

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Lead Member for Children's Services
<b>Date of Decision:</b>	28 January 2011
<b>Decision Title:</b>	Children's Services Department Revenue Budget 2011/12
<b>Decision Reference:</b>	2503
<b>Report From:</b>	The County Treasurer and the Director of Children's Services

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#### 1. Executive Summary

- 1.1. This report seeks approval for submission to the Leader and Cabinet the revised budget for 2010/11 and detailed proposals for the 2011/12 budget. A medium term financial plan to cover the period 2012/13 to 2014/15 will be developed for consideration by Cabinet later in 2011.
- 1.2. This report has been prepared in consultation with the Executive Member and will be reviewed by the Children and Young People Select Committee. It will be reported to the Leader and Cabinet on 11 February 2011 to make final recommendations to County Council on 24 February 2011.
- 1.3. The report considers revisions to the 2010/11 budget. In respect of the 2011/12 budget the report includes detailed proposals for growth, redeployment of resources, efficiency improvements, the annual review of income and charges and the workforce implications of the proposed budget.
- 1.4. The budget proposals contained in this report are derived from the corporate workstreams and departmental service plan which have been developed to support the priorities of the Corporate Strategy.

#### 2. Contextual information

- 2.1. The Cabinet agreed a three-year budget plan for 2010/11 to 2012/13 in February 2010. This included proposals for corporate efficiency savings of £15m per annum in 2011/12 and 2012/13 in view of the expected reduction in Government grant from 2011/12. However, as the extent and pace of the public spending reductions required to consolidate the public finances has become clearer, the budget plan for 2011/12 and 2012/13 has been reviewed during the Spring and Summer of 2010. Following the new Government's Emergency Budget in June, the Cabinet approved an

Efficiencies and Expenditure Reduction Programme in July 2010. Its main features were as follows:

- planning on the basis of an 8% per annum reduction in service budgets in 2011/12 and 2012/13, in addition to the previous £15m corporate efficiency savings target, in anticipation of a reduction in Government grant of over 15% in 2011/12
  - establishing a number of corporate efficiency workstreams, designed to minimise the impact on front-line services of achieving the planned spending reductions.
- 2.2. The subsequent Spending Review announcement in October 2010, and the Revenue Support Grant settlement in December, have confirmed that spending reductions on the scale planned are both sufficient and necessary to meet the actual reductions in Government grant that have now been announced. The grant settlement covers the two year period 2011/12 and 2012/13 and the County Council's loss of formula grant is 14.3% and 10.4% in the two years respectively. Though the majority of the former specific and area based grants have been transferred into formula grant, the reduction in the remaining grants is in excess of 20% in 2011/12. The Cabinet in December 2010 therefore confirmed that service budgets should be prepared on the basis of the planned 8% reduction in spending and that in addition reductions in specific and area based grants should be 'passported' to the relevant service, to the extent that the reduction in grant exceeds the savings relating to grant funded expenditure in the service's savings proposals.
- 2.3. Though the Spending Review covers the four year period to 2014/15, the Government proposes to carry out a review of grant distribution arrangements prior to 2013/14, so that the Government grant payable to the County Council in 2013/14 and 2014/15 is uncertain. In view also of the tight timescale for formulating the 2011/12 budget following a relatively late grant settlement, proposals for a medium term financial plan covering the period 2012/13 to 2014/15 will be submitted to the Cabinet later in 2011.
- 2.4. The budget strategy is closely linked to the Corporate Strategy and Corporate Improvement Plan to ensure that savings are achieved, where possible, in accordance with the corporate workstream priorities agreed by the Cabinet.
- 2.5. For this service, the budget guideline for 2011/12 is £985.563m.

## **Key Issues**

### **3. Revised budget:**

- 3.1. The cash limit for the revised budget is £1,004.964m. The calculation is shown in Appendix 5. This shows a nil variance against the Schools Budget and a forecast year end overspend of £3.7m against the non-schools budget. This overspend arises from the costs of the redundancy programme to deliver the first stage of the in-year and forward budget

savings. Given that the service will have successfully delivered savings to respond to in-year funding cuts in full by March 2011 (other than the associated redundancy and early retirement costs), as well as meeting the underlying service pressures giving a total of approximately £8m savings delivered in-year, it is proposed that this overspend should be met from Corporate Reserves.

- 3.2. The revised budget position reflects successful actions taken during 2010/11 to reduce expenditure to ensure the long-term sustainability of efficiency and other savings required on an ongoing basis from 2011/12. This incorporated in-year revenue funding cuts of approximately £6.2m, including £4.857m of Area Based Grant (ABG), £967,000 LPSA2 reward grant originally anticipated to be received, £161,000 of ContactPoint grant (all non-schools budget), as well as £178,000 of Local Delivery Support Grant (Schools Budget). A report to the Executive Lead Member for Children's Services on 26 July 2010 set out the department's initial savings proposals (stage 1) for 2011/12 and the associated workforce implications (an estimated reduction of 185 full-time equivalent positions). The report can be found at the following link:  
[http://www3.hants.gov.uk/councilmeetings/meetingsummary.htm?date\\_ID=563](http://www3.hants.gov.uk/councilmeetings/meetingsummary.htm?date_ID=563).
  - 3.3. In addition to these in-year cuts, sustained growth in the number of children in the care of the County Council since March 2008 (a net increase of 70 children (6.8%) to 1,093 as at the end of November 2010), has continued to result in a significant financial pressure against the Children Looked After budget. This underlying budget pressure is estimated at approximately £2.9m, although this has been partly been offset during the year by an additional £1m one-off funding from the Corporate Contingency as provided for within the 2010/11 Budget Strategy, as well as other budget savings achieved.
  - 3.4. The successful implementation of savings plans (which included earlier implementation of the Corporate recruitment freeze) has enabled the department to meet both the in-year funding cut pressure (£6m for non-schools) as well as the remaining budget pressure for Children Looked After (£2m). However, the compulsory redundancy and early retirement pension strain costs of £3.7m associated with delivering stage 1 of the department's workforce savings cannot be met.
  - 3.5. Whilst a balanced budget will be reported against the Schools Budget, an underspend of approximately £4.5m is anticipated to be carried forward to 2011/12. Further information on this estimated underspend is provided within the 2011/12 Schools Budget proposals (section 7).
- 4. Proposed budget 2011/12**
- 4.1. The provisional budget for 2011/12 prepared last year was £1,007.079m (£829.833m Schools Budget and £177.246m non-schools budget). This is now updated for:
    - revised base budget adjustments

- adjusted allocation for future inflation
  - revised growth, redeployment and efficiency proposals (sections 7, 9 and 10 below).
- 4.2. These adjustments are shown in Appendix 6.
- 4.3. The base budget reflects the current financial policies of the Council. The adjustments required to the 2011/12 budget are:
- allocations made for inflation in 2010/11 including the full-year effect of the provision made for outstanding pay awards from 2009/10
  - the revenue effect of past capital programmes (subject to its inclusion in the approved capital programme unless a specific Cabinet decision to the contrary) - £326,000 (Schools Budget)
  - council-approved policies included in the 2010/11 original budget, which have been introduced part-way through the year
  - changes in income volumes which are not the result of policy decisions
  - correction of arithmetical errors in the current year's budget
  - the following specific items:
    - variations arising directly from changes in the number of pupils in schools, pupils eligible for free meals and numbers of days in the school year – a net reduction of £617,000 (Schools Budget)
    - transfers between services and the Schools and non-schools budgets – a net reduction of £19.987m against the Schools Budget and an increase of £16.632m against the non-schools budget.

## **5. Children's Services Priorities**

- 5.1. During the current financial year Children's Services has had to tackle the implications of the national in-year budget cuts with the associated swift and significant cost-saving restructuring. 2011/12 will be equally difficult as we prepare a second round of restructuring in response to the Spending Review and Local Government Finance Settlement. The Education White Paper was published in December and there are a series of White Papers and other Government reviews promised for the coming months that will also have a significant impact on the future shape of Children's Services.
- 5.2. However, despite the difficulties and uncertainties, performance in Children's Services remains strong, with the department consistently delivering high quality services. In December Ofsted rated Hampshire Children's Services as performing excellently in 2010, reflecting the progress made during the last year. This judgement represents an improvement which is mainly due to an increased proportion of children in care settings, early years settings, schools and colleges found to be good or outstanding; a large majority of national performance measures judged

to be in line with, or better than, the England average; and the year on year improvements in results for the county's children and young people in key tests at ages five, 11, 16 and 19. Areas for further development were identified as improving outcomes at age 19 for young people from low income homes or leaving care; and increasing the number of good inspection judgements for pupil referral units. This rating represents a significant achievement for Hampshire County Council

- 5.3. Improvement has been evidenced in safeguarding services, with the 2010 Ofsted unannounced inspection of arrangements for contact, referral and assessment concluding that significant progress had been made during the year.
- 5.4. Performance against National Indicators during the first six months of 2010/11 has been mixed, with approximately half of those measures with recent data available showing improvement. Provisional 2009/10 results for 23 out of 41 educational measures have been published, 15 of which show improvement from 2008/09. However, performance against some key social care indicators has slightly dropped - against a background of increased demand for services. These measures are closely monitored across teams, with a strong management oversight of caseloads.
- 5.5. The priorities in the Children and Young People's Plan are the overall priorities for the Children's Partnership (the Children's Trust) with the Director of Children's Services having overall operational accountability for the outcomes.
- 5.6. For Children's Services the key priorities for 2011/12 are:

### **Safeguarding**

- 5.7. Continuing to ensure that the front-line social care services maintain safeguarding infrastructure and practice that keeps children in Hampshire safe. The recent unannounced inspection confirmed that this priority is being addressed but is subject to strain.

### **Children Looked After**

- 5.8. The numbers of children in care remain a concern, but there are indications that, following the Baby P case impact, numbers may be stabilising again, albeit at a higher base. The educational achievement of children in care remains a top priority, along with placement stability and long-term economic and well being prospects for care leavers.

### **Future relationships with schools**

- 5.9. The Education White paper will serve to redefine the relationship of local authorities with schools and will inform the department's financial strategy moving forward. The priority in Hampshire will be twofold:
  - to ensure a continuing strong and fruitful relationship with Hampshire schools, facilitating collaborative working consistent with and reflective

of the status of individual schools and supporting the local children's partnerships

- to further develop and expand the sold services to schools to build on the economies of scale and embedded expertise of those services in Hampshire.

### **Efficiencies and budget reductions**

- 5.10. As this report sets out Children's Services has a full programme of activity to meet the challenges of current and future budget reductions and national policy changes. A very significant amount of senior management time has been prioritised to leading these activities and contributing to the wider corporate reviews. The in-year reorganisation has significantly re-shaped the department and reduced senior management by 25%. The second stage of restructuring during 2011/12 will drive a further re-shape of services with the focus on protecting the most vulnerable and taking a more graduated approach to the remaining universal services.

## **6. Changes in grant funding 2011/12**

- 6.1. As outlined in section 2 of the report, initial service planning had assumed that, in addition to Children's Services' share of the in-year ABG cut (£4.857m), a further 8% reduction in non-schools service budgets would be expected from Children's Services in 2011/12 and 2012/13. This amounted to approximately £13.564m and £12.764m respectively.
- 6.2. Following December's funding settlement Cabinet agreed that, in addition to this planned 8% reduction in spending, reductions in specific and area based grants should also be 'passported' to the relevant service to the extent that the reduction in grant exceeds the savings relating to grant funded expenditure in the service's savings proposals. This has resulted in further service budget reductions of £2.257m being passported to the department for 2011/12 on an ongoing basis.
- 6.3. Following the 26 July 2010 paper to the Executive Lead Member for Children's Services to address the anticipated funding reduction, work has continued to review and refine the value of these stage 1 proposals. This has included the removal of a significant proportion of the savings against the Extended Schools grant from the non-schools budget proposals due to this funding stream now being moved in to the Schools Budget base-line. However, it is proposed that the service budget reduction outlined above is reduced to reflect the 'cashable savings' the department will achieve against any central co-ordination positions that have been removed from the structure as part of stage 1. These savings amount to approximately £475,000 of the £6.912m grant funding included in the original proposals, resulting in further savings of £6.437m (net) needing to be identified in 2011/12.
- 6.4. The total additional savings that needed to be identified by the department to respond to both of these changes amount to £8.694m. Details of the

non-schools budget redeployment proposals for 2011/12 are outlined in section 10 of the report.

- 6.5. The overall passported service budget reduction for 2011/12, is £15.346m (net) as set out below. In addition, further base budget adjustments have been made amounting to £8.019m in respect of grants moving from the non-schools to the Schools Budget (including the Extended Schools grant of £6.933m).

	£000
8% service planning reduction	13,564
Other passported grant reductions	2,257
Extended Schools adjustment	-475
<b>Total service budget reduction 2011/12</b>	<b>15,346</b>
Base budget transfers to Schools Budget	8,019
<b>Budget reduction including transfers to Schools Budget</b>	<b>23,365</b>

## 7. Schools Budget priorities and redeployment proposals for 2011/12

### Schools Funding settlement 2011/12

- 7.1. In December 2010 the Department for Education (DfE) announced the Schools Funding settlement for 2011/12. This is a one-year settlement and represents a 'flat cash' position, with a number of specific grants being mainstreamed into the Dedicated Schools Grant (DSG). A minimum funding guarantee will ensure that no school will receive a budget cut of more than 1.5% per pupil (excluding the new pupil premium). In addition a number of grants amounting to approximately £89.6m, which were previously paid to the County Council as Standards Fund have been mainstreamed into the DSG.
- 7.2. The new pupil premium for children from deprived families will be introduced in April 2011. This additional pupil premium will be paid to schools, based on the number of children who are eligible to receive free school meals (years R to 11), at a nationally determined rate of £430 per child. This pupil premium will also apply for children looked after, and there will be a pupil premium for children from service families set at £200. It is estimated that the pupil premium for Hampshire schools will total around £8m in 2011/12.
- 7.3. In addition, a range of changes have been brought in in relation to Academy funding for 2011/12, which set out the level of funding academies will receive based on calculation of the 'Local Authority Central Spending Equivalent Grant (LACSEG)'. This is intended to reflect the amount a Local Authority would have spent on activities that will become the responsibility

of the academy following a schools transfer to academy status. This will impact on current funding levels for a range of activities currently provided, and the County Council's formula grant has also been top-sliced by £3.2m in 2011/12 to reflect the anticipated Local Authority funded element of these.

### **Schools Budget 2011/12 issues from 2010/11**

- 7.4. The current three-year budget (2008/09 to 2010/11) was set for the Schools Budget in line with the previous Government's three-year spending review period. Pending the 2010 spending review, Schools Forum did not consider any additional funding proposals when setting the 2010/11 budget, beyond known pressures continuing from the previous financial year.
- 7.5. The table below shows how the total Schools Budget managed by Children's Services is derived:

	2011/12 £000
Dedicated Schools Grant <sup>1</sup>	822,520
Less items managed by Policy and Resources	-11,719
Milk Grant	194
Music Grant (to be confirmed)	1,640
<b>Total Schools Budget managed by Children's Services</b>	<b>812,635</b>

### **Headroom and redeployment proposals – 2011/12 and 2012/13**

- 7.6. Headroom is arrived at by taking the year on year change in the DSG and reflecting inflation, changes in pupil numbers and capital programme effects. The impact of both pupil numbers and the capital programme have been recalculated based on the latest information available for the autumn term. After taking these base adjustments into account, there is an estimated £7.870m headroom available within 2011/12 DSG. This is made up of:
- mainstreamed Extended Schools grant (£6.933m)
  - impact of pupil number changes (£937,000).
- 7.7. The table below summarises the headroom available and growth proposals for 2011/12 and the ongoing impact for 2012/13. This shows that there is

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<sup>1</sup> The Dedicated Schools Grant incorporates previous School's Budget specific grant funding including School Standards Grant, and other Schools Standards Fund grants.

one-off headroom of £12.257m available in 2011/12, and ongoing headroom of £1.236m in 2012/13.

	2011/12 £000	Change in 2012/13 £000	Full-year Impact (cumulative) £000
<b>Headroom</b>			
<i>Ongoing:</i>			
Increased DSG (paragraph 7.6)	7,870	0	7,870
Stated Pupils	140	0	140
Business Rates	460	0	460
Diploma Transport	615	946	1,561
FMSiS	50	0	50
Building Schools for the Future	100	0	100
School Leadership Succession	35	0	35
	<b>9,270</b>	<b>946</b>	<b>10,216</b>
<i>One-off:</i>			
Carry forward already agreed (one-off)	4,660	-4,660	0
Additional 2010/11 underspend	4,500	-4,500	0
Capital Expenditure from Revenue ( <i>carried forward from 2010/11</i> )	2,493	-2,493	0
Independent Safeguarding	20	-20	0
	<b>11,673</b>	<b>-11,673</b>	<b>0</b>
	<b>20,943</b>	<b>-10,727</b>	<b>10,216</b>

	2011/12 £000	Change in 2012/13 £000	Full-year Impact (cumulative) £000
<b>Pressures</b>			
<i>Ongoing:</i>			
Balance of ongoing funding agreements agreed by Schools Forum in December 2009 ( <i>funded from one-off resources in 2010/11</i> )	458	0	458
Previous agreements within 2011/12 provisional budget ( <i>Early Years deprivation (£190,000), Independent Safeguarding (£20,000) and Deaf Instructors (£25,000)</i> )	235	190	425
Equal Pay Claims	3,100	1,900	5,000
Admissions, employers obligations and insurance	460	0	460
Redundancy, premature retirement and dismissals	400	0	400
Independent Investigations	10	0	10
Sparsholt Study Centre	65	0	65
Key Stage 4 (Foundation Learning)	500	0	500
Flexibility effect - 3 and 4 year olds	475	0	475
3 and 4 year olds funded by one-off carry forward in 2011/12	0	887	887
Portage	300	0	300
	<b>6,003</b>	<b>2,977</b>	<b>8,980</b>

	2011/12 £000	Change in 2012/13 £000	Full-year Impact (cumulative) £000
<i>One-off:</i>			
Capital Expenditure from Revenue (carried forward from 2010/11)	2,493	-2,493	0
Early Years Deprivation – bring forward £190,000 from 2012/13 to 2011/12 ( <i>funded on a one-off basis</i> )	190	-190	0
	<b>2,683</b>	<b>-2,683</b>	<b>0</b>
<b>Total Pressures</b>	<b>8,686</b>	<b>294</b>	<b>8,980</b>
<i>Ongoing:</i>			
Headroom	9,270	946	10,216
Less: Pressures	6,003	2,977	8,980
<b>Net ongoing headroom</b>	<b>3,267</b>	<b>-2,031</b>	<b>1,236</b>
<i>One-off:</i>			
Headroom	11,673	-11,673	0
Less: Pressures	2,683	-2,683	0
<b>Net one-off headroom</b>	<b>8,990</b>	<b>-8,990</b>	<b>0</b>
<b>Total available headroom 2011/12</b>	<b>12,257</b>		

7.8. The following paragraphs provide further details of these proposals.

#### **Headroom**

7.9. The 2010/11 budget position identifies areas where ongoing savings may be used to meet a proportion of the Schools Budget pressures previously outlined. These are:

- SEN and Statemented Pupils – although an underspend of £1.246m is forecast for 2010/11 in relation to Statemented Pupils, this cannot be

guaranteed on an ongoing basis. This is primarily due to the budget being demand-driven, and some non-recurring part-year savings being achieved in respect of SEN Early Years resources provision. It is proposed that some of these savings be used to provide additional support for children with complex and exceptional needs, with the aim of preventing family breakdowns, which would normally result in more expensive placements being made. A balance of £140,000, however, could be used toward other priorities

- Schools contingency – a recurring underspend of £460,000 is anticipated in respect of business rate reductions
- Diploma Formula transport and other related costs – a saving of £615,000 in 2011/12, increasing by £946,000 in 2012/13
- Financial Management Standards in Schools (FMSiS) – the Government has dropped the statutory requirement for schools to have accreditation through FMSiS. Schools currently receive funding within their delegated budget to meet the cost of external assessment for this accreditation, which amounts to £50,000
- Building Schools for the Future (BSF) – following the BSF programme ending earlier this year the budget allocation of £100,000 previously provided to support schools with engagement in the programme will no longer be required
- School Leadership Succession – a saving of £35,000 is anticipated in 2011/12 on an ongoing basis.

7.10. At its meeting on 14 December 2010, Schools Forum received a report that summarised the Schools Budget position for 2010/11, detailing the in-year DSG changes and decisions previously taken on the use of funds carried forward, and outlining the impact on headroom available in 2011/12. This highlighted additional one-off headroom of £4.660m available in 2011/12, as follows:

	£000
Balance of one-off available headroom as per report to Executive Lead Member of 15 January 2010	2,350
Additional underspend in 2009/10	1,554
Clawback of excessive balances at 31 March 2010	66
Additional DSG in 2010/11 - final figure confirmed in June 2010 (one-off as this relates only to 2010/11 carry forward)	690
<b>Total</b>	<b>4,660</b>

7.11. In addition, approximately £4.5m of DSG is anticipated to be carried forward in full from 2010/11 to 2011/12, further adding to the available one-off headroom in 2011/12. This mainly consists of:

- Schools Contingency – an underspend of £1.7m from the ongoing impact of rate revaluations in 2009/10 and rebates due to schools that have changed to foundation or trust status, the use of temporary classrooms and allocations to schools for looked after children
- Payments for 3 and 4 year olds – an underspend of £500,000 due to lower than budgeted claims being received for nursery provision
- Diploma Transport – an underspend of £550,000 as a result of the number of diploma students being lower than originally anticipated
- Statemented Pupils – an underspend of £1.2m reflecting the outcome of management action taken to reduce expenditure on special education packages and an underspend against inter-authority recoupment for additional support provided to pupils with SEN, savings as a result of delayed starts in SEN Early Years resourced provision and lower demand for low incidence support top-ups.
- Inter-authority recoupment – an overspend of £690,000. This overspend represents the net position from payments and receipts arising from Hampshire pupils placed in other local authority mainstream schools and vice versa.
- Out County Special Schools – an underspend of £400,000. This position is made up of an underspend on Out County Special School placements and pre-school placements for 3 and 4 year olds.
- Building Schools for the future – an underspend of £100,000 due to the programme ending in the summer
- Early Education and Childcare Unit - £140,000 arising from in-year efficiency savings achieved and lower than budgeted claims being received from providers
- Other variations - £600,000. This incorporates a number of variations across a range of services.

7.12. Approximately £2.493m of DSG is also anticipated to be carried forward in relation to Capital Expenditure met from Revenue (managed by Policy and Resources), which includes:

- £950,000 previously agreed by Schools Forum to be carried forward from 2009/10 to 2011/12 to mitigate anticipated reduction in New Deal for Schools
- £1.060m in relation to planned school building works (including one major SCOLA re-cladding scheme of £900,000), which are not anticipated to be completed before the end of the financial year
- £483,000 of the £993,000 previously carried forward in to 2010/11 in relation to Smart Meters.

- 7.13. In addition growth previously allocated for independent safeguarding in 2011/12 will now not be required until 2012/13, resulting in a further one-off saving of £20,000.
- 7.14. Schools Forum reports can be found at the following link:  
<http://www3.hants.gov.uk/education/education-meetings/education-meetings-schoolsforum.htm>.

### **Schools Budget priorities**

- 7.15. Schools Forum met on 14 December 2010 to review the pressures and priorities for the Schools budget, alongside the carry forward position on DSG and an early understanding of the Schools Funding announcement made the previous date by the DfE. The report referred to ongoing funding for items already agreed by Schools Forum within the 2011/12 provisional budget amounting to £235,000:
- delegated items - £190,000 – further deprivation funding for Single Early Years Funding Formula
  - non-delegated items - £45,000 – the full-year impact previous year agreements for Independent Safeguarding Authority costs (£20,000) and Deaf Instructors (£25,000).
- 7.16. Schools Forum also agreed a number of provisional areas for inclusion in the 2011/12 budget which it will consider in full on 25 January 2011 in order to make full budget recommendations to the Executive Lead Member for Children's Services. These are discussed in the following paragraphs.

### **Equal Pay Claims - £3.1m 2011/12 (full-year impact £5m)**

- 7.17. The total cost of equal pay claims for schools has not yet been confirmed. However, Schools Forum has agreed a strategy to set aside a fund to either pay for the full cost or to provide for an annual repayment should the cost be met by borrowing. The plan is to have an annual revenue budget of £5.5m. The base budget already includes an annual budget of £0.5m.
- 7.18. A fund of £1.4m was set aside in 2009/10 toward the cost of equal pay claims. Together with the 2010/11 allocation of £500,000, a total of £1.9m will be available to carry forward to 2011/12. A further £500,000 will be added to this in 2011/12, bringing the total set aside for this purpose to £2.4m. A further £3.1m is proposed to be added in 2011/12 to bring the total to £5.5m. A further £1.9m is needed in 2012/13 to replace the one-off funding available in 2011/2, resulting in an ongoing provision of £5.5m.

### **Admissions, employers obligations and insurance - £460,000 2011/12**

- 7.19. A number of changes in schools' status and emerging health and safety requirements where schools, in law, are the employer are expected to have financial impacts. These include rates, admissions, employer's obligations as regards health and safety and insurance for aided schools.

**School related redundancy, premature retirement and dismissal payments - £400,000 2011/12**

- 7.20. Following changes to the school finance regulations, provision for new school related cases of redundancy, premature retirement and dismissal costs will be charged to the Schools Budget (an estimated additional cost of £400,000). This will release an equivalent saving against the non-schools budget (paragraph 10.17).

**Independent investigations (child protection) - £10,000 2011/12**

- 7.21. There has been a steady rise in the numbers of allegations against schools staff which are reported to the County Council. In some exceptional circumstances it is appropriate for these allegations to be reviewed by an independent investigator, and it is anticipated that the County Council can commission these services externally at a total annual cost of approximately £10,000.

**Sparsholt Study Centre - £65,000 2011/12**

- 7.22. Schools Forum have agreed to provide Schools Budget funding toward the running costs of Sparsholt Study Centre pending further review of the centres charging methodology.

**Key Stage 4 (Foundation Learning) - £500,000 2011/12**

- 7.23. The grant received from the DfE for this programme in 2010/11 funds work with pupils who can benefit from Foundation Learning (often those at key stage 4 who are at risk of disengagement). Both Foundation Learning (FL) and Diplomas were part of the previous government's intended range of provision by 2013 for those aged 14 to 19. The reduced requirement to support diplomas for 14 to 16 year olds creates an opportunity to redirect funds to support other work for Key Stage 4 pupils. Some funds have been distributed to the nine Post 14 Consortia of schools and colleges, to support the development of collaborative 'Targeted FL Programmes' to improve young people's attainment at KS4 and progression Post 16. However the replacement of the grant funding in all or part, by re-using the diploma saving, would enable better provision for these pupils.
- 7.24. The reduction in diploma funding could also be redirected to other areas of practical and applied learning.

**Flexibility Effect (3 & 4 year olds) - £475,000 2011/12**

- 7.25. The single early years funding formula (SEYFF) for funding all educational provision for 3 and 4 year olds was introduced in April 2010. It includes factors for both flexibility and qualifications, as a proxy for quality, at early years settings. These are assessed annually and the mix of both staff

qualifications and flexibility of settings' offer changes. Within overall fixed values for each level of flexibility and quality, an increased number at the higher levels creates a budget pressure. The current evidence from the returns received so far from settings suggests an increase in the qualifications aspect. This is probably part of the drive to further improve the quality of provision and raise the qualifications of staff which has been a feature of recent early years developments. To retain the current hourly rates for each level with these changes is estimated to require up to an additional £475,000 in 2011/12.

### **3 and 4 year olds - £887,000 2012/13 only**

- 7.26. The 2010 /11 Standards Fund allocation for the Extended Flexible Entitlement (EFE) to Early Education to fund the move from 12.5 to 15 hours of education for 3 and 4 years delivered flexibly, can be spent over the 17 month period to August 2011. The Standards Fund at a budgeted level was incorporated into the SEYFF allocations to all settings, but when it was announced late in June 2010 it was at a higher level than previously estimated. Accordingly £887,000 of unspent grant is being carried forward to 2011/12 financial year to as part of the funding for the SEYFF. This carry forward is one off and needs to be replaced in 2012/13 to retain the current hourly rates within the SEYFF.

### **Portage - £300,000 2011/12**

- 7.27. As more children with complex special educational needs (SEN) were provided with Portage support, the additional costs were funded from Sure Start, Early Years and Childcare Grant (SSEYCG) rather than the Schools Budget which funds most of the Portage service. However the Portage service and the work of the Early Years Inclusion Officer's (already funded from Schools Budget) are being integrated to achieve efficiencies as part of addressing the changes from the move from SSEYCG to the Early Intervention Grant. The costs of the integrated service, working with the whole range of under fives with SEN, should be fully covered within the Schools Budget and, after the efficiencies, this requires an additional £300,000 of Schools Budget funding.

### **Summary**

- 7.28. The table at paragraph 7.7 shows that, subject to confirmation of the proposals, there is headroom available in 2011/12 of £12.257m (£1.236m ongoing and £11.021m one-off). However, given the ongoing commitments into 2012/13 (without considering the impact of grant changes and pupil number changes), there would be available headroom of about £650,000.
- 7.29. Schools Forum on 25 January will consider the above proposals and any further pressures and priorities for which the balance of the headroom in 2011/12 could be used. Priorities considered in advance focus on areas where one off funding could deliver ongoing revenue savings for schools'

budgets or where one off funding would not then be built into to ongoing budgets through any future application of Minimum Funding Guarantee (MFG). Those currently highlighted are:

- additional contribution to the Equal Pay provision
- installation of boiler controls in all schools to reduce fuel costs and as a commitment to the carbon reduction programme
- reducing charges to schools in relation to the new HPSN2 network on a one-off basis.

## **8. Academies**

- 8.1. When a school converts to an Academy it receives grant funding from the Department for Education (DfE) for what is known as “Local Authority Central Spending Equivalent Grant” (LACSEG) in place of a range of services from the local authority. It may decide to provide them in-house, buy them elsewhere, or from the authority or cease the activity involved. The costs of LACSEG for those activities which are funded from the Schools Budget are recouped by the DfE from the County Council. As outlined in paragraph 7.3, the County Council’s formula grant has also been top-sliced from 2011/12 to reflect the anticipated Local Authority funded element of activities.
- 8.2. At present only a small number of schools in Hampshire have confirmed their application for academy status. Wherever possible we will continue to work closely with all schools that are considering conversion.
- 8.3. If the ten largest of the secondary schools (which represent 22% of the total number of secondary school age pupils) that have registered an interest did convert to Academy status, this would mean a cost reduction / income generation pressure on the Schools Budget of £1m.
- 8.4. For 2011/12 the County Council’s formula grant will be top-sliced by £3.2m, although the equivalent impact of the 10 largest secondary schools would equate to a potential pressure on the County Council’s non-schools budget of £2.6m. It is unlikely that a compensating income stream from Academy buy-back would offset the full value of County Council’s budget reduction.
- 8.5. The formula grant reduction for 2011/12 of £3.2m will be met centrally until the point of any school conversion, at which stage a pressure will be realised against both the Schools and non schools budgets. At their meeting on 14 October 2010 Schools Forum agreed that the Schools Budget conversion costs incurred for any converting schools notified during 2011/12 would be met from contingency, with the expectation that these will need to be met from the relevant service budgets in 2012/13. The department is working in partnership with schools to develop an approach to ensuring those services which are recoupable for academies are either ceased and savings made, or are sold to academies to ensure that any additional income offsets this recoupment.

**9. Non-schools budget inescapable pressures and priorities for 2011/12**

- 9.1. The County Council has agreed to continue its policy of providing additional funding for growth in Children’s social care activity of £750,000 in 2011/12.
- 9.2. As part of the current three year budget (2010/11 to 2012/13) a number of proposals were considered. These proposals have been reviewed by the department in the context of other inescapable pressures subsequently identified and the amended proposals are outlined within Appendix 1 of the report.
- 9.3. Budget pressures which need to be met in addition to the grant reductions amount to £3.5m for 2011/12 as follows:

	<b>£000</b>
Children Looked After	2,900
Family Support Services	200
Home to School Transport	400
<b>Total inescapable budget pressures 2011/12</b>	<b>3,500</b>

- 9.4. The following paragraphs provide more details of these proposals.

**Children Looked After - £2.9m**

- 9.5. The 2011/12 provisional budget agreed as part of the current three-budget for 2010/11 to 2012/13 included a growth proposal of £500,000 for foster care, offset by a budget redeployment proposal for independent fostering placements of £550,000. Following a review of current activity levels, these provisional budget proposals have been revised accordingly.
- 9.6. The number of Children Looked After by the County Council has been variable during the 2010/11 financial year. Following a period of sustained growth during 2009/10 (an average of 1,090 children), the number of children began to rise again during the early part of the current year, increasing to 1,130 by June 2010. This subsequently reduced to around 1,090 during September and October
- 9.7. The 2010/11 budget strategy had been to achieve a reduction in numbers to around 1,020 by April 2011, an average of 1,043 during the year. The average number of children looked after during 2010/11 is 1,100, 57 more children than budgeted, resulting in an in-year budget pressure of around £3m. This has partly been offset by a one-off allocation of £1m from the corporate contingency, reducing the underlying pressure to approximately £2m. This remaining pressure has been managed through other savings being achieved across the department.
- 9.8. The trends in Hampshire have remained consistent with, but slightly below, national trends and are also linked to a number of other workload pressures in relation to vulnerable children. There have been a number of drivers for these continued increased activity levels (since October 2008),

the most prominent factors of which have been the public and professional reaction to the Baby Peter 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 occasion, demand for placements far outstrips supply.

- 9.9. Social Work caseloads and the number of children with a child protection plan have continued to increase in recent months, and this represents a dramatic increase of fieldwork activity (around 40%) over a two year period, which has only been partly addressed by new investment in social work resource.
- 9.10. It is considered that these activity trends are likely to continue in the foreseeable future, and as such it is proposed to set the budget for Children Looked After at an average activity level of 1,100 per annum (in line with average activity for 2010/11).
- 9.11. Children who are looked after by the County Council can be placed in a variety of arrangements, depending on their needs, the most common of which are foster care and residential placements (children's homes and in some cases residential school placements). Other arrangements can include supported lodgings, secure welfare accommodation, children who are placed for adoption (subject to final approval) and, in some circumstances, children living at home with their parent(s) on a care order. The proportion of children placed within each of these different types of arrangements will impact on the financial cost to the department.
- 9.12. Based on activity levels continuing roughly in line with the current year, adjusted for the anticipated impact of the proposed closure of Crossways Children's Home (a separate report on this agenda), an unavoidable budget growth pressure of £2.760m is anticipated during in 2011/12. The budgeted activity assumptions are outlined in the table below:

	Number of children
<b>2011/12 average total CLA</b>	<b>1,100</b>
Assumes average number of children placed in:	
in-house foster care	608
purchased foster care	206
in-house residential care	34
purchased residential care	60
other arrangements	192
<b>Estimated budget pressure</b>	<b>£2.760m</b>

- 9.13. If a higher proportion of more costly placement arrangements is required due to capacity restrictions (for example, resulting in a need for a higher use of external foster care or residential placements), this would result in a further increase in costs.
- 9.14. In addition a further £140,000 will be required to meet the unfunded inflationary pressure (2.6% above corporately funded inflation of 2.5%, a total uplift of 5.1%) from continuing to match the Fostering Network's recommended allowance rates (as set out in the 2008/09 Hampshire Foster Care investment strategy), resulting in a total anticipated budget pressure for Children Looked After of approximately £2.9m.

#### **Family Support Services - £200,000**

- 9.15. Since March 2010 the number of children financially supported through Special Guardianship Order arrangements has increased by approximately 20.2% (from 119 to 143 as at the end of November 2010). This follows a 33.7% increase in number of children during 2009/10, and further growth is anticipated during 2011/12.

#### **Home to School Transport - £400,000**

- 9.16. Whilst secondary pupil numbers are envisaged to reduce over the next three years (approximately 0.1% by autumn 2011, increasing to approximately 3.1% by autumn 2013), it is not currently anticipated that this change will have a significant impact on this budget. Those secondary pupils who are transported (approximately 13% of total secondary pupil numbers) have usually either been bought season tickets or are transported by bus, both of which tend to be low in unit cost.
- 9.17. The main cost driver for this budget relates to pupils who are either educated in alternative provision (e.g. education centres), or who have special education needs, as often these pupils are transported by taxi. These activity levels can be difficult to predict and, for budget planning purposes therefore, overall activity levels during 2011/12 to 2012/14 have been assumed to remain in line with the current financial year.
- 9.18. The budget pressure proposal of £400,000 (1.5% increase on the 2010/11 budget of £27.3m) relates to the estimated inflationary pressure anticipated against this budget, which allows for price increases over and above the corporate provision. This has been based on an estimated 're-pricing index' in the region of 4.1%.

#### **10. Savings and redeployment proposals for 2011/12:**

- 10.1. The Cabinet requires all services to consider and report on:
- the redeployment of any resources required to offset any new spending priorities, or inescapable budget pressures, or legislative requirements which otherwise cannot be met within their budget guidelines

- savings and efficiency improvements.
- 10.2. Appendix 1 sets out the proposals for this service. It includes efficiency improvements of £15.296m and other budget redeployment and income proposals of £3.550m (see also paragraph 10.34).
  - 10.3. As noted earlier, the report to the Executive Lead Member for Children's Services of 26 July 2010 set out the department's initial proposals to address in-year budget cuts arising from the Coalition government's emergency budget in June 2010 and anticipated further funding cuts from April 2011.
  - 10.4. The 26 July report set out the extent to which savings would be realisable during 2010/11 and 2011/12 and the significant workforce implications (an estimated reduction of 185 full-time equivalent positions). The associated redundancy cost and early retirement pension strain is outlined in the 2010/11 revised budget position (section 3 of this report).
  - 10.5. The value of these initial stage 1 proposals have been further refined, including re-consideration of the proposal to withdraw the full amount of £4.5m under the former 'Aiming High for Disabled Children' grant. The current proposal is to retain on an ongoing basis £2.250m for provision of short breaks for disabled children.
  - 10.6. As explained in paragraph 6.3, the majority of the Extended Schools related savings are now outside the scope of the non-schools budget proposals that fall within the service budget figure.
  - 10.7. Other than these issues the proposals remain essentially in line with the recommendations previously agreed by the Executive Lead Member. The successful implementation of the 26 July decision means that ongoing savings of £23.615m (£16.703m excluding Extended Schools savings of £6.912m) will be achieved during 2011/12. Of this, £4.857m relates to achieving the continuation of the 2010/11 in-year cut, leaving £11.846m toward meeting the 2011/12 budget reduction.
  - 10.8. In addition to these proposals, a further £7m of savings have been identified in 2011/12 (full-year effect £17.924m) to respond to the remaining service budget reduction of £3.5m (stage 1 savings proposals of £11.846m compared with the overall savings target of £15.346m), as well as growth proposals of £3.5m that will need to be met by the department as outlined in section 9 of the report. These 'stage 2' proposals (together with the full-year cumulative value) are summarised in the table below. Further information is provided in the following paragraphs.

<b>Stage 2 proposals</b>	<b>Savings proposal – 2011/12 £000</b>	<b>Savings proposal – full-year effect (cumulative) £000</b>
Discontinued Grant Funding	100	100
Targeted Mental Health in Schools	150	150
Child Death Overview Panel	63	63
Attendance	90	90
Business Units	100	100
Change for Children Fund	54	54
ContactPoint	357	357
Departmental Contingency	500	500
Proposals to transfer responsibility to Schools Budget	900	900
Community Education	570	1,308
Services for Young Children	2,025	8,300
Integrated Youth Support Services	1,179	4,047
Youth Offending Team	35	210
School Improvement and Intervention	800	800
Education Welfare	33	200
Health and Wellbeing	44	245
Home to School Transport – discretionary provision	0	500
<b>Total stage 2 proposals</b>	<b>7,000</b>	<b>17,924</b>

#### **Discontinued grant funding - £100,000 2011/12**

- 10.9. These savings relate to projects previously funded from grant streams which have now been discontinued, but which will be mainstreamed within remaining Children's Services budgets

**Targeted Mental Health in Schools – £150,000 2011/12**

- 10.10. This represents a small amount of funding within the Early Intervention Grant base-line, which focused on building capacity in a small number of schools in the South East of the county. It is anticipated that future support to schools will be mainstreamed in to the activity of the new Child and Adolescent Mental Health Service (CAMHS) provider from April 2011.

**Child Death Overview Panel - £63,000 2011/12**

- 10.11. Hampshire's contribution to this panel has been agreed to reduce by £63,000 in line with the confirmed reduction in funding. Whilst it is a statutory requirement to have such a panel, its main focus is public health and the panel is now led by Hampshire's Director of Public Health. The reduction will lead to the loss of 1 full-time equivalent position, although this post is not employed by Hampshire.

**Attendance - £90,000 2011/12**

- 10.12. This saving will be achieved through re-organisation of the management of the school attendance service.

**Business Units - £100,000 2011/12**

- 10.13. This reflects reductions in Business Unit inflation pressures, particularly around pay.

**Change for Children Fund - £54,000 2011/12**

- 10.14. This had previously been held outside the department's cash limit to contribute toward a small 'Change for Children' reserve. From 2011/12 this will be added to the department's cash limit and will be used to reduce the remaining savings that are required to be made from existing service budgets.

**ContactPoint - £357,000 2011/12**

- 10.15. The amount of base budget within the department's cash limit for ContactPoint is £357,000. Following the national discontinuation of the ContactPoint project, this funding is no longer required for this purpose.

**Departmental Contingency - £500,000 2011/12**

- 10.16. The department contingency will reduced by £500,000 in 2011/12 toward meeting the service budget reduction.

**Proposals to transfer funding responsibility to Schools Budget - £900,000 2011/12**

- 10.17. In view of the level of service budget reduction various proposals have been made to Schools Forum in relation to taking on responsibility for funding some areas of service which closely support schools. These proposals included:

- Premature retirement - £400,000 2011/12. As outlined in paragraph 7.20, this saving represents the saving achieved from new school related cases of redundancy, premature retirement and dismissal costs being charged to the Schools Budget
- Key Stage 4 Foundation Learning - £500,000 2011/12. The 2010/11 DfE grant for this programme is £574,000. This funds work with pupils who can benefit from Foundation Learning ( often those at key stage 4 who are at risk of disengagement). Both Foundation Learning (FL) and Diplomas were part of the previous government's intended range of provision by 2013 for those aged 14 to 19. The reduced requirement to support diplomas for 14 to 16 year olds creates an opportunity to redirect funds from within the Schools Budget to support other work for Key Stage 4 pupils. Some funds have been distributed to the nine Post 14 Consortia of schools and colleges, to support the development of collaborative 'Targeted FL Programmes' to improve young people's attainment at KS4 and progression Post 16.

It is also proposed that central programme management capacity within the Post 14 Learning team is reduced as a result of the ending of a number of Post 14 participation programmes.

**Community Education - £570,000 2011/12 (full-year impact £1.308m)**

- 10.18. This is a non-schools budget which is devolved, delegated or spent on behalf of schools. The distribution is historic and inconsistent across the county. Recent developments in Extended Schools (including the transfer of that funding stream to the Schools Budget) and the wider community focus of schools have now been recognised in changes to the Schools Budget. Further, should Schools seek academy conversion, each of these existing community funding arrangements will need to be reviewed. Given that this is no longer a priority area, it is proposed that the department will begin to withdraw from these agreements from April 2011.

**Services for Young Children - £2.025m 2011/12 (full-year impact £8.300m)**

- 10.19. Services for Young Children was formed in January 2011 following the merger of the former Early Education and Childcare Unit and the Children's Centres service. This new service will enable functions to be combined into a more efficient management model and with a streamlined approach to the delivery of services.
- 10.20. The restructuring of the management arrangements within Services for Young Children follows a phased approach. In addition to the savings already identified in Phase 1, Phase 2 will be completed between September and January 2012 with associated savings in running costs expected to deliver a full-year effect saving in the region of £580,000 in 2012/13 with £150,000 of this being realised in 2011/12 (a further £430,000 in 2012/13).
- 10.21. Changes to service delivery effect a saving of £1.125m in 2011/12 and £595,000 in 2012/13 and includes:

- reductions in Childcare start-up and sustainability grants currently paid to providers
  - a reduction in vocational, registration and continuous professional development training for childcare providers currently supported by the County Council
  - a proposal for £300,000 of Portage costs currently funded from the EIG to be met from Schools Budget, releasing equivalent savings against the non-schools budget.
- 10.22. Finally the provision of Children's Centres across the county will be rationalised and this is expected to deliver efficiency savings in the region of £6m, £750,000 in 2011/12 and £5.250m in 2012/13, which will maintain county wide provision but target services more effectively. Appendix 7 provides further information.
- 10.23. On 17 November 2010 the Executive Lead Member for Children's Services gave approval to the negotiation of single tender contracts in order to extend existing arrangements for the management by third parties of 18 children's centres in Phases 1 and 2 of the programme. This decision was based on a preliminary timetable for retendering the management of children's centres currently undertaken by these providers and provided for a contract extension until 31 August 2011.
- 10.24. The proposals for the future shape of the children's centres service set out in Appendix 7 of this report, on which consultation is proposed to begin on 31 January 2011 (as approved by the Executive Lead Member on 11 March 2010), include tendering out management of all the centres, rather than the 24 currently operated by third parties. Given the additional complexity involved, this larger scale tendering exercise would require more time to complete, particularly to resolve staffing issues and to ensure a smooth handover to new providers. It is, therefore, recommended that approval is given to the negotiation of single tender contracts to extend until 31 October 2011 existing arrangements for the management of 18 children's centres in Phases 1 and 2 of the programme managed by third party organisations, with new contracts coming into effect on 1 November.

**Integrated Youth Support Services - £1.179m 2011/12 (full-year impact £4.047m)**

- 10.25. These proposals reflect the savings which would be achieved from:
- further restructuring of the Integrated Youth Support Service and development of a targeted youth support service for vulnerable children - savings of £450,000 in 2011/12 and a further £2.347m in 2012/13 (full-year effect £2.797m)
  - development of commissioned community-based youth provision as an alternative to the current in-house arrangements. This may require some development work to ensure sufficient capacity within the voluntary and community sector

- restructuring of the Information, Advice and Guidance Service provided to schools together with the move toward this becoming a 'sold service', paid for by schools and, therefore, operated on a trading basis - £729,000 in 2011/12 and a further £521,000 in 2012/13 (full-year effect £1.250m). Some one-off corporate financial support maybe required during 2011/12 to support the achievement of this proposal whilst full trading activity is being established.

**Youth Offending Team - £35,000 in 2011/12 (full-year impact £210,000)**

- 10.26. There are currently seven connexions staff seconded to the Youth Offending Team to assist young offenders in gaining employment, education and training. It is intended that these activities will be absorbed within the remit of the restructured targeted youth support service.

**School Improvement and Intervention - £800,000 2011/12**

- 10.27. Further to proposals made as part of stage 1 of the department's area and district restructure, these savings proposals focus on the organisation of the central staff who support school improvement and post 14 partnerships. This also incorporates a reduction in the level of resource that will be available to provide leadership to schools in the search for excellence in all subjects of the curriculum.

**Education Welfare - £33,000 2011/12 (full-year impact £200,000)**

- 10.28. This proposal reflects the savings anticipated from the restructuring of the Education Welfare service based within the Locality Teams.

**Health and Wellbeing (including Healthy Schools) – £44,000 2011/12 (full-year impact £245,000)**

- 10.29. Hampshire has led the way in the development of work around children's wellbeing, and its work in encouraging schools to seek Healthy Schools status has been successful. However, discontinued and reduced Early Intervention grant funding means that the department will need to move toward these activities being provided on a 'sold service' basis to schools.

**Home to School Transport - £500,000 2012/13**

- 10.30. Proposals to remove the majority of discretionary provision of home to school transport (including denominational transport) and the introduction of charges for post-16 discretionary transport are anticipated to achieve savings in the region of £500,000 during 2012/13. However, as any policy changes will not be introduced until September 2012, subject to the timing and outcome of the consultation, and the annual school admissions processes, no savings are expected to be achieved during 2011/12. A separate report on this agenda provides further information on the proposed changes.

### Administrative support changes

- 10.31. In addition to the savings proposals outlined above, a review of the Children and Families branch administrative support is almost complete and the proposed structure will shortly be consulted upon.
- 10.32. Administrative support across the rest of the department (including the HIAS business unit), will be reviewed during 2011/12. A number of administrative vacancies are currently being held pending completion of this review.

### Summary of 2011/12 savings proposals

- 10.33. Stage 1 and 2 proposals total £18.846m for 2011/12 and are summarised between the various corporate and departmental workstreams in the table below. These proposals exclude £6.9m of savings achieved in respect of the Extended Schools grant, which has since transferred to the Schools Budget and have been treated, therefore, as a base budget adjustment.

<b>Stage 1 and 2 proposals</b>	2011/12	Full-year impact
	£000	£000
<b>Type of savings proposal:</b>		
<i>Corporate Workstreams:</i>		
Senior Management (grade H and above)	1,908	1,908
Communications	81	81
Area based / specific grants	7,706	16,887
Income and charging	78	78
Contract negotiations	50	365
Back office	433	433
<i>Departmental</i>	8,590	10,018
<b>Total stage 1 and 2 proposals</b>	<b>18,846</b>	<b>29,770</b>

- 10.34. This can also be broken down between budget efficiencies, income generation and other budget changes as follows:

	2011/12 £000	Full-year impact £000
<b>Type of savings proposal:</b>		
Efficiencies	15,296	23,874
Income Generation	78	78
Other Budget Changes	3,472	5,818
<b>Total stage 1 and 2 proposals</b>	<b>18,846</b>	<b>29,770</b>

10.35. Whilst these savings are envisaged to be achieved in full during 2011/12, the cost of implementing these proposals will need to be supported corporately. Stage 2 savings proposals incorporated above represent a further potential reduction of approximately 338 FTE positions (full-year impact) by April 2012, with associated redundancy and pension strain costs estimated to be in the region of £7m to £10m in 2011/12 (approximately £5.5m to £8m compulsory redundancy and pension strain costs and £1.5m to £2m voluntary enhancement). This estimate will be refined as further detail is available on the actual positions which will be removed from the department's structure.

10.36. In addition, further corporate support maybe required during 2011/12 to 'cash flow' the establishment of the Information, Advice and Guidance service (paragraph 10.25) and to support any academy conversion costs.

## 11. Review of charges

11.1. The service's 2011/12 revenue budget includes income of £6.1m from fees and charges.

11.2. There are some mandatory and national charges which the County Council is not able to vary. Within Children's Services the only charge that is mandatory relates to penalty notices of truants and excluded pupils.

11.3. Discretionary charges are reviewed annually except when they are subject to agreements which cover longer periods when the review takes place at the end of the period of the agreement. The Executive Lead Member for Children's Services also reviews school meal charges and a separate report on this agenda outlines proposals for 2011/12. Other examples of discretionary charges include:

- sale of milk for infant age pupils – no increase from 16 pence proposed
- secure unit accommodation provided to other local authorities – a general price increase of 2.5% is proposed (from £4,508 to £4,620 per week), although separate negotiations are ongoing with the Youth Justice Board in respect of the block contract 'bed nights' they purchase from the County Council

- parental contributions for children accommodated in accordance with Schedule 2, Part II, paragraph 22 of the Children Act 1989 – proposed increase from £41 per week to £42 per week
- 11.4. In a separate report on this agenda the charge for school meals is recommended to stay at £2.00 per meal, which has been the price since April 2009.
- 11.5. To ensure that income is maximised for the department as part of this annual review, consideration has been given to the current economic climate e.g. forecast retail price index (RPI) for 2011. Proposals also reflect changes to ensure that full costs are recovered of services. Details of current and proposed charges for 2011/12 are outlined within Appendix 2.

## **12. Other Expenditure**

- 12.1. The budget includes some items which are not counted against the cash limit. This includes budgets for central departments' support services, except where they have been given to departments to buy services and in respect of repair and maintenance of buildings. It also includes member support within the Children's Services budget, which is rechargeable to the Policy and Resources budget for corporate and democratic services. These have been excluded at this stage as the budgets are subject to review by the Policy and Resources Executive Member and they have not yet been agreed. In the 2010/11 original budget they totalled £16.217m.

## **13. Partnerships**

- 13.1. 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**

- 13.2. The Wessex Youth Offending Team (YOT) is a multi-disciplinary partnership working within Children's Services and the Criminal Justice System. The YOT has one overriding aim which is to prevent offending behaviour by children and young people (10 to 17 years of age).
- 13.3. Wessex YOT is funded primarily by the Youth Justice Board (YJB) and partner organisations (whose contributions may be in cash and/or in kind). Hampshire County Council is the lead partner. Other partners are Portsmouth City Council, Southampton City Council, Isle of Wight Council, Hampshire Probation, Hampshire Police Authority, Hampshire Primary Care Trust (PCT), Portsmouth City PCT, Southampton City PCT and the Isle of Wight PCT.
- 13.4. The Wessex YOT budget for 2010/11 is £10.6m of which £8.8m relates to 'core' partnership activities. The majority of funding comes from partner contributions - £6m, of which Hampshire County Council's contribution is

£2.6m and the Youth Justice Board (YJB) grant is £2.7m. A 'break-even' is forecast for 2010/11.

- 13.5. The YJB has not yet provided grant figures for 2011/12. However, it is estimated that there will be a reduction of between 10% and 15%. Some of this funding has until now been provided by the DfE to the YJB (approximately 20% of the total prevention element of the grant - £130,000). This funding is now part of the Early Intervention Grant and, therefore, is not ring-fenced. Further, it is understood that the rest of the YJB grant will come in the form of a non-ringfenced grant and will be given to individual local authorities rather than to Hampshire County Council as the lead authority. Therefore, agreement to 'passport' this funding to the partnership will be required.
- 13.6. Most partners have indicated that their contributions will reduce by about 10% to 15% in 2011/12. Hampshire County Council is proposing a reduction of £125,000 or 5%, which is in line with the budget reduction proposals set out in the report to Cabinet on 26 July 2010.
- 13.7. The Wessex YOT Management Board has considered the potential impact of these significant income reductions from both the YJB and partner contributions in 2011/12. A revised management structure has been agreed and further structural changes are being consulted on. Other contractual arrangements, including Restorative Justice, are also being reviewed in order to achieve efficiencies.
- 13.8. The next Management Board is on 7 March 2011 when the 2011/12 budget should be finalised. The outcome will be reported to the Executive Lead Member for Children's Services as soon as possible.

### **Hampshire CAMHS Commissioning Partnership**

- 13.9. The Hampshire CAMHS Commissioning Partnership provides services focused on promoting and restoring the emotional well-being of children and young people. The partnership is between Hampshire County Council and the Hampshire Primary Care Trust (NHS Hampshire). Most services have been commissioned through individual contract arrangements. These include NHS providers and other organisations who provide support for children and young people with emotional, social, and mental health needs.
- 13.10. The total pooled budget for 2010/11 is approximately £9.7m, on which there is a forecast underspend of £96,000. The Board has agreed that this will be returned to partners in proportion to contributions to the pooled budget.
- 13.11. Hampshire County Council is reducing its contribution to the pooled budget by £150,000 (8%) to approximately £1.6m in 2011/12 and NHS Hampshire has indicated that they will reduce their contribution by a similar proportion.
- 13.12. Following a recent tender exercise most of the services will be provided by one provider from April 2011 on a three year contract. This will provide savings to the partnership, even after reductions in partner contributions, although firm figures are not yet available as the precise contract details

are still to be finalised. In the meantime a 'heads of agreement' is being entered into between NHS Hampshire and the provider.

- 13.13. The current 'Section 75' partnership agreement between NHS Hampshire and Hampshire County Council (which includes funding arrangements) is due to expire on 31 March 2011. Arrangements are in hand to extend this agreement by one year. This will be submitted to the Executive Lead Member for approval.

### **Hampshire Safeguarding Children Board**

- 13.14. The Board was established as a requirement of the Children Act 2004, which also set out the partners that should be included. The Board is responsible for co-ordinating and ensuring the effectiveness of local work to safeguard and promote the welfare of children.

- 13.15. The gross budget for 2010/11 is £380,000 of which partner contributions amount to £250,000, which includes Hampshire County Council's contribution of £152,000. Other contributing partners are Hampshire PCT, Hampshire Police, Probation, Children and Family Court Advisory and Support Service (CAFCASS) and the 11 local District/Borough/City Councils. Hampshire County Council's funding for the Child Death Overview Panel is also added to this budget (approximately £55,000). There is a forecast underspend of £36,000.

- 13.16. At its meeting on 10 January 2011 the Board agreed its budget for 2011/12, which sets out a gross spend of £287,000. Partner contributions total £229,000, which is a reduction of 8% compared with 2010/11. Hampshire County Council's contribution is £139,000.

## **14. Business units**

- 14.1. The trading accounts of the business units are included in Appendix 3.

- 14.2. The business units consist of three groups of services:

- Stubbington and Minstead Study Centres, which provide residential and day field study experiences for schools and other groups
- Children's Centres which are run and managed by Hampshire County Council, providing a range of services, information, advice and support to, as well as, integrated childcare and early learning, health services, family support, parental outreach and employment advice
- business units providing services to schools and to the Children's Services department on a charge basis. Broadly 80% of the income is secured through annual subscriptions from schools. The remainder is for services core-funded from the Children's Services non-schools budget.

### **Study Centres**

- 14.3. Minstead Study Centre is forecasting an in-year surplus for 2010/11 of £7,000 which will result in a cumulative deficit of £57,000 as at 31 March 2011. A small in-year surplus is also forecast for 2011/12 which will further reduce the Centre's cumulative deficit. Minstead's improved trading position has been achieved following reviews of its charging policy, its bookings policy, its marketing arrangements, its approach to day visits and its cost base.
- 14.4. Stubbington Study Centre is projecting a surplus reserve balance at 31 March 2011 of approximately £383,000, which has been built up over a number of years. Accrued balances for the Study Centres can be used to invest in their capital projects. Also, for 2010/11 a small amount is likely to be used by Stubbington to offset a potential deficit position. The business unit is in the process of developing its 2011/12 business plan and is currently projecting a break-even position for the year. Stubbington has also been reviewing its charging policy, cost base and marketing arrangements in order to improve its trading position.

### **Children's Centres**

- 14.5. The Children's Centre business unit is forecasting an in-year deficit for 2010/11 of £413,000 which will result in a cumulative surplus of £863,000 as at 31 March 2011. A planned deficit of £769,000 is also forecast for 2011/12 with the intention of further reducing the business unit's surplus to £94,000.
- 14.6. Changes currently being considered around the way in which Children's Centres are operated in the future will require the current business unit status as a governance structure to be reviewed during 2011/12.

### **Other Business Units**

- 14.7. For the remaining business units, an overall in-year deficit of £797,000 is projected for 2010/11 and a further deficit of £966,000 is forecast for 2011/12. This would result in cumulative reserves for these units reducing from £2.838m as at 31 March 2011 to £1.872m as at 31 March 2012.
- 14.8. The majority of the forecast deficit for 2010/11 and 2011/12 relates to the HIAS business unit, which is planning deficits for these years of £758,000 and £944,000 respectively. A further deficit of £944,000 is currently planned for 2012/13 which will reduce HIAS' current reserves of £2.811m to an estimated £165,000 by 31 March 2013. For 2011/12 and 2012/13, HIAS' planned deficits relate to the agreed retention of some of the National Strategies Consultants, for whom funding will no longer be available, as Teaching and Learning Advisors and takes account of potential termination costs should there be insufficient demand through sold services. These posts are being retained to ensure that there is sufficient capacity to support schools through the significant changes in the organisation and funding of schools as proposed in the White Paper.

Governor Services is projecting an in-year surplus for 2011/12 of £39,000 and Education Personnel Services is forecasting a deficit for the year of £61,000. The Music Service is currently showing a break-even position for 2011/12 but this could be affected by the Government announcement regarding future grant funding for Music, which is expected early in 2011.

- 14.9. The core contributions to the business units continue to be reviewed in order to achieve efficiencies savings, including a share of the corporate mileage savings.

## 15. Workforce implications

- 15.1. The workforce implications of the proposed budget for 2011/12 are set out in Appendix 4. The 2011/12 base budget supports a planned workforce of 2,480 full time equivalent (FTE) staff, excluding school staffing. This compares with the original estimate for 2010/11 of 2,852 FTEs which is a net reduction of 372 FTEs, and this movement is summarised in the table below and in more detail within Appendix 4.

	FTEs	Full-year impact of 2011/12 changes (cumulative) FTEs
2010/11 original estimate of average staff numbers in the year	2,852	
Changes to original budget	-94	
2010/11 adjusted original	2,758	
Changes occurring during 2010/11	-66	
2010/11 revised estimate	2,692	
Transfers between departments	-10	-10
Services transferring from Schools Budget to non-schools budget	+52	+52
8% budget and passported grant reduction savings proposals:		
<i>Stage 1 restructure</i>	-120	-120
<i>Stage 2 restructure</i>	-107	-338
Sub-total	-227	-458
Wessex YOT partnership reduction	-27	-33
<b>2011/12 estimate of average staff numbers in the year</b>	<b>2,480</b>	<b>-449</b>

- 15.2. Many of the changes outlined above occurred during 2010/11. The remaining changes will take place during 2011/12 as part of the corporate efficiency workstreams and departmental savings proposals. Of these, 120 FTEs will have been removed from the structure by the 1 April 2011 in response to stage 1 restructuring (in addition to 65 FTEs removed from 2010/11 adjusted budget relating to stage 1, a total of 185 FTEs), therefore achieving full-year savings during 2011/12. A further 27 FTEs (33 full-year impact) will be removed from the Wessex YOT partnership. These changes, which relate to the proposed restructure of the partnership currently being considered by the Partnership Board, are not captured in the savings proposals outlined earlier in the report and in Appendix 1. However, it should be noted that not all of these FTE reductions will be Hampshire County Council employees.
- 15.3. During 2011/12, a further 107 FTEs will be removed from the budget in response to stage 2 restructure proposals, with a full-year effect of 338 FTEs. All of these positions will be removed from the department's structure by April 2012.

## **16. Risks and Conclusions**

- 16.1. The non-schools budget is anticipated to balance for the service pressures and in-year grant reductions for 2010/11 with an overspend during 2010/11 as a result of the compulsory redundancy and early retirement costs that will be incurred (estimated at approximately £3.7m). It is proposed that this overspend is met from Corporate Reserves.
- 16.2. The budget proposals for 2011/12 have been achieved within the proposed budget guideline and incorporate the impact of anticipated ongoing financial risks around activity led areas of service such as Children Looked After. Other areas where there are risks associated with achieving the savings set out in this report, include:
- timescales associated with the HR processes to achieve the necessary staff changes
  - difficulties that will be associated with reducing the Children's Services financial support to some community use of schools where contracts or tie-ins to capital funding are in place
  - Integrated Youth Support Services – development of the voluntary and community sector capacity to deliver
- 16.3. Cabinet is asked to support cash flow funding during 2011/12 to support the cost of change associated with implementing these proposals.

## **17. Recommendations**

- 17.1. To approve for submission to the Leader and Cabinet:
- (i) The revised budget for 2010/11 totalling £1,006.274m (as set out in Appendix 5).
  - (ii) The proposals for growth totalling £3.5m (as set out in Appendix 1).

- (iii) The proposals for redeployment of resources and income generation totalling £3.550m in 2011/12 (as set out in Appendix 1).
  - (iv) The proposals for efficiency improvements totalling £15.296m (8.8% of the proposed budget) in 2011/12 (as set out in Appendix 1).
  - (v) The annual review of income and charges (as set out in Appendix 2).
  - (vi) The detailed budget for 2011/12 (as set out in Appendix 3).
  - (vii) The workforce implications of the proposed budget for 2011/12 (as set out in Appendix 4).
  - (viii) Support for the proposal that the reduction in formula grant relating to Academies be met from a central corporate provision until such time as schools convert, following which pressures will be realised against both the Schools and non-schools budgets (paragraph 8.5).
  - (ix) The proposal for cash flow support to be held in the corporate contingency fund during 2011/12 as set out in paragraphs 10.25, 10.35, 10.36 and 16.3 in order to allow for careful planning and implementation of changes resulting from the Government's reduction in passported grants.
- 17.2. That approval be given to the negotiation of single tender contracts to extend until 31 October 2011 existing arrangements for the management of 18 Children's Centres in Phases 1 and 2 of the programme (paragraph 10.24).

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

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Children's Services Revenue Budget 2010/11, 2011/12 and 2012/13	1135	15 January 2010
Children's Services Department 2010/11 Revenue Budget Monitoring period 6 (end of September)	2216	17 November 2010
<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.)

DocumentLocation

None

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

- 1.1. A high level equalities impact assessment has been carried out of the main savings included in this report. Fuller assessments will be made prior to implementation of the measures to deliver these savings.

### **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:**

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

Agenda item: 1

**Appendices**

Appendices		Colour
1	Proposals for growth, redeployment and efficiency 2011/12 and 2012/13	yellow
2	Review of income 2011/12	yellow
3	Revenue Budget 2011/12 – budget book detail	green
4	Workforce levels and costs 2010/11 revised and 2011/12 original	blue
Technical appendices		
5	Revised budget 2010/11 – calculation of cash limit	yellow
6	Proposed budget 2011/12- changes from provisional budget 2011/12	pink
Other appendices		
7	Children's Centres	white

Agenda item: 1

## Children's Services

### 1. Proposals for growth, redeployment and efficiency 2011/12 and 2012/13 - Schools

Proposals are shown at outturn prices.

Agreed proposals will be incorporated into future year's base budgets.

	Staffing (FTEs)			
	2011/12	Full-year impact (cumulative)	2011/12	Full-year impact (cumulative)
	£000	£000		
<b>Growth proposals:</b>				
<b><i>Growth in delegated funding</i></b>				
Deprivation for Single Early Years	380	380		
Flexibility effect – 3 & 4 year olds	475	475		
Admissions, employers obligations and insurance	460	460		
3 and 4 year olds funded by one-off carry forward in 2011/12	0	887		
<b><i>Sub-total delegated growth proposals</i></b>	<b>1,315</b>	<b>2,202</b>	<b>0</b>	<b>0</b>

	Staffing (FTEs)			
	2011/12	Full-year impact (cumulative)	2011/12	Full-year impact (cumulative)
	£000	£000		
<b><i>Growth in non-delegated funding</i></b>				
Independent Safeguarding	0	20		
Deaf Instructor	25	25		
Equal Pay	3,100	5,000		
Redundancy, premature retirement and dismissals	400	400		
Independent Investigations in schools	10	10		
Sparsholt Study Centre	65	65		
Key Stage 4 (Foundation Learning)	500	500		
Portage	300	300		
Further priorities to be agreed by Schools Forum or carried forward to 2012/13	12,257	1,236		
<b><i>Sub-total non-delegated growth proposals</i></b>	<b>16,657</b>	<b>7,556</b>	<b>0</b>	<b>0</b>
<b>Total increase in budget guidelines</b>	<b>17,972</b>	<b>9,758</b>	<b>0</b>	<b>0</b>

	Staffing (FTEs)			
	2011/12	Full-year impact (cumulative)	2011/12	Full-year impact (cumulative)
	£000	£000		
<b>Redeployment proposals:</b>				
<b>Redeployment in delegated funding</b>				
Financial Management Standard in Schools	50	50		
Business Rates	460	460		
<b>Sub-total delegated redeployment proposals</b>	<b>510</b>	<b>510</b>	<b>0</b>	<b>0</b>
<b>Redeployment in non-delegated funding</b>				
SEN and statemented pupils	140	140		
Building Schools for the Future	100	100		
Diploma Formula (Transport)	615	1,561		
			Staffing (FTEs)	

	2011/12	Full-year impact (cumulative)	2011/12	Full-year impact (cumulative)
	£000	£000		
School Leadership Succession	35	35		
<b>Sub-total non-delegated redeployment proposals</b>	<b>890</b>	<b>1,836</b>	<b>0</b>	<b>0</b>
<b>Total redeployment proposals</b>	<b>1,400</b>	<b>2,346</b>	<b>0</b>	<b>0</b>
<b>Net additional pressures funded from headroom</b>	<b>16,572</b>	<b>7,412</b>	<b>0</b>	<b>0</b>

## 2. Proposals for growth, redeployment and efficiency 2011/12 and 2012/13 – Non-schools

Proposals are shown at outturn prices for the relevant year.

Agreed proposals will be incorporated into future year's base budgets.

			Staffing (FTEs)	
	2011/12	Full-year impact (cumulative)	2011/12	Full-year impact (cumulative)
	£000	£000		
<b>Inescapable budget pressures:</b>				
Children Looked After (net after related savings proposals)	2,900	2,900	-17.0	-17.0
Home to School Transport	400	400		
Family Support Services (social care)	200	200		
<b>Total inescapable budget pressures</b>	<b>3,500</b>	<b>3,500</b>	<b>-17.0</b>	<b>-17.0</b>

		Staffing (FTEs)			
		2011/12	Full-year impact (cumulative)	2011/12	Full-year impact (cumulative)
		£000	£000		
<b>Corporate Workstream proposals:</b>					
<i>Efficiency proposals:</i>					
C1	Senior Management	-1,908	-1,908	-29.0	-29.0
C3	Communications	-81	-81	-4.0	-4.0
C6	Area based / Specific Grant	-4,329	-11,164	-83	-202.0
C9	Contract negotiations	-50	-365	0	0
C25	Non-front line restructuring	-433	-433	-16.0	-16.0
		<b>-6,801</b>	<b>-13,951</b>	<b>-132.0</b>	<b>-251.0</b>
<i>Income generation proposals:</i>					
C11	Income generation and charges	-78	-78		
		<b>-78</b>	<b>-78</b>	<b>0.0</b>	<b>0.0</b>

			Staffing (FTEs)	
	2011/12	Full-year impact (cumulative)	2011/12	Full-year impact (cumulative)
	£000	£000		
<b><i>Other budget change proposals:</i></b>				
Area Based / Specific Grants	-3,377	-5,723	-50.0	-151.0
	<b>-3,377</b>	<b>-5,723</b>	<b>-50.0</b>	<b>-151.0</b>
<b>Total Corporate Workstream Proposals</b>	<b>-10,256</b>	<b>-19,752</b>	<b>-182.0</b>	<b>-402.0</b>
<b>D Departmental Proposals:</b>				
Efficiencies	-8,495	-9,923	-28.0	-39.0
Other budget reductions	-95	-95		
<b>Total Departmental Proposals</b>	<b>-8,590</b>	<b>-10,018</b>	<b>-28.0</b>	<b>-39.0</b>

	Staffing (FTEs)			
	2011/12	Full-year impact (cumulative)	2011/12	Full-year impact (cumulative)
	£000	£000		
Total inescapable budget pressures	3,500	3,500	-17.0	-17.0
Total efficiencies, income generation and other budget change proposals ( <i>Corporate and Departmental</i> )	-18,846	-29,770	-210.0	-441.0
<b>Net redeployment proposals</b>	<b>-15,346</b>	<b>-26,270</b>	<b>-227.0</b>	<b>-458.0</b>

**Children’s Services**  
**Review of income 2011/12**

	<b>Current charge</b>	<b>Total income</b>	<b>Date of last review</b>	<b>Planned date for next review</b>	<b>Proposed charge (if proposed now)</b>	<b>Is charge set to recover full cost Yes/No</b>	<b>Is charge subject to an assessment scale determined locally?</b>	<b>Additional income from increased or new charge</b>
	£	£			£			
<b>Mandatory/National charges</b>								
Inter-authority recoupment	Based on cost of placement	1,962,177	April 2010	April 2011	N/A	Yes	Annually calculated to national guidelines	0
Penalty notices for parents of truants and excluded pupils	£50 if paid within 28 days / £100 if paid within 42 days	2,000	February 2004	Not Known	N/A	No	Charges are set nationally	N/A

	<b>Current charge</b>	<b>Total income</b>	<b>Date of last review</b>	<b>Planned date for next review</b>	<b>Proposed charge (if proposed now)</b>	<b>Is charge set to recover full cost Yes/No</b>	<b>Is charge subject to an assessment scale determined locally?</b>	<b>Additional income from increased or new charge</b>
	£	£			£			
<b>Discretionary charges:</b>								
Sale of milk to infants (per day)	0.16	76,800	January 2011	April and September 2011 (termly)	N/A	No	Yes, reviewed termly within constraints of EU milk scheme	N/A
Rents for staff accommodation	Varies	72,000	April 2010	April 2011	N/A	Yes	Yes, annual rent review by CCBS	N/A
Education Psychology Service	Varies	50,300	April 2010	April 2011	N/A	Yes	External income, contracts reviewed annually	N/A

	<b>Current charge</b>	<b>Total income</b>	<b>Date of last review</b>	<b>Planned date for next review</b>	<b>Proposed charge (if proposed now)</b>	<b>Is charge set to recover full cost Yes/No</b>	<b>Is charge subject to an assessment scale determined locally?</b>	<b>Additional income from increased or new charge</b>
	£	£			£			
Specialist Teacher Advisory Service	Varies	6,600	April 2010	April 2011	N/A	Yes	Charges to Post 16 sector, reviewed annually	300
Outdoor Education (Recharge to OLAs and FE Colleges)	Varies	60,000	April 2010	April 2011	N/A	Yes	Yes	N/A
Privileged Transport	£43 per month	69,000	September 2010	September 2011	N/A	Yes	Yes	N/A
Denominational Transport	£1 per day	111,000	September 2007		N/A	No	Yes	N/A
Transport recharge to other local authorities	Varies – depends on cost	247,000	Ongoing	Ongoing	N/A	Yes	Yes, within national guidelines	N/A
Residential Accommodation for								

	<b>Current charge</b>	<b>Total income</b>	<b>Date of last review</b>	<b>Planned date for next review</b>	<b>Proposed charge (if proposed now)</b>	<b>Is charge set to recover full cost Yes/No</b>	<b>Is charge subject to an assessment scale determined locally?</b>	<b>Additional income from increased or new charge</b>
	£	£			£			
<i>Children (Weekly):</i>								
Community Homes	2,793	0	April 2010	April 2011	2,863	Yes	No	N/A
Secure Unit (Swanwick Lodge) – Proposed charge to other Local Authorities	4,508	3,301,400	July 2009	April 2011	4,620	Yes	No	16,600
Homes for Children with Disabilities	2,878	0	April 2010	April 2011	2,950	Yes	No	N/A
<i>Other Charges:</i>								
Parental Contribution (weekly)	41	29,600	April 2010	April 2011	42	No	Yes	800
Hire of Rooms (per hour)	27	0	April 2010	April 2011	28	Yes	No	N/A

	<b>Current charge</b>	<b>Total income</b>	<b>Date of last review</b>	<b>Planned date for next review</b>	<b>Proposed charge (if proposed now)</b>	<b>Is charge set to recover full cost Yes/No</b>	<b>Is charge subject to an assessment scale determined locally?</b>	<b>Additional income from increased or new charge</b>
	£	£			£			
Hire of accommodation – Children’s Centres	Varies	80,000	April 2010	April 2011	Varies but increase by 2.5%	No	Yes	2,000
Hampshire Foster Care Placement Management Charge (per week)	255	0	April 2010	April 2011	261	Yes	No	N/A
Foster Care Assessments	47 per hour	Varies in-year	April 2010	April 2011	48 per hr	Yes	No	Varies in-year
<b>Services provided free where charges could be made</b>		Nil						
<b>Total</b>		<b>6,067,877</b>						<b>19,700</b>



**Children's Services****Revenue Budget 2011/12**

Reconciliation of the original 2010/11 budget on the following pages with the 2010/11 budget in the published budget book.

	£000	£000
Net expenditure on page B25 of the published budget book		204,346
Adjustments for items not included in the budget book:		
- Support Services and Repairs and Maintenance of buildings	-16,313	
- Charges to Corporate and Democratic Core	96	
	<hr/>	-16,217
Adjustments made to the original budget figures:		
- Facilities Management transfer	-91	
- Devolved Finance Unit transfer to County Treasurers	-1,742	
- IT transfer	-1,168	
- Deaf Services transfer from Adult Services	45	
	<hr/>	-2,956
		185,173
Adjustment to Business Unit Reserves in relation to EdICT		47
		<hr/>
<b>Total net expenditure for 2010/11 original budget shown overleaf on page B25</b>		<b>185,220</b>
		<hr/>



**Children's Services****Workforce levels and costs****Excludes School Staffing****PART A**

	2011/12	Full-year Impact (cumulative)
	FTEs	FTEs
2010/11 original estimate of average staff numbers in the year	2,852	
Changes to original budget:		
Transfers between departments	-108	
Other grant funded/partnership changes	+14	
2010/11 adjusted original	2,758	
Changes occurring during 2010/11:		
2010/11 part-year effect of response to planned funding cuts	-66	
2010/11 revised estimate	2,692	
Changes planned for 2011/12:		
Transfers between departments	-10	-10
Services transferring from schools to non-schools	+52	+52
8% service budget and passported grant savings:		

	2011/12	Full-year Impact (cumulative)
	FTEs	FTEs
• <i>Stage 1</i>	-120	-120
• <i>Stage 2</i>	-107	-338
Sub-total of stage 1 and stage 2 proposals (as per Appendix 1)	-227	-458
Other Partnership changes ( <i>Wessex Youth Offending team</i> )	-27	-33
<b>2011/12 estimate of average staff numbers in the year</b>	<b>2,480</b>	<b>-449</b>

**Children's Services**  
**Workforce levels and costs**  
**Excludes School Staffing**  
**PART B**

	2010/11 Revised £000	2011/12 Original £000
Analysis of workforce costs in base budget:		
Salaries of permanent staff (including employer's national insurance and pension contributions)	74,857	78,938
Temporary/fixed term/casual staff	449	565
Agency staff	50	157
Additional hours	-	-
Total workforce costs	75,356	79,660
Average FTE staff actually in post (excludes Business Unit's)	2,063	2,128

	2010/11 Revised £000	2011/12 Original £000
Staffing changes in growth, savings and redeployment proposals:		
Variation in staff (FTEs) – as per Appendix 1		-227
Variation in budget (£'000)		-7,846
Workforce implications of budget proposals:		
FTE posts available (excludes Business Units)	2,063	1,901
Workforce budget available (£'000)	73,356	71,814
Business Unit's	593	579
<b>Total FTEs (including Business Units)</b>	<b>2,656</b>	<b>2,480</b>

## Children's Services

### Revised budget 2010/11

#### 1. Calculation of the cash limit for the revised budget 2010/11 - Schools

The following table shows the progression from the original budget for 2010/11 to the cash limit for the revised budget 2010/11. Both are at estimated outturn prices 2010/11.

	£000	£000
Original budget 2010/11 at outturn prices		829,833
Transfers to/from other services and contingency allocations:		
<i>List</i>		
= Adjusted original budget		829,833
Other variations:		
- Technical adjustment move from Schools to non-schools	-128	
- Teachers' sickness and maternity cover – 2009/10 underspend brought forward	1,174	
		1,046
- Variation in expenditure financed by Government grants:		
• Dedicated Schools Grant	-853	
• Standards Fund	9,348	
• Schools Standards grant	-268	
• Sure Start and Early Years Childcare Grant	-144	
• Milk Grant	-4	
• 14-19 Diploma Grant	1,223	
-		9,302
- Planned underspend carry-forward to 2011/12		-4,500
<b>= Cash limit for the revised budget 2010/11</b>		<b>835,681</b>

## 2. Calculation of the cash limit for the revised budget 2010/11 – Non-schools

The following table shows the progression from the original budget for 2010/11 to the cash limit for the revised budget 2010/11. Both are at estimated outturn prices 2010/11.

	£000	£000
Original budget 2010/11 at outturn prices		171,746
Transfers to/from other services and contingency allocations:		
- IT Transfer	-1,168	
- Deaf Service	45	
- Facilities Management transfer	-91	
- Devolved Finance Unit transfer	-1,742	
		<u>-2,956</u>
<b>= Adjusted original budget</b>		<b>168,790</b>
Inflation		
Provision added since the original budget for:		
- Education Psychologists Soulbury Pay Award		110
- Business Rates adjustment		2
Other variations:		
- Children Looked After – corporate contingency allocation	1,000	
- LPSA 2 allocation	883	
- Transfers to other departments (net)	-9	
- CAMHS partnership earmarked reserve	14	
- Corporate Procurement savings	-82	
- Pay and Productivity savings	-350	
- Building Schools for the Future	1,450	
- Technical adjustment moved from schools to non-schools	128	
- Variation in Area Based Grant	-3,884	
		<u>-850</u>

	£000	£000
- Variation in expenditure from Government grants:		
• Standards Fund	593	
• Youth Opportunities Fund	30	
• Aiming High for Disabled Children	155	
• ContactPoint	-242	
• Family Intervention	200	
• Asylum Seekers	428	
• Transport Co-ordinator	38	
• TAMHS	11	
• Special Purpose Grant (LSC transfer)	18	
		<u>1,231</u>
<b>= Cash limit for the revised budget 2010/11</b>		<u><b>169,283</b></u>

### 3. Cash limit for the revised budget 2010/11 – Schools and non-schools

	£000
Schools	835,681
Non-schools	<u>169,283</u>
<b>Total Children's Services</b>	<u><b>1,004,964</b></u>



## Children's Services

### 1. Proposed budget 2011/12 – Schools

The following table shows the progression from the 2011/12 provisional budget prepared last year to the 2011/12 proposed budget at outturn prices.

	£000	£000
<b>Provisional budget 2011/12 at outturn prices</b>		<b>829,833</b>
Base budget adjustments:		
- Pupil numbers	-617	
- Revenue effects of capital	-326	
- New school allowance	-45	
- Grants reclassified as non-schools (from Schools)	-27,878	
- Grants reclassified as Schools (from non-schools)	8,019	
- Adjustments to 2010/11 original budget	-2,557	
- Adjustment for Havant Academy	-2,826	
- Dedicated Schools Grant carry-forward	9,160	
- Technical adjustment move from Schools to non-schools	-128	
	<hr/>	-17,198
Adjusted allocation for future inflation		-
<b>Proposed budget 2011/12 at outturn prices</b>		<hr/> <b>812,635</b> <hr/>

## 2. Proposed budget 2011/12 – Non-schools

The following table shows the progression from the 2011/12 provisional budget prepared last year to the 2011/12 proposed budget at outturn prices.

	£000	£000
<b>Provisional budget 2011/12 at outturn prices</b>		<b>177,246</b>
Adjustments to original budget:		
- Facilities Management	-91	
- DFU Transfer to County Treasurers	-1,742	
- IT Services Transfer	-1,168	
- Deaf Service (from Adult Services)	45	
		<hr/>
		-2,956
<b>Adjusted provisional budget 2011/12 at outturn prices</b>		<b>174,290</b>
Base Budget variations:		
- Full-year effect of Education Psychologists Soulbury pay award	110	
- Business rate adjustment	11	
- Facilities Management transfer	-271	
- Salix loan repayment for Carbon reduction	-22	
- Technical adjustment move from Schools to non-schools	128	
- In-year reduction of ABG	-4,857	
- Mapping Service funded from formula top-slice	-32	
- Change in number of School Days	127	
- Change for Children reserve	54	
- 2011/12 grant changes	1,140	
- Grants reclassified as non-schools (from Schools)	27,878	
- Grants reclassified as Schools (from non-schools)	-8,019	
- Efficiencies – pay and productivity	-1,321	
- Efficiencies – Corporate procurement savings	-863	
- Efficiencies – Facilities Management	-34	
		<hr/>
		14,029

Appendix 6

	£000	£000
Growth and redeployment proposals:		
- 2011/12 grant changes	-1,782	
- 8% service reduction	-13,564	
		<hr/>
		-15,346
Adjusted allocation for future inflation		-45
		<hr/>
<b>Proposed budget 2011/12 at outturn prices</b>		<b>172,928</b>
		<hr/>

**3. Proposed budget 2011/12 – Schools and non-schools**

	£000
Schools	812,635
Non-schools	172,928
	<hr/>
<b>Total Children's Services</b>	<b>985,563</b>
	<hr/>



## 1. Restructuring children's centres provision

- 1.1. The 81 children's centres in Hampshire were established as part of the previous government's initiative to improve early years provision. The programme was tightly prescribed by government, with limited opportunities for local discretion, particularly in the early stages. The number of children's centres and size of reach areas were developed to meet the prescribed requirements of the guidance resulting in some notional catchment areas much smaller than would otherwise have been developed. Capital and revenue funding to support the programme was made available through Sure Start Grant. Currently 44 Children's centres are directly managed by the County Council, 13 are managed by schools and 24 by third parties.
- 1.2. Children's centres are funded in full through Sure Start Early Years Childcare Grant (SSEYCG), totalling £16.9m in 2010/11. The CSR settlement for Sure Start services funding included a relatively modest budget reduction in real terms each year for inflation, but the pressures on other areas of the Children's Services budget set out in this report are such that greater savings need to be made in the operation of children's centres. In addition, it is clear that there is scope for rationalisation of children's centre management arrangements, without significant impact on their offer to users as a result of these changes. However, it should be noted that service delivery may change as a result of revised government guidance.
- 1.3. Expenditure reductions can be achieved through:
- merging children's centres where numbers and geography allow and in the context of an upper reach area limit of around 1,200 to achieve maximum efficiency
  - remodelling the core staffing for centres through a cluster approach
  - delivering the management of all children's centres through third parties.
- 1.4. This approach would produce 53 centres and retain 100% coverage of the county, in eight clusters, which would correspond to the eight Children's Services management districts. It would give an estimated budget saving £6.0m, or 35.5% of the current annual budget. Remodelling of the children's centres service would generate significant personnel issues, in particular potential redundancies and TUPE.
- 1.5. Consultation on the proposed changes is proposed, to run from 31 January 2011 to 14 March 2011, supported by a website and regularly updated frequently asked questions (FAQs) explaining the background to and purpose of the consultation. Information about the proposals would be sent to targeted groups, with a contact telephone number and email address for queries and a response form. 14 consultation events are planned across the county, at which interested parties would have the

opportunity to speak to officers about the proposals and express their views. Additional briefings would be held as necessary with partners such as Health. A report would be submitted to Cabinet in April 2011 on the outcomes of the consultation and would seek approval to the implementation of future arrangements.

- 1.6. The service is committed to approximately £7.6m children's centres service delivery cost for April to October 2011 before any potential savings can be made. The maximum savings in 2011/12 would therefore be restricted to five months of the year and would be reduced by the one-off costs of restructuring falling in 2011/12.