

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Lead Member for Children's Services
<b>Date of Decision:</b>	9 March 2011
<b>Decision Title:</b>	Children's Services Department 2010/11 Revenue Budget Monitoring – Period 10 (end of January 2011)
<b>Decision Reference:</b>	2658
<b>Report From:</b>	County Treasurer and Director of Children's Services

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#### 1. Executive Summary

- 1.1. The purpose of this paper is to set out for the Executive Lead Member for Children's Services the current position on the Children's Services revenue budget for 2010/11 as at the end of January (period 10).
- 1.2. The report outlines the key financial pressures faced by the department in 2010/11, resulting in a forecast underspend of approximately £1.6m (£5.3m underspend against the Schools Budget and £3.7m overspend against the non-schools budget).
- 1.3. This net position reflects the impact of in-year revenue funding cuts of approximately £6.2m, including £4.857m of Area Based Grant (ABG) cuts, £967,000 LPSA2 reward grant originally anticipated to be received (planned expenditure against this will now not proceed), £161,000 of ContactPoint Grant (all non-schools budget) and £178,000 Local Delivery Support Grant (Schools Budget).
- 1.4. A number of issues previously outlined within reports presented to the Executive Lead Member for Children's Services continue to challenge the department, including the number of children looked after by the County Council, and further information on these areas is provided within the report. However, the successful implementation of the departments savings plan has enabled both the in-year funding cut of approximately £6m (non-schools) and the underlying in-year funding pressure of approximately £2m to be met.
- 1.5. The non-schools budget position incorporates the estimated cost of compulsory redundancy and early retirement costs of £3.7m anticipated to be incurred during 2010/11 as a result of delivering

stage 1 of the department restructuring. These costs cannot be met by the department and as such will be funded from corporate reserves.

## **2. Contextual information**

- 2.1. The 2010/11 budget was agreed by the County Council on 18 February 2010.
- 2.2. Appendices are listed at paragraph 9.1.

## **3. Activity, Performance and Workforce information**

- 3.1. Appendix 2 provides details of activity data which is extracted from the key activity led/high risk budgets that are reported to Cabinet. Appendix 2(c) shows the figures for the first six months of the year (April – September 2010) that were reported to Cabinet on 29 November 2010. The trends in activity and spend are explored in more detail in section 4.
- 3.2. In December Ofsted rated Hampshire as Children's Services as performing excellently in 2010. In particular, improvement has been evidenced in safeguarding services with the 2010 Ofsted unannounced inspection of arrangements for contact, referral and assessment concluding that significant progress has been made during the year. Areas for further development were identified as improving outcomes for young people from low income households or leaving care and increasing the number of good inspection judgements for pupil referral units.
- 3.3. Overall, progress against 2010/11 performance targets is positive in quarter three, with 57.7% of success measures within the Department Plan on track (compared to 52.7% at quarter two). 86% of measures have either been judged as having the same (or increased), likelihood of achieving targets in comparison to quarter two. Of the measures with a high likelihood of missing the target in quarter three, none have worsened in actual performance since quarter two, as they are measured annually.
- 3.4. During the third quarter of the year the number of full-time equivalent employees (FTEs) has reduced by 88 FTEs (net) since the end of the first quarter (from 2,842 at quarter 1, increasing slightly to 2,858 at the end of quarter 2, before reducing to 2,754 at the end of quarter 3). This reduction is mainly due to the recruitment freeze implemented, with closer scrutiny being given to decisions to recruit to vacant posts in view of funding cuts and the resulting budget position.
- 3.5. Retention of staff has varied since the end of quarter 1, with 133 external leavers in quarter 2 (3.7%) and 93 external leavers (26%) in quarter 3. This compared with 79 leavers (2.2%) during quarter 1.
- 3.6. The overall sickness figures available for the department demonstrate a slight upward trend for the third quarter of the year (2.3 days per

FTE compared with 2.0 days as at the end of quarter 1 and 1.9 days at the end of quarter 2).

- 3.7. As outlined earlier in the report, work continues to restructure the department's workforce in response to confirmed and anticipated funding cuts. The full budgetary impact of these cuts will be reflected in future reports.

**4. 2010/11 Revenue Budget Summary as at 31 January 2011 (period 10)**

- 4.1. The overall 2010/11 cash limited budget for Children's Services has increased since the original budget was set in February 2010 as outlined below:

	<b>Schools £000</b>	<b>Non- Schools £000</b>	<b>Total £000</b>
Original agreed cash limited revenue budget <i>(as per budget book)</i>	829,833	171,746	1,001,579
Approved changes:			
Corporate Contingency for Children Looked After		+1,000	+1,000
LPSA2 reward grant (reduced allocation)		+883	+883
Area Based Grant reduction (24%)		-4,859	-4,859
Other net grant adjustments (ABG & Specific) and minor changes (e.g. Transfers to/from other departments)	+6,115	+5,970	+12,085
<b>Current Cash Limited Budget<sup>1</sup></b>	<b>835,948</b>	<b>174,740</b>	<b>1,010,688</b>

- 4.2. The projected outturn reported for 2010/11 is an underspend of approximately £1.6m (net). This is a reduction in forecast expenditure of approximately £800,000 compared with the revised budget outlined to the Executive Lead Member on 28 January 2011<sup>2</sup>. The variance reported by Schools Budget and non-schools budgets is as follows:

<sup>1</sup> Excludes assumptions around Schools Budget carry-forward to 2011/12.

<sup>2</sup> The revised budget for 2010/11 indicated an underspend of £4.5m against the Schools Budget which would be carried forward in full to 2011/12.

	<b>Revised Budget <sup>3</sup></b>	<b>Period 10</b>	<b>Movement Revised Budget to period 10 £000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Schools Budget	-4,500	-5,300	-800
Non-schools budget	+3,700	+3,700	0
<b>Total</b>	<b>-800</b>	<b>-1,600</b>	<b>-800</b>

- 4.3. The main changes on the Schools Budget since the revised budget relates to a reduction in forecast expenditure against the 'LMS Contingency' (£251,000 - paragraph 4.7) and 'Miscellaneous Other' budget (£384,000 - paragraph 4.10). The remaining movement is made up of a number of other minor changes.
- 4.4. This position incorporates non-schools budget savings for 2010/11 of approximately £8m identified as part of the department's budget recovery plan, and the extent of these savings has enabled the department to contain underlying budget pressures (e.g. for Children Looked After) as well as in-year funding cuts of £6m against the non-schools budget. This achievement has required a significant commitment by the department to reduce expenditure across a wide range of services and the level of non-staff spend across the non-demand led services has been extensively scrutinised and reduced. The vacancy management approach, in place since December 2009, has made a significant contribution to the achievement of these savings.
- 4.5. However, the compulsory redundancy and early retirement pension strain costs, currently estimated to be in the region of £3.7m during 2010/11, associated with delivering the initial stage of the departments on-going workforce savings cannot be met. These costs will be funded from corporate reserves and the department's cash limit will be adjusted accordingly at the end of the financial year.
- 4.6. The main variations of the forecast outturn against the cash limit, based on the position as at the end of January (period 10), are outlined in the table below. The subsequent paragraphs provide details on the most significant of these variations, or where changes have occurred since the last detailed report to the Executive Lead Member on the 2010/11 revenue budget dated 17 November 2010 (as highlighted in bold within the table below).

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<sup>3</sup> Revised Budget is based on period 8 (end of November) budget monitoring.

	<b>Adjusted Cash Limit £000</b>	<b>Period 10 Variance £000</b>	<b>Period 10 Variance %</b>	<b>Report para</b>
<b><u>Schools Budget:</u></b>				
<b>LMS Contingency</b>	<b>9,817</b>	<b>-1,956</b>	<b>-19.9</b>	<b>4.7</b>
<b>Miscellaneous Other</b>	<b>730</b>	<b>-658</b>	<b>-90.1</b>	<b>4.10</b>
<b>14 to 19 Diplomas</b>	<b>2,788</b>	<b>-554</b>	<b>-19.9</b>	<b>4.12</b>
<b>Payments for 3 &amp; 4 year olds</b>	<b>31,583</b>	<b>-500</b>	<b>-1.6</b>	<b>4.13</b>
<b>Statemented Pupils</b>	<b>10,087</b>	<b>-1,246</b>	<b>-12.4</b>	<b>4.14</b>
Inter Authority Recoupment	630	+686	+108.9	
<b>Out of County Special Schools</b>	<b>9,534</b>	<b>-414</b>	<b>-4.3</b>	<b>4.19</b>
Other service variations (net)	770,779	-658	-0.1	
<b><u>Non-Schools Budget:</u></b>				
Support Services	5,157	-236	-4.6	
<b>Home to School Transport</b>	<b>27,268</b>	<b>-207</b>	<b>-0.8</b>	<b>4.23</b>
<b>Services for Young Children</b>	<b>1,477</b>	<b>-448</b>	<b>-30.3</b>	<b>4.26</b>
Integrated Youth Service	11,532	-612	-5.3	
Commissioning and Social Work	18,289	+373	+2.0	
<b>Children Looked After <sup>4</sup></b>	<b>34,598</b>	<b>+2,013</b>	<b>+5.8</b>	<b>4.27</b>
<b>Family Support Services</b>	<b>10,088</b>	<b>+455</b>	<b>+4.5</b>	<b>4.38</b>
Estimated cost of compulsory redundancies and early retirement pension strain (paragraph 4.4)	0	3,700	-	
Other service variations (net)	66,331	-1,338	-2.0	

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<sup>4</sup> Children Looked After cash limit includes £1m from Corporate contingency received during 2010/11.

## **Schools Budget**

### **Local Management of Schools (LMS) Contingency**

**-£1,956,000 (-19.9%)**

- 4.7. This budget includes amendments made to schools' budget allocations, as well as Nursery School payments, and money for excluded pupils.
- 4.8. The underspend incorporates lower than budgeted expenditure on business rates (£1.1m) and temporary classroom rentals (£600,000), as well as a number of other minor variations.
- 4.9. The forecast underspend has increased by £251,000 since the revised budget. It can be difficult to predict commitments against this budget and it is possible, therefore, that further changes may emerge during the remainder of the financial year.

### **Miscellaneous Other**

**-£658,000 (-90.1%)**

- 4.10. This underspend represents unallocated Schools Budget which is now not anticipated be spent by the end of the year. A significant proportion of this (£384,000) relates to IT savings, including provision that had been earmarked in the revised budget to support the cost of implementing HPSN2 for schools but, which will now be incurred in 2011/12. This accounts for a significant proportion of the change in Schools underspend since the revised budget was reported in January.
- 4.11. This budget mainly consists of one-off funding which will not be available on an ongoing basis in 2011/12.

### **14 to 19 Diplomas**

**-£554,000 (-19.9%)**

- 4.12. Diploma transport costs have been lower than budgeted for due to the number of diploma students being lower than originally anticipated.

### **Payments for 3 and 4 year olds**

**-£500,000 (-1.6%)**

- 4.13. The underspend reflects a lower than budgeted number of claims being received for nursery provision during the autumn term (in the region of 6%). Costs for the Spring term are not yet known, so this position could change further.

### **Statemented Pupils**

**-£1,246,000 (-12.4%)**

4.14. This budget mainly funds the additional support written into statutory statements of pupils with Special Educational Needs (SEN) who have low incidence needs. While most of the budget is allocated to schools to provide this support, there is also substantial central expenditure on therapies and other external provision, some of which arises from high cost special packages aimed at avoiding the need for more expensive placements in fee paying non-maintained and independent special schools.

4.15. Also included is the recoupment of payments and receipts arising from additional support provided to Hampshire pupils with SEN placed in other local authority schools and vice versa, as well as projects to provide specific support to groups of pupils with SEN.

4.16. The reasons for the underspend include:

- higher recoupment receipts from other Local Authorities than budgeted (£340,000)
- savings arising from unavoidable delays in implementing new resourced provision for early years (£106,000)
- lower levels of expenditure on demand led activity than budgeted. A proportion of this has been due to successful management action taken to achieve efficiency savings against special packages of support (£609,000)
- one-off savings in respect of Prudential Borrowing revenue costs relating to capital developments for Yateley Primary and resourced provision for children with Autistic Spectrum Disorder at Crofton School (£186,000).

4.17. Other minor variations account for the remaining underspend (£5,000).

4.18. As this budget is demand-driven, this level of underspend cannot be guaranteed on an ongoing basis. However, Schools Forum agreed at its meeting on 25 January 2011 that a proportion of this will be used to support other SEN pressures and priorities in 2011/12.

#### **Out County Special Schools**

**-£414,000 (-4.3%)**

4.19. This position reflects the position for the 2010/11 academic year based on September starters. In addition, an assumption has been incorporated into the forecast regarding the outcomes of current tribunal appeals.

4.20. Activity information available demonstrates that there has been a slight reduction in demand for Out County Placements during 2010.

	Number of pupils				
	2008	2009	2010	2011	Movement 2009 to 2010 %
<b>January</b>	<b>221</b>	<b>234</b>	<b>229</b>	<b>231</b>	<b>-2.1</b>
<b>April</b>	<b>238</b>	<b>245</b>	<b>244</b>	<b>-</b>	<b>-0.4</b>
<b>September</b>	<b>222</b>	<b>227</b>	<b>228</b>	<b>-</b>	<b>+0.4</b>

- 4.21. In addition to lower activity levels, placement costs have also been slightly offset by some savings achieved through the successful re-negotiation of fees with providers.
- 4.22. Whilst the forecast includes an assumption around further future placements being made, due to the uncertainty around the outcome of tribunal appeals and further requests being made for new placements, it should be noted that this variance is subject to change.

### **Non-Schools Budget**

#### **Home to School Transport -£207,000 (-0.8%)**

- 4.23. This is an activity led budget which, despite having had much additional resource added over the years including £1.1m growth in 2010/11, has been under constant pressure for several years. However, as outlined in the 17 November report, a review of pupil numbers and contract costs during the autumn term has identified a significant reduction in anticipated expenditure during 2010/11.
- 4.24. The following table shows that, whilst as of December 2010 the overall number of pupils transported has increased by 0.8% over the last year, there has been a reduction in the number of Special or EIS pupils (-0.5%), as well as a reduction in the number of contracts for these pupils (-6.8%).

		Number as at December 2009	Number as at December 2010	Change %
<b>Pupils transported</b>	Mainstream & FE	12,284	12,415	+1.1
	Special / EIS*	2,485	2,473	-0.5
	<b>Total</b>	<b>14,769</b>	<b>14,888</b>	<b>+0.8</b>
<b><i>Analysed by:</i></b>				
	Season Tickets	2,399	2,447	+2.0
	Pupils transported by contract	12,370	12,441	+0.6
	<b>Total</b>	<b>14,769</b>	<b>14,888</b>	<b>+0.8</b>
<b>Number of Contracts</b>	Mainstream & FE	814	816	+0.2
	Special / EIS*	678	632	-6.8
	<b>Total</b>	<b>1,492</b>	<b>1,448</b>	<b>-2.9</b>

4.25. Despite this in-year reduction it is currently still anticipated that an inescapable budget pressure in the region of £400,000 will be experienced next year as set out in the 2011/12 Revenue Budget paper dated 28 January 2011.

**Services for Young Children -£448,000 (-30.3%)**

4.26. This underspend reflects savings anticipated to be achieved against the Early Education Childcare Unit (EECU) non-schools budget as a result of the recruitment freeze and by reviewing and reprioritising expenditure plans. The EECU merged with Children's Centres on 1 January 2011 to form 'Services for Young Children'.

**Children Looked After**

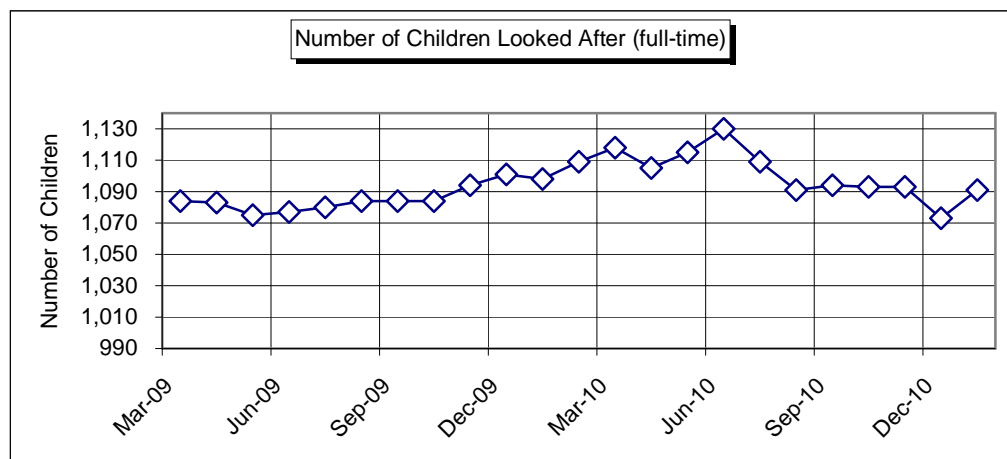
**+£2,013,000 (+5.8%)**

4.27. The overspend consists of:

	January 2011 variance	
	£000	%
Purchased Residential Care (Non-County Placements (NCPs) and Secure Welfare <sup>5</sup> )	+759	+8.3
Purchased Fostering (IFPs)	+1,746	+25.6
HCC Fostering	-630	-5.3
HCC Children's Homes	+236	+3.7
Other Residential	-98	-18.0
<b>Total</b>	<b>+2,013</b>	<b>+5.8</b>

4.28. The forecast variance reflects expectations around placements which will end, as well as assumptions around further new placements that will be made during the remainder of the financial year. The variance also reflects the inclusion of £1m of corporate contingency set aside for Children Looked After budget pressures during the current financial year (i.e. there is an underlying budget pressure of approximately £3.1m).

4.29. During 2010/11 activity levels have remained unstable, rising to 1,130 in June 2010. Since August numbers remained at around 1,090 (1,091 as at the end of January), despite a slight reduction during December (to 1,074).



Total number of children looked after (full-time)

<sup>5</sup> Expenditure on Secure Welfare amounts to approximately £106,000 of the forecast variance reported against purchased residential placements.

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

<b>Number of children in full-time care by children with a disability (CwD) and non-disabled children)</b>		March 2009	%	March 2010	%	January 2011	%
Non-county placements (purchased residential placements)	Non-disabled	14	1.3	16	1.4	24	2.2
	CWD	37	3.4	40	3.6	44	4.0
	Total	51	4.7	56	5.0	68	6.2
HCC residential children's homes	Non-disabled	35	3.2	40	3.6	31	2.8
Independent Fostering Providers (IFP)	Non-disabled	163	15.0	180	16.1	173	15.9
	CWD	12	1.1	11	1.0	11	1.0
	Total	175	16.1	191	17.1	184	16.9
HCC Fostering <sup>6</sup>	Non-disabled and CwD	630	58.1	644	57.6	604	55.4
Other	Non-disabled and CwD	193	17.8	187	16.7	204	18.7
		<b>1,084</b>		<b>1,118</b>		<b>1,091</b>	

4.34. This table confirms that despite a reduction in the overall number of children looked after by the County Council, the number placed within higher cost arrangements (non-county placements or independent foster care) have increased since March 2010 from 243 to 252 children. However, the number of children placed with independent fostering providers has reduced since July 2010 from 209 to 184 as at the end of January 2011, due to more children being able to be placed with in house foster carers during the later part of the year.

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<sup>6</sup> The number of children placed in in-house foster care provision as at the 31 December 2010 was 570 (as reported in the SWIFT care management system). This is the figure reflected above. However, the average number of children supported during this period (based on SAP payroll records) can vary slightly from the position at the end of the month as placement activity can be often change on a daily basis. For December 2010, the average number of children placed with foster carers during the month was 578.

4.35. An analysis has also been completed of the age profile of the Children Looked After population to determine whether there has been any significant change since March 2008 and January 2011. This shows that a significant proportion of the overall increase since the end of March 2008 relates to children who are either aged between 0 to 4, 10 to 15 or 16+ years old. Since March 2010 the number of children below the age of 16 has reduced. The growth in the number of children over the age of 16 partly reflects changes in legislation brought about by 'Regina (G) v. Southwark' and the legal ruling which followed<sup>7</sup>.

Age Group	Number of CLA as at:				
	31 March 2008	31 March 2010	31 Jan 2011	Change Mar 2010 to Jan 2011	
				Number	%
0 to 4	194	234	221	-13	-5.6
5 to 9	240	195	190	-5	-2.6
10 to 15	413	481	455	-26	-5.4
16+	176	208	225	+17	+8.2
<b>Total</b>	<b>1,023</b>	<b>1,118</b>	<b>1,091</b>	<b>-27</b>	<b>-2.4</b>

4.36. Whilst a reduction has been observed in the overall number of children looked, after this budget will continue to be monitored closely in the final months of the year.

4.37. It is anticipated that an inescapable budget pressure of approximately £2.9m will continue in 2011/12 (based on an average activity level of 1,100 children being looked after during the year), and this has been factored in to the forward budget.

**Family Support Services**

**£455,000 (+4.5%)**

4.38. The overspend consists of:

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<sup>7</sup> A ruling by the House of Lords on 20 May 2009 stated that "local authorities should presume any lone, homeless children should be provided with accommodation under section 20 of the 1989 Children Act. Where the criteria for section 20 have been met, children's services do not have the discretion to choose to use section 17 powers instead to provide accommodation".

**January Forecast  
Variance**

	<b>£000</b>	<b>%</b>
Direct Payments	-42	-6.0
Day Care	+49	+10.2
Home Care	-73	-9.3
Equipment and Adaptations	0	-
Other Family Support <sup>8</sup>	+521	+6.5
<b>Total</b>	<b>+455</b>	<b>+4.5</b>

4.39. A significant proportion of the variance against 'Other Family Support' relates to the increase in Residence Orders, Special Guardianship Orders and Kinship Care placements, as outlined in the following table:

	Client numbers at March 2009	Client numbers at July 2009	Client numbers at March 2010	Client numbers at Jan 2011	Increase/decrease since March 2010	
					Number	%
<b>Provision</b>						
Kinship Care	50	59	64	68	+4	+6.3
Residence Order	132	130	127	122	-5	-3.9
Special Guardianship Order	86	96	119	151	+32	+26.9
<b>Total number of children</b>	<b>268</b>	<b>285</b>	<b>310</b>	<b>341</b>	<b>+31</b>	<b>+10.0</b>

4.40. The department had anticipated some growth in the number of children supported via these types of arrangements within the 2010/11 budget strategy. However, the actual growth in numbers has exceeded this, resulting in a forecast overspend. The 2011/12 budget strategy agreed by the Executive Lead Member on 28 January 2011 reflects anticipated further growth next year.

4.41. Other budget pressures include direct payments, which have also experienced a further increase in activity (from 183 as at the end of March 2009 to 216 at the end of January 2011).

4.42. The 'Other Family Support' element of this budget includes £2.9m of the overall specific grant funding available in 2010/11<sup>9</sup> for the provision of short breaks to disabled children and their families. The additional funding agreed by the County Council in 2011/2 (see paragraph 8.1), means that a similar level of targeted provision can be maintained next year.

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<sup>8</sup> Other Family Support includes expenditure on unqualified support workers, preventative expenditure and other non-CLA placement solutions (Residence Orders, Special Guardianship Orders and Kinship Care).

<sup>9</sup> Aiming High for Disabled Children specific grant.

## **5. Business Units**

- 5.1. Appendix 3 shows the business units' anticipated financial position for 2010/11 as at 31 December 2010 compared with their original budget. This appendix also outlines the core contributions made by the department to each of the business units and their current estimated reserves as at 31 March 2011.

### **Children's Centres Business Unit**

- 5.2. Overall the children's centres within the business unit are planning to utilise £198,000 from balances in 2010/11 which will reduce cumulative reserves from £1.276m to £1.078m by 31 March 2011. This represents a variation of £215,000 compared with the mid-year position.
- 5.3. In particular, significant savings in relation to staff costs have been achieved as a result of vacancy management within the department and a high level of turnover in staffing since September 2010.

### **Other Business Units**

- 5.4. For the 2010/11 revised budget, which reflected the position at the end of quarter two, the schools business units were projecting an overall in-year deficit of £875,000. At the end of quarter three, the overall position has improved by £276,000 with a deficit for the year of £599,000 projected. Schools business unit reserves are now forecast to stand at £3.57m at 31 March 2011.
- 5.5. HIAS is projecting a deficit of £756,000 which is in line with the £758,000 deficit forecast for the revised budget. The main factors leading to the deficit are a £522,000 contribution towards the cost of the National Strategies Consultants, in accordance with the 2010/11 Children's Services budget strategy, and provision of £350,000 towards the compulsory element of redundancy costs in relation to these consultants, and associated roles, which will be ending on 31 March 2011.
- 5.6. For the Hampshire Teaching and Leadership College (HTLC), which is incorporated within the HIAS business unit, a surplus of £135,000 is now forecast, which is £113,000 lower than was predicted for the revised budget. There has been a slight reduction in the number of courses following the in-year budget cuts within Children's Services.
- 5.7. The impact of this year's trading is expected to result in a reduction in HIAS reserves to £2.055m by 31 March 2011.
- 5.8. Education Financial Services is now reporting a £92,000 surplus in year compared with a planned £51,000 deficit. The movement of £143,000 which is being reported at the end of quarter three is primarily due to a reduction in expenditure. A number of vacancies are being held and a number of essential IT upgrades have been delayed until future need becomes clear. Training and workshop

costs have also been reduced via methods such as using school venues and consolidating events to deliver to larger groups in order to reduce costs.

- 5.9. Education Personnel Services is now reporting an improved position of £51,000 surplus compared with a £79,000 deficit which was forecast at the end of quarter two. Expenditure savings are anticipated due to delays in the recruitment of staff and in relation to Hantsfile. However, these will be partly offset by expenditure on employment tribunal work resulting from an increased level of complex litigation casework. Income for the year is also expected to be higher than previously forecast. In particular, there has been an increase in income from discretionary services, mostly relating to consultancy provided in excess of the SLA.
- 5.10. Governor Services trading position has moved from a £40,000 forecast surplus reported in quarter two to a £31,000 surplus now projected. This slight variance of £9,000 is due to a lower level of income than was previously anticipated.
- 5.11. The Music Service is continuing to project a balanced budget for 2010/11. Expenditure on staffing is anticipated to be £61,000 lower than the mid-year forecast as a result of staff turnover, individuals on long term sickness and maternity leave moving to nil or reduced pay and the postponement of a planned recruitment to the next financial year. However, additional expenditure of £50,000 on the purchase of music resources is also planned.
- 5.12. Both Minstead and Stubbington Study Centres are continuing to review their costs and reduce expenditure wherever possible. Minstead is projecting a surplus for the year of £7,000 which is in line with the mid-year forecast. Stubbington is, however, forecasting a deficit for the year of £24,000, which represents a £10,000 improvement on the quarter two position. The improved position is due to additional bookings secured through advertising of special offers and continuing efforts by the centre to reduce their expenditure.

## **6. Partnerships**

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

### **Wessex YOT**

- 6.2. The Wessex YOT budget for 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 Youth Justice Board (YJB) grant (£2.7m).

- 6.3. A break-even position is forecast for 2010/11. This allows for one-off costs associated with the Senior Management restructure within the service.

### **CAMHS Commissioning Partnership**

- 6.4. The 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. Most services are commissioned through contract arrangements. These include NHS providers and other organisations who provide support for children and young people with emotional, social, and mental health needs. The majority of these services have been tendered under a single contract from April 2011.
- 6.5. The total pooled budget for 2010/11 is approximately £9.7m, against which a underspend of £96,000 is forecast. The Board has agreed that this will be returned to partners in proportion to contributions to the pooled budget.

### **Hampshire Safeguarding Children Board**

- 6.6. The Board has been established as a requirement of the Children Act 2004, which also sets out the partners that should be included. The Board is responsible for co-ordinating and ensuring the effectiveness of local work to safeguard and promote the welfare of children.
- 6.7. The partnership fund for 2010/11 amounts to £380,000, which includes Hampshire County Council's contribution of £152,000 and Hampshire County Council grant income of £116,000. 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.
- 6.8. An underspend of £36,000 is forecast for 2010/11.

## **7. Efficiencies and Savings Targets**

- 7.1. An update of the current achievement against the department's savings targets for 2010/11 of £11.3m is shown in Appendix 4. This overall target includes the in-year impact of the non-schools revenue budget funding cuts. The appendix identifies that approximately £10.9m of the overall target is currently expected to be achieved.
- 7.2. In addition to the targets outlined in Appendix 3, Children's Services is engaging fully with the County Council efficiency programme and will be making contributions to the corporate targets in procurement, Workstyle, Home to School Transport and other contracting work.

## 8. 2011/12 Budget Update

8.1. The 2011/12 Revenue Budget was agreed by County Council on 24 February 2011. This included the following revisions to the Children's Services budget proposals previously presented to the Executive Lead Member on 28 January 2011:

- **Children Looked After (£250,000)** - in 2010/11 a contingency of £1m was included in the Children's Services Department budget to recognise the uncertainty associated with forecasting the cost of providing care for looked after children. The 2011/12 budget guideline included an allowance of 1% (£750,000) for social care demographic pressures, and it was agreed that a further £250,000 be allocated to Children's Services in recognition of the continuing budget pressure in this area
- **Children's Social Workers (£350,000)** - a further £350,000 to employ additional Children's social workers in the interest of ensuring that all social workers have manageable case loads
- **Short Breaks (£1m)** – an additional £1m for the provision of short breaks for Children with Disabilities and their families was agreed for 2011/12. This allocation will reduce the impact of the savings previously contained within the department's 2011/12 budget strategy, enabling targeted short break services to continue at a similar level to that provided during 2010/11. A more detailed report on the department's proposals for provision of for short breaks for disabled children and their carers during 2011/12 will be presented to the Executive Lead Member for Children's Services on 6 April 2011
- **Voluntary Sector (£300,000)** - an allocation of £300,000 was agreed towards offsetting the impact of funding reductions on the Voluntary Sector during 2011/12.

## 9. Appendices

9.1. The following appendices are attached:

### Appendix

- |   |  |
|---|--|
| 1 | Budget Monitoring Summary  |
| 2 | Activity Data (a) termly<br>(b) monthly<br>(c) Information reported to Cabinet |
| 3 | Forecast Business Unit balances  |
| 4 | Savings Targets  |

**10. Recommendations**

- 10.1. Note the current financial issues that are being addressed within the 2010/11 budget and the management action being taken to respond to the underlying budget pressures and in-year funding cuts.
- 10.2. Agree the issues and latest financial position of the Wessex Youth Offending Team the Hampshire CAMHS Commissioning Partnership and the Hampshire Safeguarding Children Board.
- 10.3. Agree the proposed uses of the additional funding of £1.9m in 2011/12 approved by the County Council on 24 February 2011 for Children's Services, as set out in section 8 of the report.

**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 – 2012/13	Item 1	15 January 2010
Children's Services Department 2009/10 Revenue Budget Final Position, and 2010/11 Budget Monitoring – Period 2 (End of May 2010)	Item 1	22 July 2010
Children's Services Department 2010/11 Budget Monitoring – Period 6 (End of September 2010)	Item 1	17 November 2010
Children's Services Revenue Budget 2011/12	Item 1	28 January 2011
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u>	<u>Date</u>	

**Section 100 D - Local Government Act 1972 - background documents**

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

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

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

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

### **2. Impact on Crime and Disorder:**

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

### **3. Climate Change:**

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