

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Children's Services
Date of Decision:	7 December 2011
Decision Title:	Budget Monitoring - 2011/12 Quarter 2
Decision Reference:	3464
Report From:	County Treasurer and Director of Children's Services

Contact name: Gordon Shinn

Tel: 01962 847545

Email: gordon.shinn@hants.gov.uk

1. Executive Summary

- 1.1. This report outlines the budget monitoring position as at the end of quarter 2 (30 September 2011).
- 1.2. The projected outturn for 2011/12 is a net underspend of £3.933m (£1.572m underspend on the schools budget and £2.361m underspend on the non-schools budget). This is an increase in the forecast underspend of £2.313m compared to quarter one. The forecast variance by each branch, and by schools and non-schools budgets is as follows:

	Current budget	Quarter 1 forecast variance	Quarter 2 forecast variance		Change
	£000	£000	£000	%	£000
Access, Performance & Resources (A,P&R)	793,729	(2,058)	(2,909)	(0.4)	(851)
Education & Inclusion (E&I)	94,917	(764)	(927)	(1.0)	(163)
Children & Families (C&F)	116,439	1,202	(97)	(0.1)	(1,299)
Total	1,005,085	(1,620)	(3,933)	(0.4)	(2,313)
<i>Broken down by:</i>					
Schools budget	832,813	(884)	(1,572)	(0.2)	(688)
Non-schools budget	172,272	(736)	(2,361)	(1.4)	(1,625)
Total	1,005,085	(1,620)	(3,933)	(0.4)	(2,313)

- 1.3. The schools budget underspend is net of some continuing significant variances from 2010/11. e.g. central provision underspend (individual school budget allocations), inter-authority recouplement overspend, out county special schools and statemented pupils underspends and further variances on these budgets based on current activity forecasts account for the net change in quarter two. There is a new pressure in 2011/12 relating to premature retirement costs, arising from a school closure and discontinuation of extended services activities and this has increased by £30,000 in quarter two, to £580,000.
- 1.4. On the non-schools budget the main pressure is on Children Looked After, which has a forecast overspend of £581,000, a reduction of £570,000 from quarter one. Forecast savings on Home to School Transport have increased to £529,000. There are also substantial savings on both Services for Young Children and the Youth Support Service and increases in underspend in these areas account for the main changes since quarter one. Excluding these two areas, the underlying position on the non-schools budget is a forecast underspend of £175,000 as follows:

	Quarter 2 forecast variance £000
Access, Performance & Resources (A,P&R)	(1,041)
Education & Inclusion (E&I)	(49)
Children & Families (C&F)	915
Total	(175)

- 1.5. Other significant movements since quarter one include an increased pressure on Family Support services offset by savings on management and support within the Children's and Families branch.
- 1.6. Efficiency savings (8%) are on track to be fully delivered in 2011/12. In preparation for delivery of the full year effect of these savings, as part of the 2012/13 8% target, the termination of a number of community agreements is being negotiated. There are funds within the contingency to support this and, when figures are finalised, the appropriate virement (budget transfer) to the community education budget will be made.

1.7. Significant variances are summarised as follows:

	Variance this period	Change since quarter 1	Para ref
	£000	£000	
Schools Budget			
Central Provisions	(2,206)	(436)	2.5
This forecast reflects a similar rates forecast as last year, a reduced demand for temporary classrooms and lower allocations for children in care. The movement primarily relates to further reductions in demand and in the cost of rates relating to academy conversions, offset by updates to schools budget share allocations, additional SEN place funding and a rise in demand for infant school places.			
Premature retirement - schools	580	30	2.5
This reflects the increased number of school re-organisations and includes a reduction in Parent Support Advisers, Sports and Extended School Co-ordinator roles.			
Statemented Pupils	(858)	(435)	4.5
This forecast underspend relates to low incidence statemented pupil support in mainstream schools with the decrease in the forecast since quarter one reflecting the latest known package information for the inter-authority recoupment of statemented pupils support provision.			
Inter Authority Recoupment	1,333	(57)	4.5
This forecast is based on the continuing trend from 2010/11 of an increasing number of children receiving SEN support placed in Other Local Authority (OLA) special schools.			
Out of County Special Schools	(460)	213	4.5
The revised forecast is based on current placement numbers with the variance this period reflecting known changes to placements.			
Non-schools budget			
Home to School / College Transport	(529)	(184)	2.5/2.6
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. The movement relates to a further reduction of full year contract costs.			

	Variance this period	Change since quarter 1	Para ref
	£000	£000	
Management and Support (Access, Performance and Resources)	(315)	(111)	2.5

This underspend arises from vacancy management, additional income generated by the Health and Safety team, a reduction in premises costs and a drop in demand for CRB checks for social care staff. The movement represents further savings in vacancy management and premises costs.

Services for Young Children	(1,116)	(80)	3.4
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This forecast underspend arises from the early implementation of planned restructuring proposals and other savings within the Early years service in advance of full implementation in 2012/13. The increase in underspend is primarily due to revised estimates of the cost of change and other commitment reviews. Some costs of change will fall in 2012/13, as a result of the new children's centres contracts starting on 23 April 2012 (later than originally planned). Some funds will be carried forward for this purpose.

Youth Support Service	(1,070)	(597)	4.5
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This underspend and movement arises from the early implementation of planned restructuring proposals and other savings in advance of full implementation in 2012/13. The movement this period reflects latest updates of staff leaving dates and revised income and expenditure projections.

Children Looked After	581	(570)	4.5/4.6
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The forecast overspend is primarily due to high cost residential placements and overspends on children's homes from additional staffing costs for high risk children offset by underspends on in house and purchased fostering. This forecast is based on a reduction of 14 in CLA numbers with 1,083 children as at September 2011 and 72 purchased residential placements which is a reduction of 2 placements from the previous quarter.

The most significant area of change this period includes a net decrease of £518,000 on fostering following with a reduction in purchased provision offset by increases in the unit costs of in-house.

Family Support Services	764	553	4.5
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The main area of pressure is on Home Care, due to higher than forecast activity and other family support relating to rising activity on special guardianship orders. The movement largely relates to increases on other family support as a result of additional provisions for respite for children with disabilities.

	Variance this period	Change since quarter 1	Para ref
	£000	£000	
Youth Justice (including Secure Unit)	305	63	4.5

The main reason for this pressure is reduced income at Swanwick Lodge Secure Unit, arising from reduced demand for welfare beds from other local authorities (OLAs).

Management and Support (Children and Families)	(247)	(457)	4.5
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The quarter one variance and subsequent movement largely relates to legal fees. Savings have been made by negotiating a reduction of 10% across the chambers used and strict controls on use of external counsel, enabled by the employment of an additional solicitor.

- 1.8. 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. Forecast outturn across services
 2. Business Units.

2011/12 Revenue Budget

2. Access, Performance and Resources Branch

- 2.1. The current position for Access, Performance and Resources is a forecast underspend of £2.909m (0.4% of the budget). This consists of underspends of £1.868m on the schools budget and of £1.041m on the non-schools budget. There is an overall increase in the forecast underspend of £851,000, as shown in the table below:

	Current budget	Quarter 1 forecast variance	Quarter 2 forecast variance		Change
	£000	£000	£000	%	£000
Schools budget	748,703	(1,397)	(1,868)	(0.2)	(471)
Non-schools budget	45,026	(661)	(1,041)	(2.3)	(380)
Total	793,729	(2,058)	(2,909)	(0.4)	(851)

- 2.2. The schools budget underspend is £1.868m, which predominantly relates to savings in Central Provisions due to lower costs of rates, temporary classroom hire, grant mainstreaming relating to academies and lower than estimated allocations for children in care. This is offset by increased premature retirement costs and an adjustment to reflect recoupment by the Department for Education (DfE) of Local Authority Central Spend Equivalent Grant (LACSEG) budgets for schools converting to academies.
- 2.3. The non-schools forecast underspend of £1.041m primarily relates to home to school/college transport contracts and escort costs. Also, lower management and support costs are anticipated resulting from vacancy management, additional health and safety income and a reduction in premises costs and CRB checks.
- 2.4. Earmarked funds within the contingency budget for the costs of terminating some community agreements will be transferred to the community education budget when the final amounts have been determined.
- 2.5. Significant variances for Quarter 2 are summarised in the following table.

	Variance this period £000	Change since quarter 1 £000
Schools Budget		
Central provisions	(2,206)	(436)

This forecast reflects a similar rates forecast as last year, a reduced demand for temporary classrooms and lower allocations for children in care. The movement relates to updates to schools budget share allocations, a rise in demand for infant school places and additional SEN place funding for a special school. This has been

Variance this period £000	Change since quarter 1 £000
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off-set by a reduction in the cost of rates relating to four school conversions to academies, savings from grant mainstreaming in respect of academies further reductions in children in care allocations and in temporary classrooms, an adjustment for LACSEG and Advanced Skills Teachers funding.

Supply Cover (not sickness)	(215)	(50)
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This reflects a reduction in trade union representatives and a forecast position on suspended staff cover based on 2010/11. The movement relates to a review of the number of officials in post and known suspensions which suggest that expenditure will be lower than last year.

Premature retirement	580	30
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This reflects the increased number of school re-organisations and includes a reduction in Sports Co-ordinators, Extended School Co-ordinators and Parent Support Advisers. The movement relates to higher compulsory redundancy costs than previously forecast.

Non-schools Budget

Home to School Transport	(529)	(184)
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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. The movement relates to a further reduction of full year contract costs since quarter one.

Management and Support A,P&R	(315)	(111)
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This underspend arises from vacancy management and additional income generated by the Health and Safety team, a reduction in premises costs and a drop in demand for CRB checks for social care staff. The movement represents further savings in vacancy management and premises costs.

Home to School Transport (HTST) – further information

2.6. The forecast underspend of £529,000, 1.9% of the budget, has been based on several changes as follows:

- A projected underspend of £248,000 for Escorts' salaries.
- an overall forecast underspend of £407,000 as a result of one-off savings on daily and annual contract costs due in part to prices being held
- a reduction in minibus project costs of £24,000, as the minibus contract at Linden Education Centre 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
- a forecast under-achievement of £127,000 on income (of which £118,000 is a reduction in post 16 income from the local authority partnership fund that ended in March 2011 at short notice).

2.7. Since quarter one, the underspend has increased by £184,000. This is due to further reductions of £200,000 in the 2011/12 contract costs for the period May 2011 to July 2011, which has been offset by the removal of £16,000 inflation allocation for staff earning less than £21,000 per annum.

2.8. This budget is summarised in the following table:

	Current budget	Quarter 1 forecast variance	Quarter 2 forecast variance		Change
	£000	£000	£000	%	£000
Escorts	4,076	(248)	(232)	(5.7)	16
Contracts	21,436	(247)	(448)	(2.1)	(201)
Season Tickets	1,426	23	23	1.6	0
Income	(437)	127	128	29.3	1
Total	26,501	(345)	(529)	(2.0)	(184)

3. Education and Inclusion Branch

3.1. The position for the E&I Branch is a forecast underspend of £927,000. This consists of an overspend of £238,000 on the schools budget and an underspend of £1.165m on the non-schools budget.

	Current budget	Quarter 1 forecast variance	Quarter 2 forecast variance		Change
	£000	£000	£000	%	£000
Schools budget	60,469	291	238	0.4	(53)
Non-schools budget	34,448	(1,055)	(1,165)	(3.4)	(110)
Total	94,917	(764)	(927)	(1.0)	(163)

- 3.2. The schools budget forecast overspend relates to education inclusion centres and hospital recoupment. The impact of the new statutory requirement to provide full-time education to non-excluded pupils is being assessed.
- 3.3. The non-schools forecast underspend position relates primarily to Services for Young Children (SfYC) and Community Education. The SfYC underspend has arisen from early implementation of 2012/13 savings targets. The underspend on Community Education is due to several factors including the impact of schools converting to academies and, therefore, receiving lower payments than originally budgeted. Additional savings on early years account for most of the increased underspend since quarter one.
- 3.4. Significant variances are summarised in the following table.

	Variance this period £000	Change since quarter 1 £000
<u>Schools Budget</u>		
Education Inclusion Service	85	(113)
Management action is being taken to reduce this overspend, which relates to Education Centres. The reduction in the overspend is the result of a review of income projections leading in an increase in income and lower expenditure projections at three centres.		
Hospital Recoupment	165	46
This forecast is based on last year's outturn with a small movement to reflect actual costs in the period. Given the time lag in receiving information from other local authorities, it is difficult to forecast. This movement is the result of invoices received which were higher than had previously been expected.		
<u>Non-schools Budget</u>		
Community Education	(131)	(131)
This underspend arises from several factors including reduced payments to schools as a result of them becoming academies and income received from Sport England which had previously not been budgeted for. The termination costs of community agreements that will end by March 2012 will be charged to this budget. The appropriate virement will be made from the contingency budget.		
Behaviour Support Team – Termination Costs (non schools)	107	107
The forecast overspend of £107,000 relates to redundancy costs, supported on the basis of an agreed business case. If part of this cost of change is met corporately then this pressure would be reduced.		
Services for Young Children	(1,116)	(80)
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 partly led to the current		

**Variance
this period**
£000

**Change
since
quarter 1**
£000

projected underspend, particularly in relation to the Early Years service. The increase in the underspend this quarter is due to a net reduction in the cost of change on Children's Centres and commitment reviews resulting in an lower expenditure projections on Early Years. Some costs of change will slip into 2012/13 as a result of the new children's centres contract starting on 23 April 2012 and, therefore, carry forward of underspend may be required for this purpose.

4. Children and Families Branch

- 4.1. The position for Children & Families is a forecast overspend of £57,000 (0% of the budget). This consists of an overspend on schools budgets of £58,000 and an underspend of £1,000 on non-schools budgets. There is an overall reduction in the underspend of £1.145m since quarter one as shown in the table below:

	Current budget	Quarter 1 forecast variance	Quarter 2 forecast variance		Change
	£000	£000	£000	%	£000
Schools budget	23,641	222	58	0.2	(164)
Non-schools budget	92,798	980	(1)	-	(981)
Total	116,439	1,202	57	-	(1,145)

- 4.2. The schools budget position relates largely to a pressure on Inter-authority Recoupment of £1.333m from the ongoing trend towards more pupils being placed out of the county and fewer pupils from other local authorities being placed within Hampshire. This is largely offset by underspends on Statemented Pupils of £858,000 and Out of County Special Schools of £460,000 from lower activity than budgeted.
- 4.3. The non-schools budget position includes overspends across family support services (£764,000 relating to pressures on special guardianship orders and home care), children looked after (CLA, £581,000), and youth justice (£305,000 largely due to a challenging welfare sales market). The most significant off-setting forecast underspend is on Youth Support Services (£1.070m), arising from the earlier than originally planned re-organisation of youth practitioners. Without this one-off saving in 2011/12 there would be an underlying overspend across children and families of a similar amount.
- 4.4. The non-schools budget change since quarter one, a decrease of £981,000, includes a reduction of £597,000 on Youth Support Services largely from actual

commissioning plans being lower than expected, a reduction of £570,000 on CLA from a reduction in numbers in care, particularly from purchased placements, and a reduction of £457,000 on management and support mainly from efforts to reduce expenditure on legal services. In addition there was an increase in the forecast on family support services of £553,000, largely from additional Section 17 respite arrangements, rising numbers of direct payments and an increase in day care provision.

4.5. Significant variances are summarised in the following table:

	Variance this period £000	Change since quarter 1 £000
<u>Schools Budget</u>		
Statemented Pupils	(858)	(435)

The decrease in the forecast since quarter one of £435,000 includes a reduction of £326,000 following an update of provision for statemented pupils' support recoupment and a reduction of £152,000 on the statemented pupils low incidence top-ups from a range of revisions to the forecast following autumn term allocations. There was also a pressure of £43,000 on the Communication and Language Team budget from a revision to the forecast including additional SEN enhancements now payable to Specialist Teacher Advisers.

Inter Authority Recoupment	1,333	(57)
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This forecast is based on the continuing trend from 2010/11 of an increasing number of children receiving SEN support placed in Other Local Authority (OLA) special schools.

Out County Special Schools	(460)	213
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The underspend of £460,000 reflects all currently known placement activity and likely starters in coming months and includes a forecast underspend of £51,000 on claims from pre-school settings. This also includes an assumption of 50% of the costs of the nine outstanding tribunals valued at a total of £226,000. The change since quarter one, an increase of £213,000, reflects the net position from variations to existing and planned placements.

<u>Non-schools Budget</u>		
Education Psychology	(127)	2

This underspend is being achieved through planned vacancy management.

Youth Support Service	(1,070)	(597)
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This underspend arises from the early implementation of planned restructuring proposals and other savings in advance of full implementation in 2012/13. The movement since quarter one reflects latest updates of staff leaving dates and actual costs to date, leading to a reduction of £168,000, lower than previously expected planned spending on commissioned services by £308,000 and income in excess of budget of £121,000

Variance this period £000	Change since quarter 1 £000
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Locality Teams (Education Welfare)	(145)	(74)
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The underspend that has emerged on the Locality Teams of £145,000 reflects the ongoing recruitment freeze of Education Welfare Officers, with a number of vacancies held since quarter one. The service is preparing for a slight reduction in staffing establishment with a full-year budget reduction of £200,000 with effect from February 2012.

Commissioning and Social Work	53	55
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There are underspends across a number of the teams as a result of recruitment and retention challenges partially offset by the use of agency staff. There are also pressures on the Customer Reception Team of £99,000 from additional staffing requirements to meet workload pressures.

Children Looked After	581	(570)
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The overall variance largely relates to a £1.687m overspend on purchased residential care, with placement activity at 72, which is in excess of the budgeted number of 60. There is also an overspend of £132,000 on other residential costs from greater than budgeted activity on supported lodgings and a pressure on children's homes of £168,000 from additional staffing requirements to meet the needs of challenging children. These pressures are offset by underspends on the fostering service of £370,000 and on purchased fostering costs of £1.036m, due to lower than budgeted activity.

The forecast is based on activity at the end of September of 1,083, down 14 from quarter one. The most significant area of change since quarter one has been purchased fostering with a reduction of £649,000; activity is now at 181, down from 197 at quarter one. There was also a decrease of £64,000 on purchased residential care, with activity reduced to 72 placements from 73. There was an increase in the forecast for in-house fostering of £131,000 including £53,000 from movements in placement activity, despite a decrease in numbers by 17 to 597, and £95,000 additional on skills fees from greater use of level three carers.

Family Support Services	764	553
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The main areas of pressure are home care (£283,000), where the number of children receiving these services is higher than at the same time last year, and other family support (£271,000), largely relating to rising activity on special guardianship orders.

The increase in the forecast since quarter one, £553,000, mainly relates to increases on preventative budgets of £282,000 as a result of additional provisions for respite for children with disabilities. This has eliminated the previously reported underspend. In addition there have been rising commitments for children with disabilities on day care (increased by £105,000) and direct payments (increased by £101,000), reflecting demographic trends.

	Variance this period £000	Change since quarter 1 £000
Youth Justice including Secure Unit	305	63

The main reason for this pressure is reduced income at Swanwick Lodge Secure Unit, arising from reduced demand for welfare beds from other local authorities (OLAs).

Other Children's Services	(270)	(68)
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The main variance is an underspend on leaving care, which reflects the ongoing impacts of the previous year's actions to control placement costs.

Management and Support (C&F)	(247)	(457)
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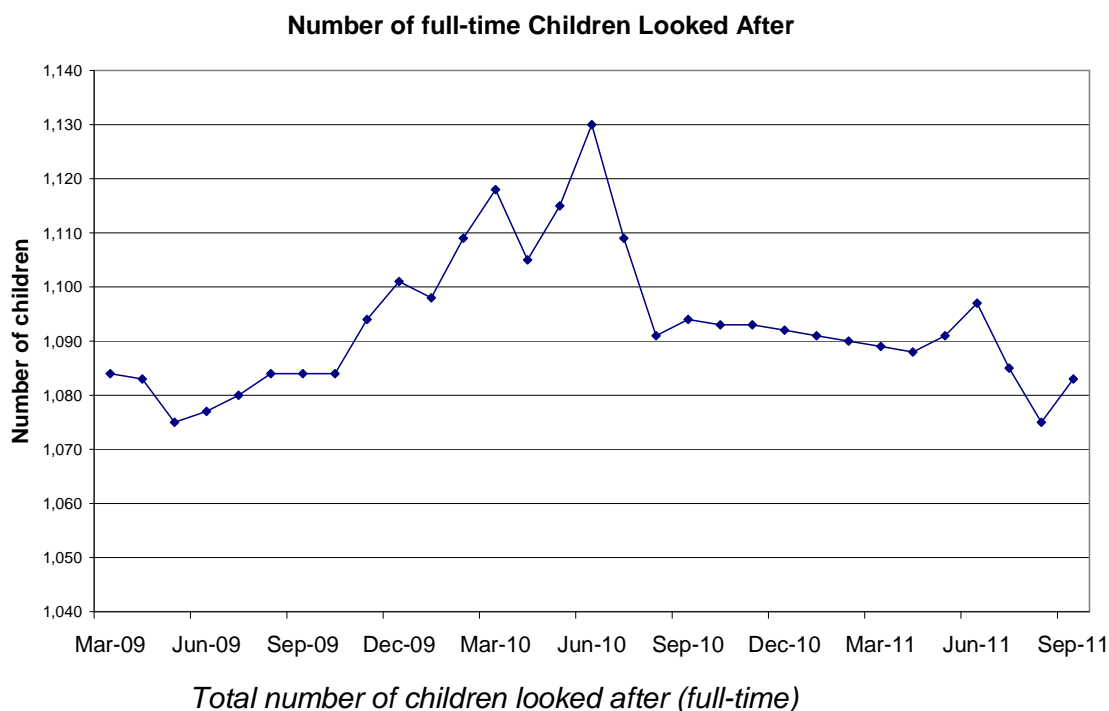
The underspend largely relates to legal fees (£122,000) and other non-staffing budgets, offset by pressures on senior management budgets from staffing costs in excess of mid-point. The movement this period, a decrease in the forecast of £457,000, largely relates to a revision to the legal fees forecast on the latest information, despite the number of open cases remaining fairly constant at 116 in August, compared with 114 in March. Savings have been made by negotiating a reduction of 10% across the chambers used and strict controls on use of external counsel, enabled by the employment of an additional solicitor.

Children Looked After – further analysis

4.6. There is a forecast overspend of £581,000, 1.6% of the budget, as follows:

	Budget £000	Quarter 1 forecast variance £000	Quarter 2 forecast variance £000	%	Change £000
Purchased Residential Care and Secure Welfare	9,738	1,751	1,687	17.3	(64)
Purchased Fostering	9,005	(387)	(1,036)	(11.5)	(649)
HCC Children's Homes	5,440	191	168	3.1	(23)
HCC Fostering	11,676	(501)	(370)	(3.2)	131
Other Residential	415	98	132	31.8	34
Total	36,274	1,151	581	1.6	(570)

- 4.7. The number of CLA at the 30 September was 1,083, down from 1,097 at 30 June. The graph below shows overall CLA numbers on a monthly basis from March 2009:



- 4.8. The trends in Hampshire have been consistent with national trends until the last few months and are also linked to a range of other workload pressures in relation to vulnerable children. However, it appears that, whilst numbers have remained fairly steady recently in Hampshire, the national trend has been further growth. Information on the growth trend prior to March 2009 is contained in the quarter one budget monitoring report.
- 4.9. 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 (Other Residential), 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 a care order.
- 4.10. 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		Mar-09	%	Mar-10	%	Mar-11	%	Jun-11	%	Sep-11	%
Purchased Residential	Non-disabled	14	1.3	16	1.4	25	2.3	26	2.4	23	2.1
	CWD	37	3.4	40	3.6	47	4.3	48	4.4	49	4.5
	Total	51	4.7	56	5.0	72	6.6	74	6.7	72	6.6
HCC residential children's homes	Non-disabled	35	3.2	40	3.6	34	3.1	34	3.1	34	3.1
Purchased Fostering	Non-disabled	163	15.0	180	16.1	180	16.5	187	17.0	170	15.5
	CWD	12	1.1	11	1.0	10	0.9	10	0.9	11	1.0
	Total	175	16.1	191	17.1	190	17.4	197	18.0	181	16.5
HCC Fostering	Non-disabled and CwD	630	58.1	644	57.6	589	54.1	614	56.0	597	54.4
Other Residential (supported lodgings)	Non-disabled and CwD	24	2.2	7	0.6	21	1.9	28	2.6	28	2.6
Other	Non-disabled and CwD	169	15.6	180	16.1	183	16.8	150	13.7	171	15.6
		1,084		1,118		1,089		1,097		1,083	

4.11. This table confirms that, despite the recent reductions in the overall number of children looked after by the County Council, the number placed within higher cost purchased residential arrangements has increased since March 2010 from 56 to 72 children. However, the number of children placed with purchased fostering providers has reduced since a peak in July 2010 of 209 to 181 as at the end of September 2011, reflecting the decrease in CLA numbers since that month (1,109 in July 2010).

4.12. The table below shows the age profile of the Children Looked After population between March 2009 and September 2011. This shows that, whilst the overall number of Children Looked After is similar to the total for March 2009, there has been a significant increase of children aged 16+ years old, offset largely by reductions in 11-15 year-olds. 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 2009 to Sep 2011	
	Mar-09	Mar-10	Mar-11	Jun-11	Sep-11	Number	%
	0 to 4	227	234	235	222	221	(6)
5 to 10	231	195	226	237	238	7	3.0
11 to 15	423	481	408	398	376	(47)	(11.1)
16+	203	208	220	240	248	45	22.2
Total	1,084	1,118	1,089	1,097	1,083	(1)	(0.1)

Comparison against budgeted activity

4.13. 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 is driving much of the forecast overspend, despite overall numbers being lower than budgeted.

	Budgeted average activity	Forecast average activity	Activity variance	Forecast financial variance	
			%	£000	%
Purchased Residential Care / Secure Welfare	60	72	20.0	1,687	17.3
Purchased Fostering	206	187	(9.2)	(1,036)	(11.5)
HCC Children's Homes	34	30	(11.8)	168	3.1
HCC Fostering	608	596	(2.0)	(370)	(3.2)
Other Residential	10	32	220.0	132	31.8
Other (including placed at home)	182	170	(6.6)	n/a	n/a
Total	1,100	1,087	(1.2)	581	1.6

5. Business Units

- 5.1. Appendix 2 shows the business units' anticipated financial position for 2011/12 as at 30 September 2011 compared with their original business plans. This appendix also outlines the core contributions made by the department to each of the business units and their current estimated reserves at 31 March 2012.
- 5.2. The overall in-year deficit for all the business units is estimated at £995,000 (Services to Schools £934,000, Children's Centres £61,000), a reduction of £224,000 compared with quarter one and £479,000 less than original business plans.
- 5.3. The main variances are as follows:
 - an increase in surplus of £387,000 on Hampshire Music Service, arising from additional income
 - a change of £372,000 on the Children's Centres Business Unit, to a forecast deficit of £61,000. This change is primarily as a result of the inclusion of commitments on carried forward funds from 2010/11 that were omitted in quarter one.

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.
- 6.4. Based on the most recent report to the Board (September 2011), there is a forecast overspend of £40,000 (0.6% of the budget) which can be off-set against funding unallocated within the Wessex YOT contingency of £280,000, resulting in a potential underspend of £240,000. However there are other potential calls on the contingency. Any remaining underspend will be returned to partners in line with their 2011/12 percentage contribution.

CAMHS Commissioning Partnership

- 6.5. 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.
- 6.6. There is a small underspend of £10,000 forecast. However, there may be scope arising from savings within the funds held aside for costs of change by NHS Hampshire 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 (HSCB)

- 6.7. 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).
- 6.8. The last report to HSCB on 3 October showed a forecast underspend of £8,000, which will be held as a contingency.

7. 2011/12 Efficiency Savings

- 7.1. Of the total £18.8m children's services phase 3 efficiency savings proposals in 2011/12, 90% (£16.9m) is secured and 10% (£1.9m) is at a 'high confidence' level of being achieved. The majority of the children's services savings emanate from the

efficiency programme put in place in 2010/11. The £1.929m that has some risk attached relates to:

- £750,000 for Services for Young Children. The contract start date for the new arrangements for children's centres has been confirmed as 23 April 2012. This will have a financial implication with regard to reduced savings being achieved in 2012/13 in the region of £300,000 and will also impact on the cost of change. The service is projecting an overall underspend that covers these risks
- £1.179m for Youth Support Services. This relates to the uncertainty in funding of the Careers Advice and Guidance service (£729,000 of this total). Proposals for tendering / service delivery are currently being evaluated by the service which will have an impact on the savings achieved. However, there are sufficient additional savings within the service arising from the earlier than planned implementation of the revised youth practitioner structure to cover this.

8. Recommendation

- 8.1. Note the forecast position for the revenue budget as at the end of quarter 2, including the partnership budgets and the business unit balances.

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

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

Other Significant Links

Links to previous Member decisions:		
Children's Services Department Revenue Budget 2011/12	<u>Reference</u> 2503	<u>Date</u> 28 January 2011
Budget Monitoring, Performance and Workforce - 2011/12 Quarter 1	3196	28 September 2011
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

Appendix 1 - Forecast outturn

Position as at 30 September 2011 across services

Description	Current budget	Quarter 1 forecast variance	Quarter 2 forecast variance		Change
	£000	£000	£000	%	£000
Access, Performance and Resources Branch					
Schools Budget					
School Budget Shares	701,153				
Central Provisions	30,370	(1,770)	(2,206)	(7.3)	(436)
Per pupil premium	8,315				
School Development	102				
Music Formula	2,025				
Supply Cover (not sickness)	727	(165)	(215)	(29.6)	(50)
Admissions	919		(27)	(2.9)	(27)
Premature retirement	400	550	580	145.0	30
Headteachers' Conferences	150				
Copyright and Licensing	355		12	3.4	12
14 - 19 Commissioning	735				
Early Years Grants to Voluntary Orgs	293				
Insurance	40	(10)	(10)	(25.0)	
School Milk	212	(2)	(2)	(0.9)	
Information Technology	1,828				
Support Services recharge	1023				
Misc. Other	56				
	748,703	(1,397)	(1,868)	(0.2)	(471)
Non-Schools Budget					
14 to 19	54				
Aim High Scheme	18				
Extended Schools - SF	14		2	14.3	2
Home to School / College Transport	27,518	(345)	(529)	(1.9)	(184)
Insurance	247	(14)	(14)	(5.7)	
Interest on Schools' balances	(1)				
Learning and Development	1,926	(23)	(41)	(2.1)	(18)
Miscellaneous Other	59	(29)	(29)	(49.2)	
Music – pupil support	215				
Performance & Partnerships	941	16	(6)	(0.6)	(22)
Secondary Exceptions – Pupil Support	152				
Unallocated	941				
Local Children's Partnerships	462				
Information Technology Facilities	3,041	(18)	(18)	(0.6)	
Management and Support A,P&R	4,358	(204)	(315)	(7.2)	(111)
Services to schools recharge –	(886)	(2)	3	(0.3)	5

Description	Current budget	Quarter 1 forecast variance	Quarter 2 forecast variance		Change
	£000	£000	£000	%	£000
Business Units					
Premature Retirement – Schools	2,510		(44)	(1.8)	(44)
Premature retirement – non schools	793	(39)	(39)	(4.9)	
IT Development & Systems Maintenance	1,182				
Children’s Services Procurement Unit	1,868		(2)	(0.1)	(2)
Strategic Planning & School Organisation team	664	(3)	(9)	(1.4)	(6)
Caretakers Housing	(27)				
Recharge to Schools Budget	(1023)				
	45,026	(661)	(1,041)	(2.3)	(380)
Total Access, Performance and Resources Branch	793,729	(2,058)	(2,909)	(0.4)	(851)

Education and Inclusion Branch

Schools Budget

14-19 Budgets (Schools Budget)	1,298	4	(1)	(0.1)	(5)
Education Inclusion Service	8,533	198	85	1.0	(113)
Ethnic Minority Achievement Service	1,169	(28)	(33)	(2.8)	(5)
Gifted and Talented	82				
National Challenge	26				
One to one Tuition	1,520				
Targeted Improvement	45				
Targeted Support – Primary	1,031				
Targeted Support - Secondary	360				
Olympic Legacy & Minibus training	90	(2)	(29)	(32.2)	(27)
Hospital Recoupment	145	119	165	113.8	46
Services for Young Children - Payments for 3 & 4 Year Olds	33,429				
Services for Young Children - Extended Flexibility - 3&4 year olds	7,668				
Services for Young Children – Other (incl.Portage)	3,195		51	1.6	51
Behaviour Support Team	1,853				
AST Management	25				
	60,469	291	238	0.4%	(53)

Non-Schools Budget

Community Education	1,152		(131)	(11.4)	(131)
Community Language Service	31				

Description	Current budget	Quarter 1 forecast variance	Quarter 2 forecast variance		Change
	£000	£000	£000	%	£000
Education for Children Looked After	908				
Music – pupil support	702				
Outdoor Education	443		(17)	(3.8)	(17)
School Intervention	310				
Rights, Respect and Responsibility	50				
School Improvement Initiative	64				
Services for Young Children	25,156	(1,036)	(1,116)	(4.4)	(80)
14-19 Budgets (non schools)	545	(49)	16	2.9	65
Standards and Improvements	4,428	4	(33)	(0.7)	(37)
Management and Support E&I	375	22	17	4.5	(5)
Adult Learning	198				
Health & Wellbeing	86	4	(8)	(9.3)	(12)
Behaviour Support Team – Termination costs (non schools)	0	0	107		107
	34,448	(1,055)	(1,165)	(3.4)	(110)
Total Education and Inclusion Branch	94,917	(764)	(927)	(1.0)	(163)

Children and Families Branch

Schools

Statemented Pupils	10,123	(423)	(858)	(8.5)	(435)
Special School Training	51				
Inter Authority Recoupment	630	1,390	1,333	211.6	(57)
Out of County Special Schools	9,434	(673)	(460)	(4.9)	213
Behaviour Support Teams	0	(79)			79
Behaviour Support Implementation	107		5	4.7	5
Combined Budget - Locality Teams	1,499	(24)	(27)	(1.8)	(3)
Specialist Teacher Advisory Service	1,633	31	74	4.5	43
Special Education Needs Hub	44				
Independent Investigations	10				
PRISM - Educational Psychology	110		(9)	(8.2)	(9)
	23,641	222	58	0.2	(164)

Non-Schools Budget

Special Educational Needs	2,384		5	0.2	5
Educational Psychology and Behaviour	3,025	(129)	(127)	(4.2)	2
Youth Support Services	8,854	(473)	(1,070)	(12.1)	(597)
Locality Teams (Education)	1,536	(71)	(145)	(9.4)	(74)

Description	Current budget	Quarter 1 forecast variance	Quarter 2 forecast variance		Change
	£000	£000	£000	%	£000
Welfare)					
Commissioning and Social Work	15,843	(2)	53	0.3	55
Children Looked After	36,274	1,151	581	1.6	(570)
Family Support Services	10,427	211	764	7.3	553
Youth Justice (including Swanwick Lodge Secure Unit & contribution to Wessex YOT)	2,024	242	305	15.1	63
Other Children's Services	7,565	(202)	(270)	(3.6)	(68)
Management and Support	3,549	210	(247)	(7.0)	(457)
Pupil Support (Primary & Special)	42	(13)	(13)	(31.0)	
Parenting	364	56	9	2.5	(47)
Unaccompanied Asylum Seeking Children	911				
	92,798	980	(155)	(0.2)	(1,135)
Total Children and Families Branch	116,439	1,202	(97)	(0.1)	(1,299)
Total Schools Budget	832,813	(884)	(1,572)	(0.2)	(688)
Total Non-Schools Budget	172,272	(736)	(2,361)	(1.4)	(1,625)
Total Schools and Non-Schools	1,005,085	(1,620)	(3,933)	(0.4)	(2,313)

2011/12 Forecast Outturn at September 2011 - Quarter 2
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	935	1,251	934	597	5,030	251	6,646	15,643	5,894
Total Income	1,150	1,633	1,581	597	8,790	251	6,877	20,879	5,894
Less Expenditure	1,090	1,756	1,570	610	10,043	254	6,490	21,813	5,955
Forecast Surplus / (Deficit)	60	(123)	12	(14)	(1,253)	(4)	387	(934)	(61)
Add reserves brought fwd 1/4/11	271	426	353	438	2,500	(25)	221	4,184	1,391
Estimated reserves as at 31 March 2012	331	303	365	424	1,247	(29)	608	3,250	1,330
Business Plan figures - In-year Forecast Surplus / (Deficit)	(85)	(65)	(7)	(63)	(1,250)	(4)	0	(1,474)	0
Variance	145	(57)	19	49	(3)	0	387	540	(61)
% of gross expenditure	13.3%	(3.3%)	1.2%	8.0%	0.0%	0.0%	6.0%	2.5%	(1.0%)