacher Advisory Service	1,633	31	1.9
Special Education Needs HUB	44	-	-
Educational Psychology and Behaviour – PRISM	110	-	-
	<b>25,532</b>	<b>222</b>	<b>0.9</b>

#### Non-Schools Budget

Pupil Support (Primary & Secondary)	42	(13)	(30.9)
Youth Support Service	8,767	(473)	(5.4)
Special Educational Needs	2,389	-	-
Educational Psychology and Behaviour	3,027	(129)	(4.3)
Locality Teams (Education Welfare)	1,537	(71)	(4.6)
Adult and Family Learning	247	56	22.7
Commissioning and Social Work	15,900	(2)	-
Children Looked After	36,382	1,151	3.2
Family Support Services	10,417	211	2.0
Youth Justice (including secure children's home)	145	242	166.9
Other Children's Services (including CAMHS contribution)	7,566	(202)	(2.7)
Unaccompanied Asylum Seeking Children	911	-	-

Description	Current Budget	Quarter 1 forecast variance	
	£000	£000	%
Management and Support	3,550	210	5.9
Contribution to Wessex Youth Offending Team	1,970	-	-
	<b>92,850</b>	<b>980</b>	<b>1.1</b>
<b>Total Children and Families Branch</b>	<b>118,382</b>	<b>1,202</b>	<b>1.0</b>
<b>Total Schools Budget</b>	<b>820,447</b>	<b>(884)</b>	<b>(0.1)</b>
<b>Total Non-Schools Budget</b>	<b>173,726</b>	<b>(736)</b>	<b>(0.4)</b>
<b>Total Schools and Non-Schools</b>	<b>994,173</b>	<b>(1,620)</b>	<b>(0.2)</b>

### Appendix 3 Progress against efficiency savings

#### Total Savings Target for Children's Services in 2011/12 - £18.846m

(8% savings target of £15.346m plus £3.5m other budget redeployment savings)

#### Status Summary of Departmental 2011/12 and Phase 3 Corporate Efficiency Savings (as at quarter 1)

	Blue		Green		Amber		Red		Total	
	£000	%	£000	%	£000	%	£000	%	£000	%
Children's Services	16,917	90	0	0	1,929	10	0	0	18,846	100

Key	Red	Amber	Green	Blue
	Low Confidence - Serious actual or forecast problems with containment plans still being developed	Medium Confidence - Some problems but containment plans in place that lower risk	High Confidence - No problems or problems significantly mitigated by containment plans	Secured (Guaranteed) saving. Once selected do not change

#### The £1.929m shown above as amber status consists of :

- Children's Centres £750,000
- Youth Support Services £1.179m
- Whilst the achievability of the full amount of savings from the planned service areas is uncertain, it is highly likely that there will be sufficient in-year savings elsewhere within the services to offset any shortfall.

## Appendix 4 Business Units

2011/12 Forecast Outturn at June 2011 - Quarter 1

### Services to Schools Business Units - Summarised Trading Accounts

	Education Financial Services	Education Personnel Services	Hampshire Governor Services	Stubbington Study Centre	Hampshire Inspection & Advisory Service	Minstead Study Centre	Hampshire Music Service	Services to Schools	Children's Centres
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Core Funding	215	382	648	0	3,760	0	231	5,236	0
Other Income	950	1,282	940	566	4,930	251	6,335	15,253	5,915
Total Income	1,164	1,665	1,588	566	8,690	251	6,566	20,489	5,915
Less Expenditure	1,255	1,712	1,586	629	10,016	254	6,566	22,019	5,604
Forecast Surplus / (Deficit)	(91)	(48)	2	(63)	(1,326)	(4)	0	(1,530)	311
Add reserves brought fwd 1/4/11	271	426	353	438	2,500	(25)	221	4,184	1,391
<b>Estimated reserves as at 31 March 2012</b>	<b>180</b>	<b>378</b>	<b>355</b>	<b>375</b>	<b>1,174</b>	<b>(29)</b>	<b>221</b>	<b>2,654</b>	<b>1,702</b>
Business Plan figures - In-year Forecast Surplus / (Deficit)	(85)	(65)	(7)	(63)	(1,250)	(4)	0	(1,474)	0
Variance % of gross expenditure	(6) (0.5%)	18 1.0%	9 0.5%	0 0.0%	(76) (0.8%)	0 0.0%	0 0.0%	(56) (0.3%)	311 5.5%

## Appendix 5 Workforce

Employees in Post				
	Q1	Q2	Q3	Q4
Employees	3,251			
FTE - Actual	2,550.6			
Full Time Employees	1,817			
Part Time Employees	1,434.0			
Part Time FTE - Actual	734			
Temp Employees	228			
Temp Staff FTE	160.5			
Temp/Perm Staff Ratio	13.3			
PT/FT Staff Ratio	1.3			
Overtime Hours	3,108			

TURNOVER					
	Q1	Q2	Q3	Q4	Projection
No. external leavers	94				376
Turnover (External) %	2.9%				11.6%

SICKNESS ABSENCE					
	Q1	Q2	Q3	Q4	Projection for current year
Absence Hours	36,805				161,942
Absence - fte days per fte	1.8				8.1
Absence% of planned hrs	3.3%				3.3%
Planned hours	1,102,449				4,850,778
Actual absence cost	£532,089.91				£2,341,195.60