



Hampshire
County Council

Budget Briefing 2013/14

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Key Corporate Issues for 2013/14

- Business Rate Retention replaces old grant system (sort of)
- Council Tax Benefit replaced by local Council Tax Support Schemes
- Two year grant settlement for last two years of CSR 2010
- Mini CSR expected spring 2013 for 2015/16 only
- Period of austerity expected to last until 2017/18 financial year

Key Issues from 2013/14

- Further year of Council Tax Freeze Grant (equivalent to 1% increase - £5.3M) payable in 2013/14 and 2014/15 only
- Public Health grant of £36.7M rising to £40.4M announced. Still studying detail but looking favourable at the moment
- Hampshire is still a 'floor' authority
- Floor Authorities get maximum grant decrease – 8.7% in 2013/14 and 9.6% (calculated) in 2014/15
- Small increases in Learning Disability and Health Reform Grant
- Large decreases in Early Intervention Grant (EIG)

Council Tax Calculation 2012/13

	£'000
Budget Requirement	711,613
Formula Grant	(177,253)
Collection Fund Surplus	(4,190)
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Council Tax Requirement	530,170
Tax base	510,820
Band D Council Tax	£1,037.88

Council Tax Calculation 2013/14

	2012/13	2013/14	Change	Change
	£'000	£'000	£'000	%
Budget Requirement	711,613	755,379	43,766	6.2%
Business Rates & Grant	(177,253)	(262,963)	(85,710)	48.4%
Collection Fund Surplus	(4,190)	(1,500)	2,690	-64.2%
Council Tax Requirement	530,170	490,916	(39,254)	-7.4%
Tax base	510,820	473,000	(37,820)	-7.4%
Band D Council Tax	£1,037.88	£1,037.88	(0.00)	0.0%

New Grant Model – Old Inputs

	£'000
Formula Grant Funding	131,086
Council Tax Freeze Grant (2011/12)	13,161
Council Tax Support Grant	43,430
Early Intervention Grant	31,066
Lead Local Flood Authorities Grant	208
Learning Disability and Health Reform Grant	44,012
Total	<u>262,963</u>

New Grant Model - Outputs

£'000

Retained Business Rates	41,841
Top up from Government	63,212
Revenue Support Grant	157,910
Total	262,963

New Grant Model – District Example

£'000

Retained Business Rates	17,790
Tariff to Government	-15,710
Revenue Support Grant	3,127
Total	<u>5,207</u>

Early Intervention Grant

	£'000
Transfer to DSG for 2 year olds	5,300
Reduction in Grant	3,000
Top slice for 'adoption'	2,700
Total Reduction	11,000

- So loss of grant is £5.7M but we currently only spend £4.6M on 2 year olds, so we lose a further net £700,000
- May get £1.8M of £2.7M top slice back, but it may come with strings attached
- Current policy is to passport grant losses – aim to cash flow fund in 2013/14 to allow time to implement any necessary changes



Net Grant Reduction

	2013/14	2014/15	Total
	£'000	£'000	£'000
Settlement - Net Loss of Grant	(12,128)	(16,051)	(28,179)
Assumed in June MTFS	(14,768)	(11,946)	(26,714)
Net (Loss) / Gain	2,640	(4,105)	(1,465)

Other Budget Changes

- Loss of Council Tax Income due to further freeze
- Partly offset by Council Tax Freeze Grant
- Additional contingencies for extra care transition
- Carry forward of £16M unspent 2012/13 contingencies to provide one off funding for 2013/14 and 2014/15 budget
- EIG reduction - cash flow funding in 2013/14
- Reliance on grant equalisation reserve to smooth impact and give more time for next phase of transformation

Overall Budget Position

	2013/14	2014/15
	£'000	£'000
Revised Deficit following Settlement	5,458	*16,290

Options to close the gap :-

Extra collection fund surplus 2012/13 – One off
2012/13 pay inflation not required – Recurring
New Homes Bonus – Recurring
Grant equalisation reserve – One off

* Based on a 2% council tax referendum limit

Children's Services Capital

- Draft capital programme £253m over 3 years:
 - £90.0m 2013/14
 - £89.4m 2014/15
 - £73.5m 2015/16
- School Places Plan
- Growing school numbers – primary age
- Strategy paper to Exec Lead Member in March 2013

Children's Services Revenue Budget

- 2012/13
- 2013/14

– Schools and Non-schools



Children's Services Budget 2012/13

	Cash Limit £000	Quarter 2 Variance £000	%
Schools	699,285	-360	-0.1
Non-schools	166,014	-80	-
Total	865,299	-440	-0.1



2012/13 – key issues

- Schools Budget
 - Payments for 3 and 4 year olds +£650k
- Non-schools budget
 - Children Looked After +£3.6m
 - Family Support -£641k
 - Other children's services -£477k
 - Home to School Transport -£931k
 - Services for Young Children -£1.8m
- £10.4m efficiency savings delivered



Children's Services 2013/14

- 2% AET - £2.349m
- Govt grant impacts:
 - Early Intervention Grant (EIG), which is being reduced (in addition to the transfer of funds to the Dedicated Schools Grant (DSG) to pay for free provision for the most vulnerable two year olds);
 - Local Authority LACSEG (Local Authority Central Spend Equivalent Grant), which has been replaced by a new grant – the Education Services Grant (ESG), which also relates to services provided by other departments; and
 - Dedicated Schools Grant (DSG) where there is a 'flat cash' settlement but the main impact is the implementation of the new funding formula for schools.

2013/14 Budget – 2% Savings

£000

Home to School Transport	330
Contingency (community funding)	400
Learning & development	325
Special Educational Needs	255
Sold services	180
Governor Services	200
Early Years Foundation Stage	105
Grants to voluntary organisations	100
Other	454
Total	2,349

Education Services Grant

- Replaces Local Authority budget LACSEG
- Includes therapy/health, statutory and regulatory services, school improvement, education welfare, asset management etc
- Nationally set rates for schools and academies **BUT**
- Recognises local authority retained responsibilities for academy pupils (educ welfare, asset mgt, stat/reg duties)
- Protects academy budgets



Education Services Grant

- National top-slice from formula grant based on Section 251 returns 2011/12
- Per pupil allocations - £116 (£435 PRUs/AP, £493 Special) **BUT** Academies get £150 plus protection
- School retained responsibilities - £15 per pupil
- Provisional ESG for HCC - £23m, of which about £4m to academies.
- Our estimate of 2012/13 costs - £19.4m
- Our estimate of school retained responsibilities in 2012/13 - £30+ per pupil

2013/14 Schools Budget – key features

- New funding formula
- DSG – 3 notional blocks (Schools, Early Years, High Needs)
- ‘Cash flat’ settlement
- Minimum Funding Guarantee – minus 1.5% per pupil
- Transitional protection 3 year old 90% funding floor



School Funding Formula

- Pupil driven budgets – Govt aim to maximise delegation to schools
- Sets formula for all schools and academies in LA area
- Nine factors in schools block
- 3 ‘concessions’ achieved in consultation:
 - Protection of smaller schools – the upper limit of the lump sum for all schools was increased to £200,000. Hampshire is using £190,000;
 - Turbulence and service families – a ‘pupil mobility’ factor is now allowed, although this doesn’t target service family movement specifically: it relates to general pupil number changes;
 - Growing schools – we can now give protection for increases due to basic need growth.
- Principles established and agreed with Schools Forum
- Extensive consultation with schools



Schools Budget – Other Key issues

- Pupil Premium – additional to DSG
 - £900 (FSM, CLA), £300 (service families)
- Early Years – increasing take-up of 3 year olds; new 2 year old entitlement
- High Needs – place funding, top-up framework
- Increased ‘basic need’ provision
- Capital expenditure met from revenue (£11.7m)
 - £7.0m central (committed)
 - £4.7m delegated to schools but seeking pool arrangement

Schools Budget strategy

- £1.8m transferred from High Needs to Schools for statemented pupils top-up
- Release £7m ongoing funding in base budget - £1.5m add'l DSG from 2012/13, £5.5m central provision
- £1.9m extra to 'Growth Fund' (Basic need places)
- £1.8m extra for 3 year olds
- Contingencies - £0.5m Early Years, £0.5m High Needs top-up
- £2.6m extra in schools block base

2013/14 Schools Budget

Block	Total Budget	DfE notional block alloc	Difference	Adjusts to come	Net Difference
	£000	£000	£000	£000	£000
Schools	700,812	698,584	2,228	-	2,228
Early Years	58,342	56,399	1,943	(1,943)	-
High Needs	81,909	83,742	(1,833)	(395)	(2,228)
Total	841,063	838,725	2,338	(2,338)	-

Schools Budget Adjustments

- £1.3m increase in DSG based on forecast pupil numbers for January 2013 and January 2014 (Early Years)
- £528,000 DSG carry forward from 2009/10 (Early Years)
- £115,000 one-off funding carried forward from 2012/13 (Early Years)
- £395,000 increase in DSG forecast for high needs growth



CS Schools 2013/14 Budget

	2013/14 £000
Dedicated Schools Grant (DSG)	841,063
Less funding for Academies	(145,525)
Sub-total	695,538
Less items managed by Policy and Resources	(6,959)
Pupil Premium Grant	16,498
Music Grant	1,461
Total schools budget managed by Children's Services	706,538

Children's Services 2013/14 Budget Summary

	2013/14 £000
Total expenditure	891,952
Income other than Government Grants	25,067
Cash Limit	866,885
Government Grants:	
- Dedicated Schools Grant	695,538
- Pupil Premium Grant	16,498
- Music Grant	1,461
- Milk Grant	194
- Extended Rights for Free Travel	1,023
- Unaccompanied Asylum Seeking Children	700
Total Government Grants	715,220
Total net expenditure	151,665

Department context and priorities

John Coughlan, Director

Steve Crocker, Deputy Director



Hampshire
County Council

2012/13 – key developments

- Children's centres tenders
- Youth provision
- Careers advice and guidance
- Ofsted inspections
- School places planning
- Schools relationships – academies, funding formula



2013/14 Budget – Non-schools

- Family Support
- Safeguarding
- Leaving care
- Remands in custody
- Family court decisions

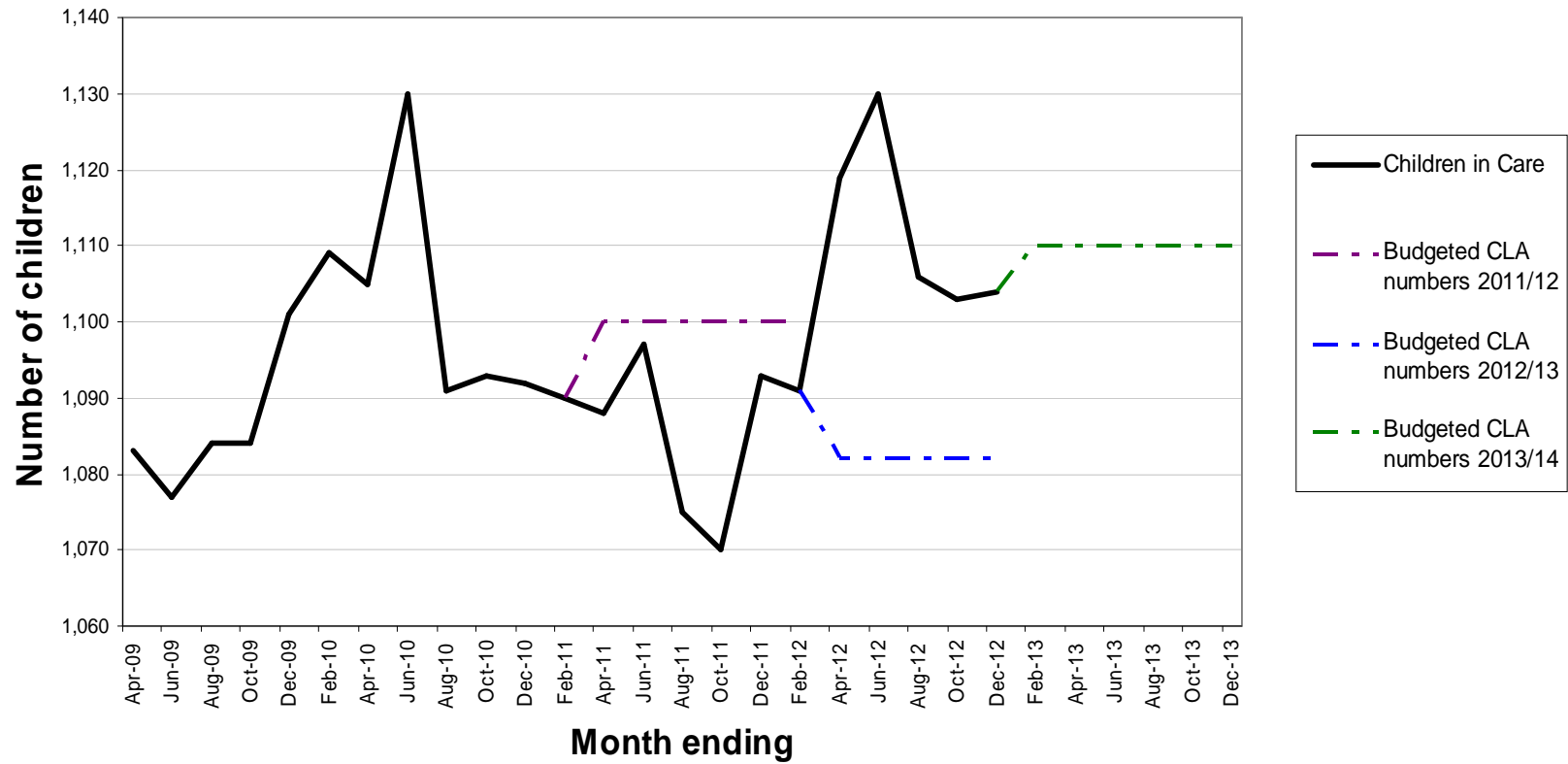


2013/14 Budget – Non-schools

- Children Looked After
 - £3.5m o/s offset by other savings
 - 2013/14 base budget re-aligned to reflect pressure
- Front-line child protection
 - Caseloads
 - Each team costs approx £500k
- Early Help
 - Combined budget - £3m (£1.5m schools, £1.5m non-schools)

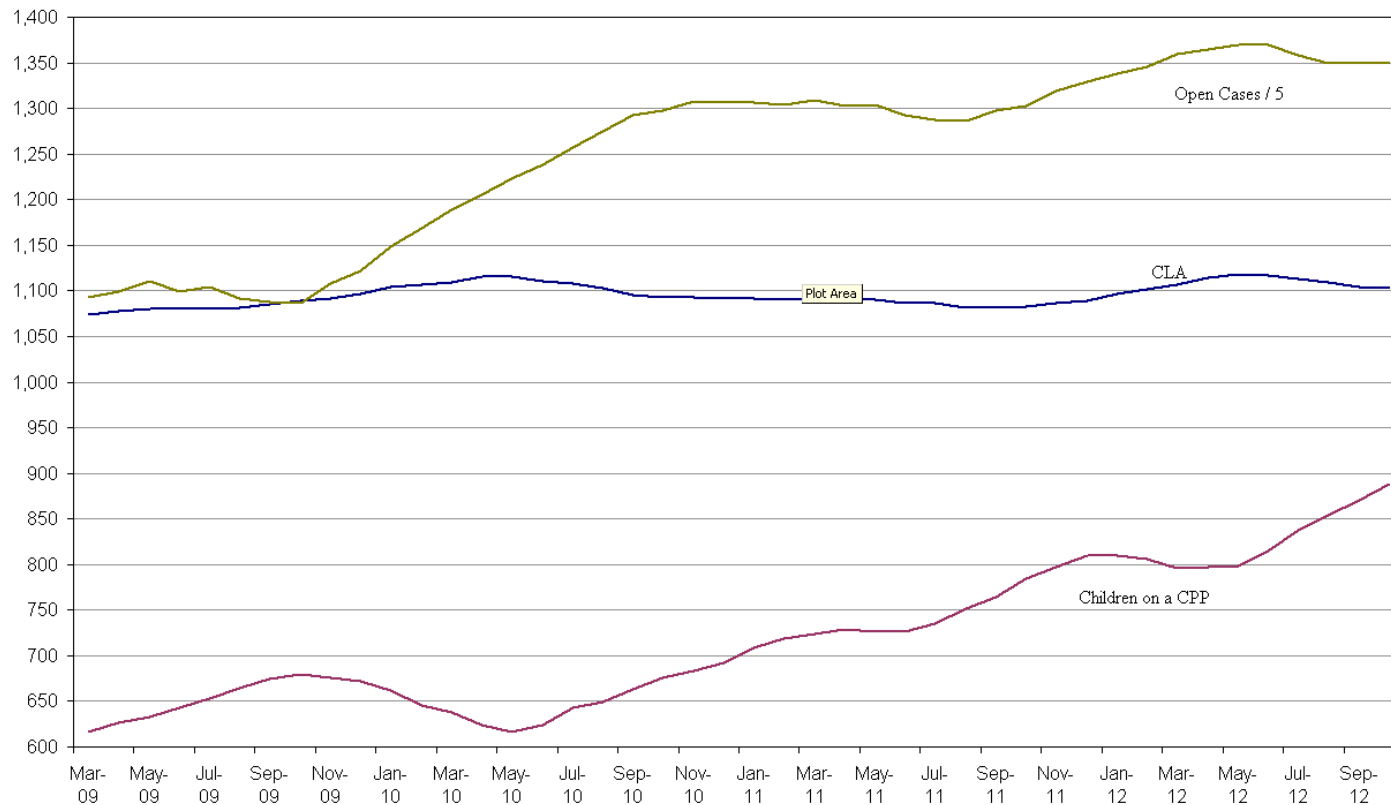


Children Looked After numbers



Activity trends – Child protection, open caseload and Children Looked After

Activity Volumes - Five month moving averages from March 2009 - December 2012

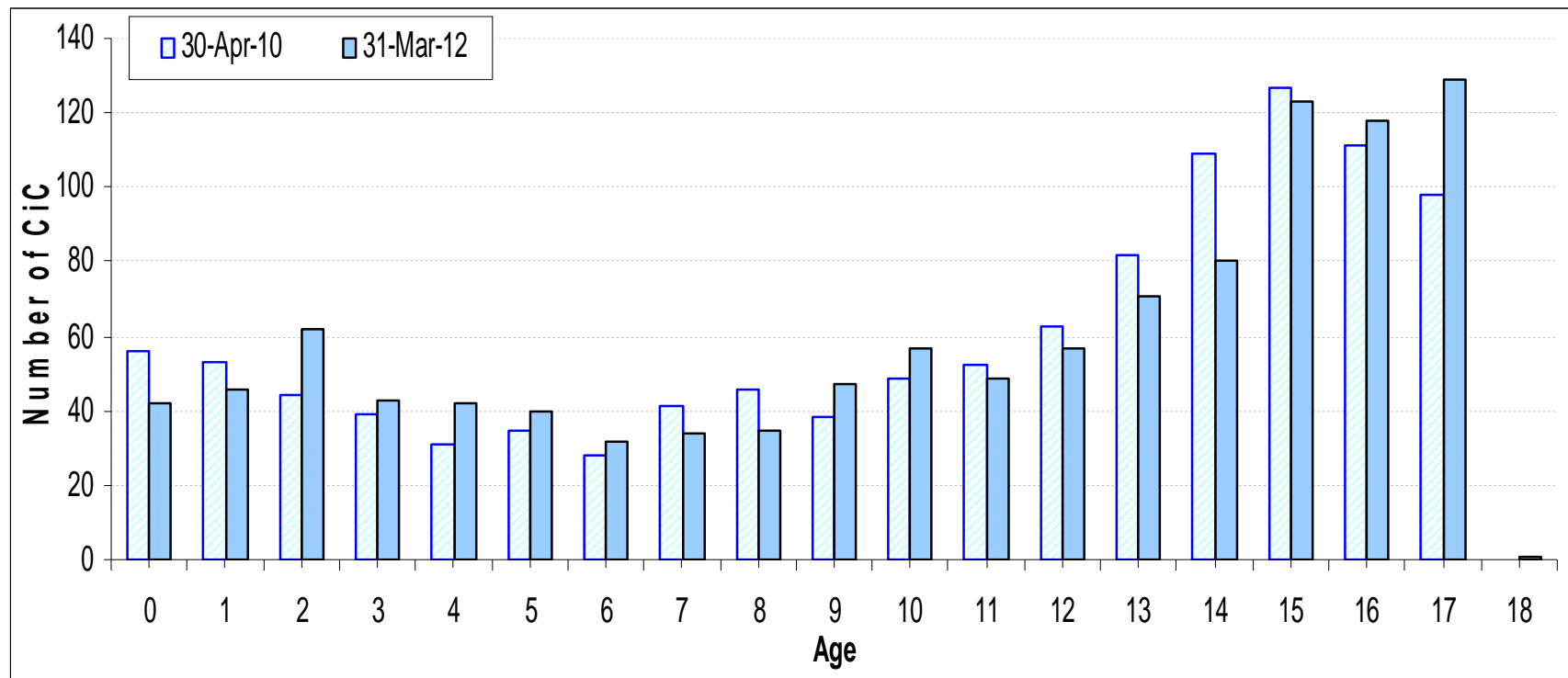


Number of Children Looked After by age band

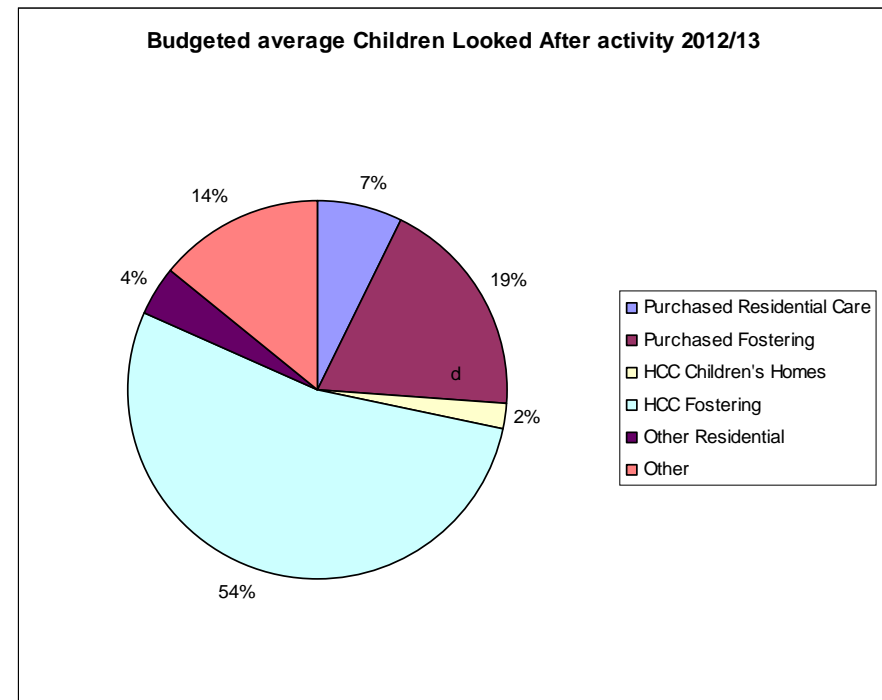
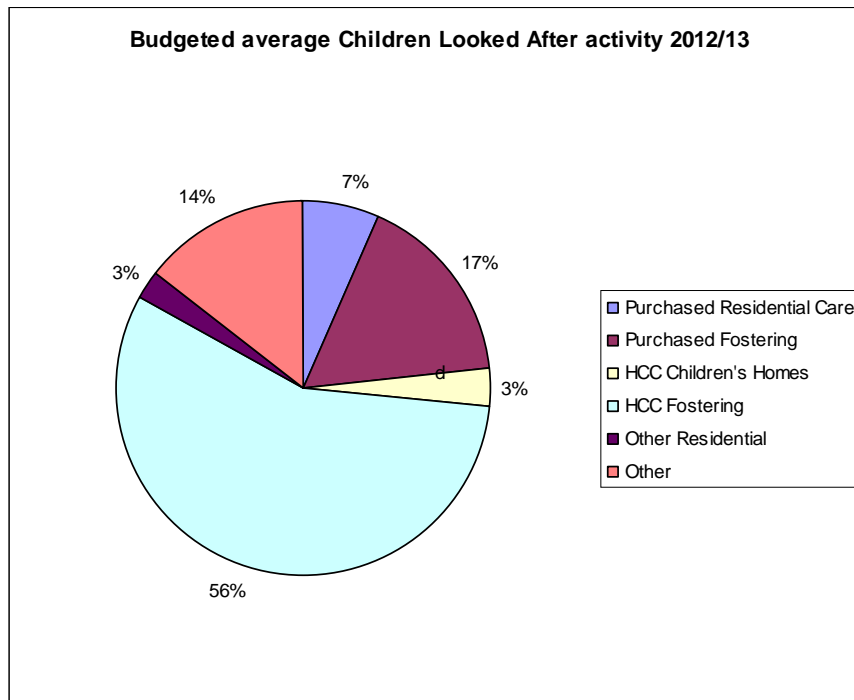
	Number of CLA						Change March 2009 to Dec 2012	
	Mar-09	Mar-10	Mar-11	Mar-12	Sep-12	Dec-12	Number	%
0 to 4	227	234	235	236	218	222	-5	(2.2)
5 to 10	231	195	226	245	243	239	8	3.5
11 to 15	423	481	408	379	390	392	-31	(7.3)
16+	203	208	220	248	249	251	48	23.6
Total	1084	1118	1089	1108	1100	1104	20	1.8



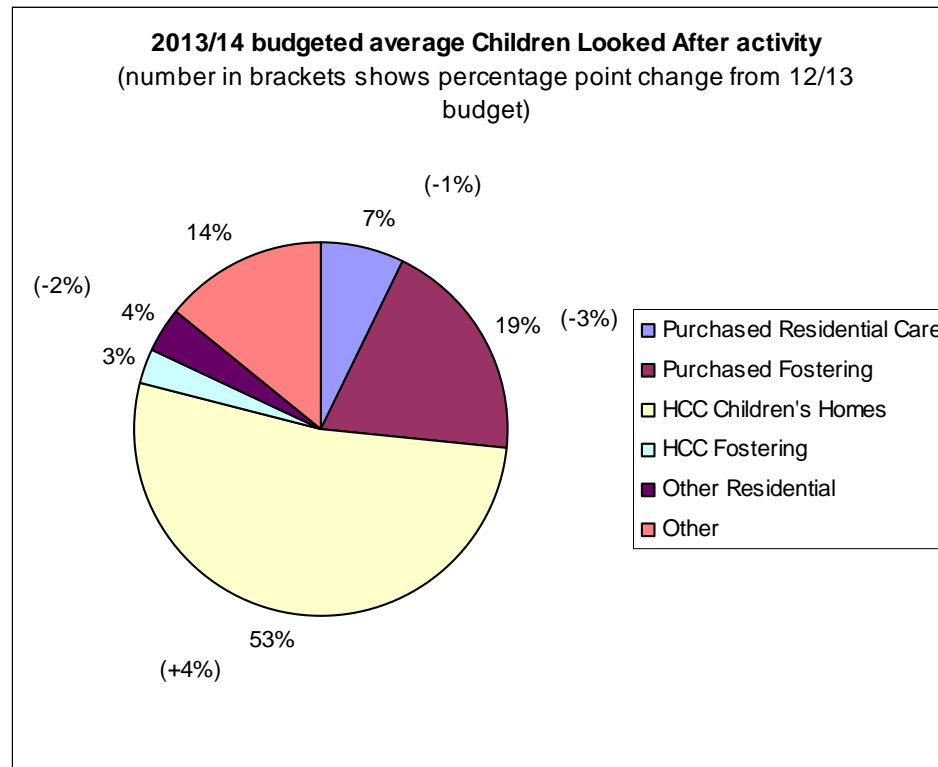
Number of Children in Care by age



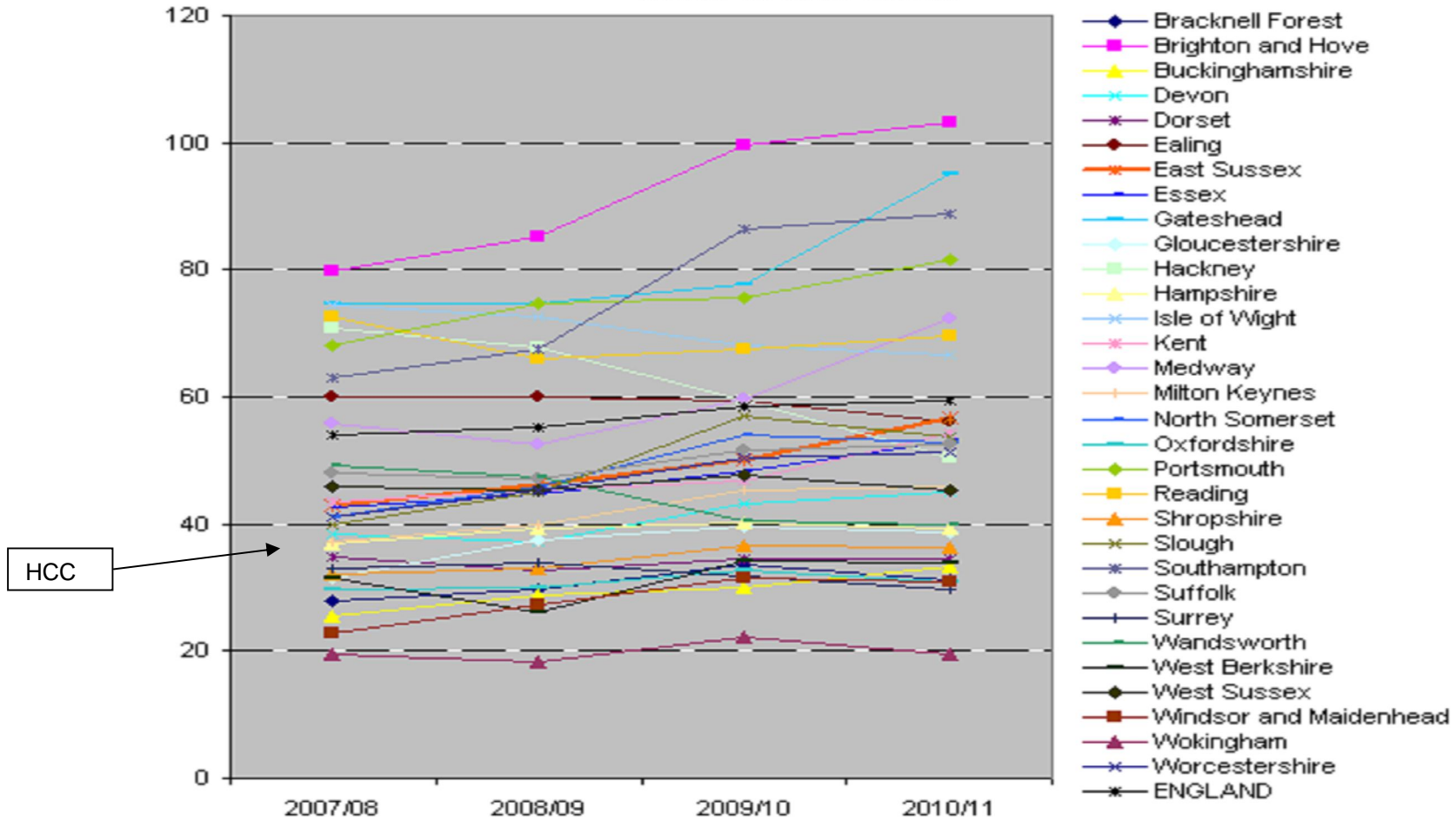
Distribution of placements for Children looked After 2012/13



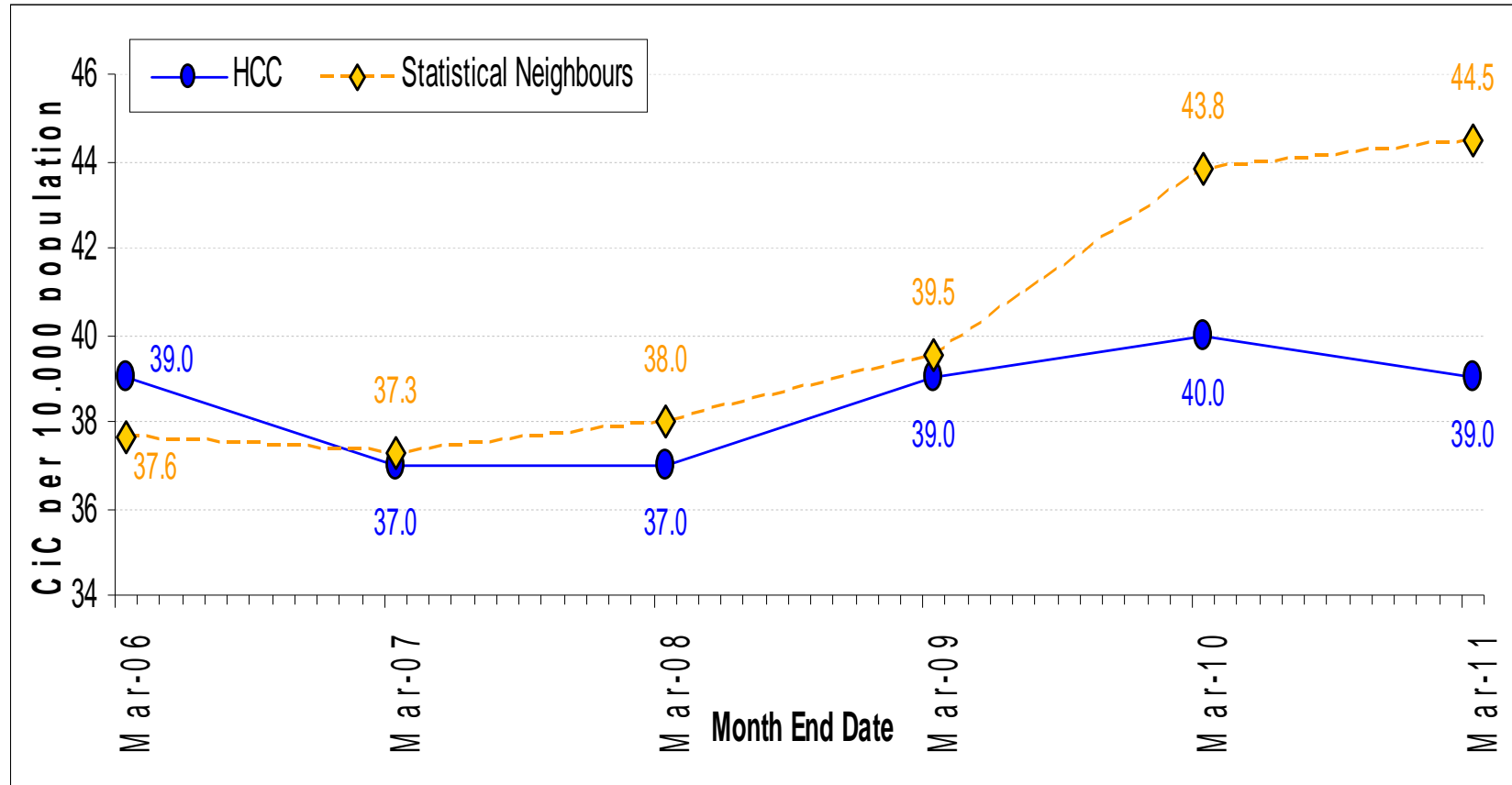
Budgeted distribution of placements for Children Looked After 2013/14



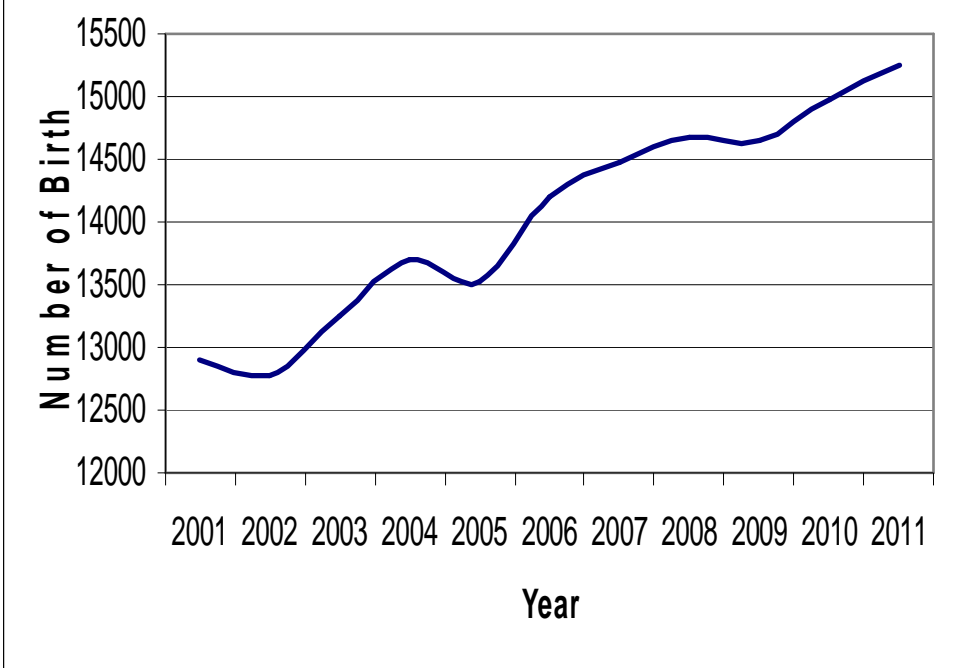
Rate of Looked After Children per 10,000 children under 18 at 31 March



Children in Care between March 2006 to March 2011



Number of Births in Hampshire



**Contacts c36,000 via hantsdirect
plus c30,000 police cyp forms**

**Referrals c15,000 via hantsdirect
+ police CYPs**

Initial assessments 8655

Core Assessments 5584

S.47 Assessments 2480

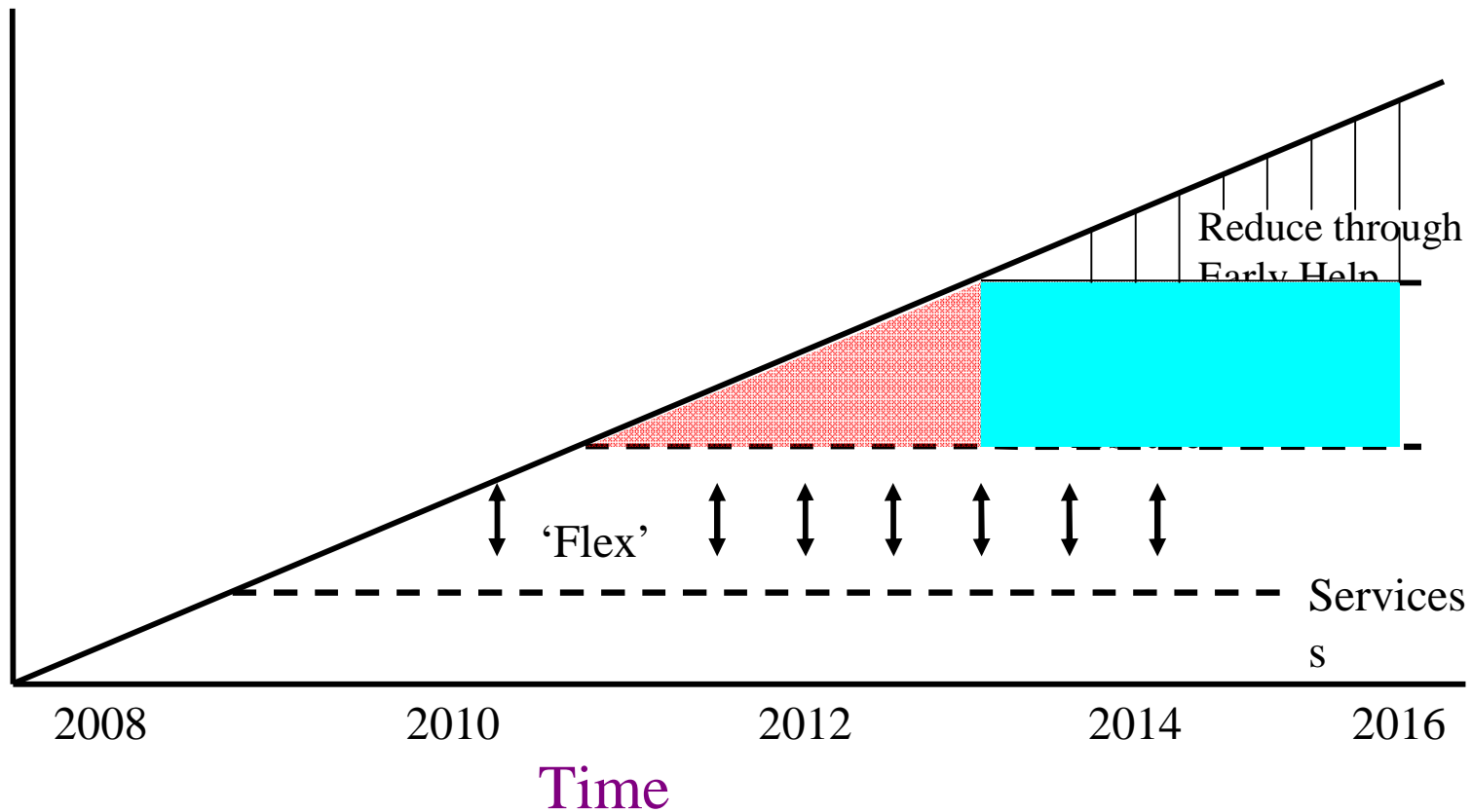
New child protection plans 992

(Issue Proceedings c130)

New children in care c400



Caseloads



Children on the edge of care

	<u>Actual average activity</u>				<u>Budget</u>
	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
Special Guardianship Orders	103	134	179	210	249
Residence Orders	128	128	122	108	96
Informal Family & Friends (former Kinship Care)	61	62	64	44	43
Total	292	324	365	362	388

