



Hampshire
County Council

Children and Young People Select Committee 22 January 2014

Budget Briefing 2014/15

Gordon Shinn
Finance Business Partner

Presentation outline

- Background to the grant settlement
- Impact on the County Council's overall budget position
- Departmental context and priorities
- Children's Services budget proposals
- Meeting the savings target to 2015
- Workforce implications
- Capital programme 2014/15
- Children's Services savings details



County Council Key Issues for 2014/15

- Hampshire's Funding Position
- Impact of Council Tax Support Schemes
- Impact of Business Rates Retention
- Finance Settlement for 2014/15
- Budget position for 2014/15 and 2015/16

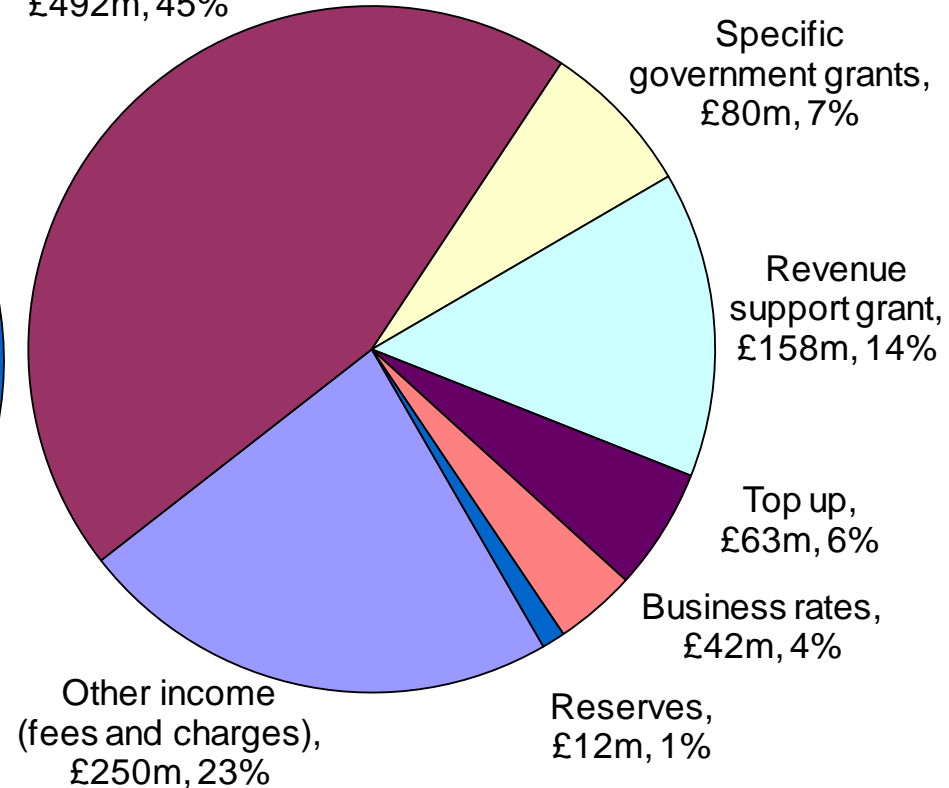
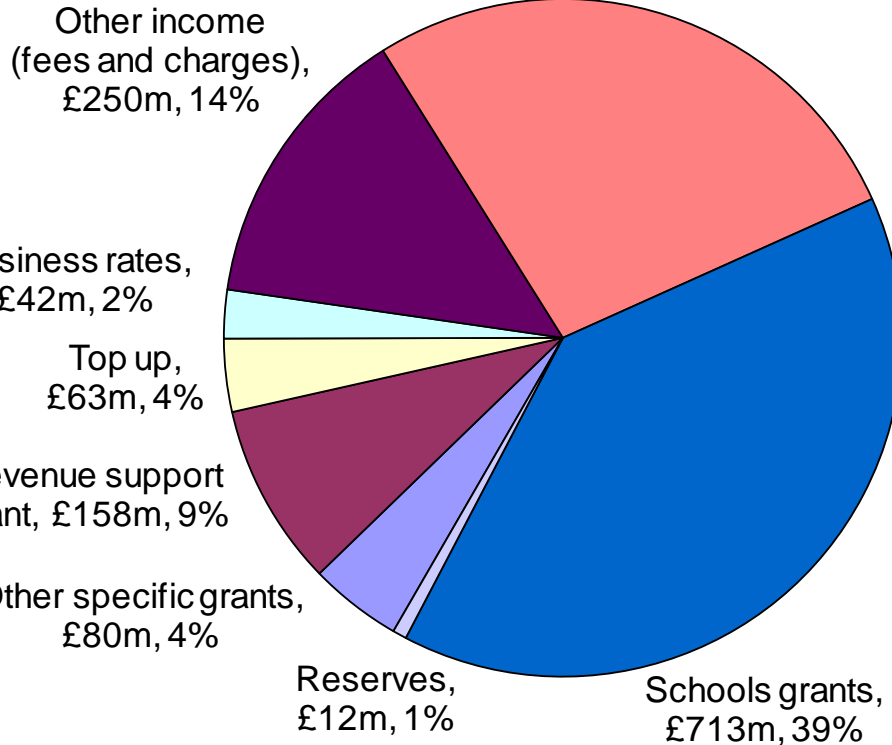
HCC 2013/14 Funding Sources

Including Schools

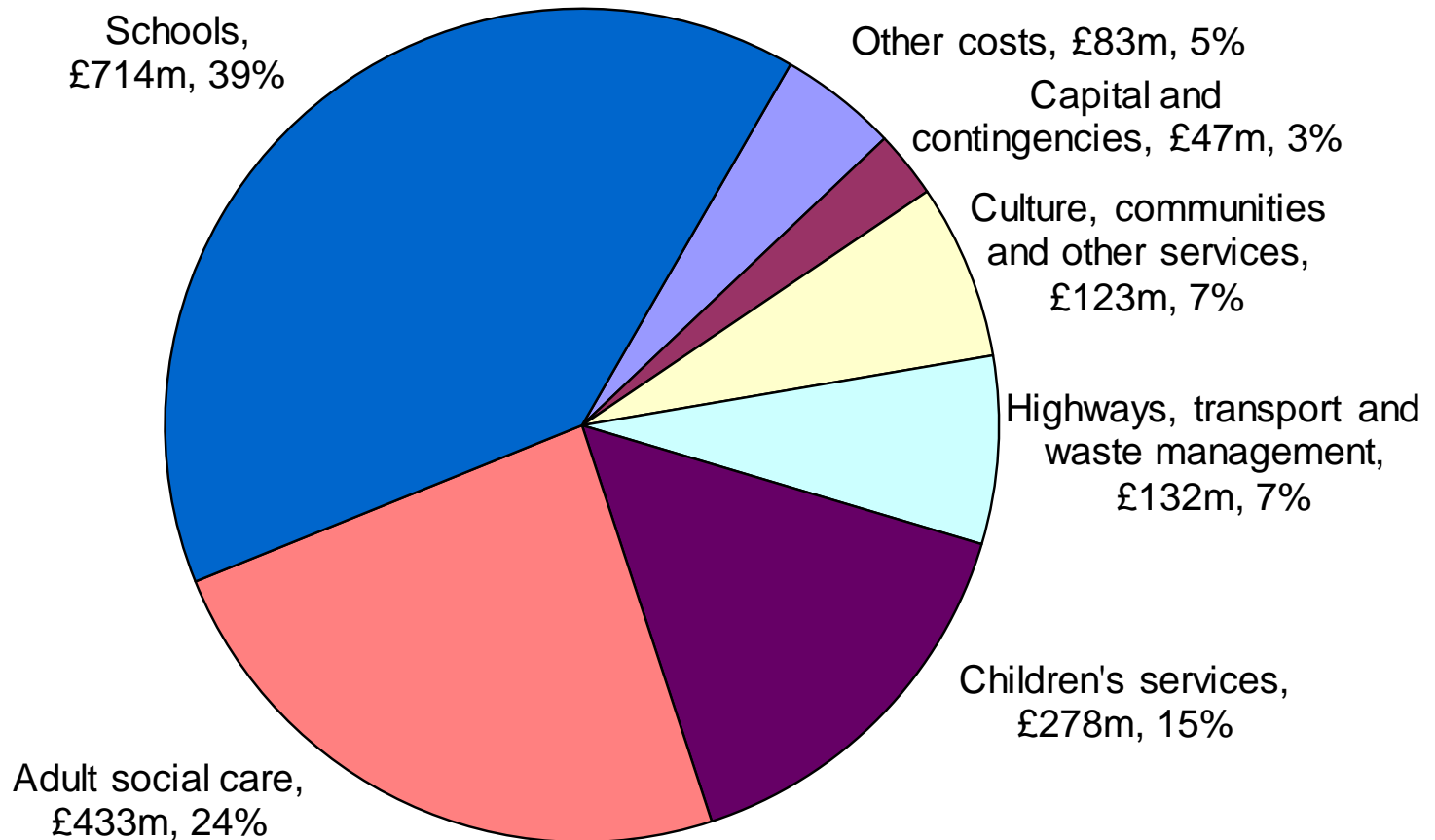
Excluding Schools

Council tax,
£492m, 27%

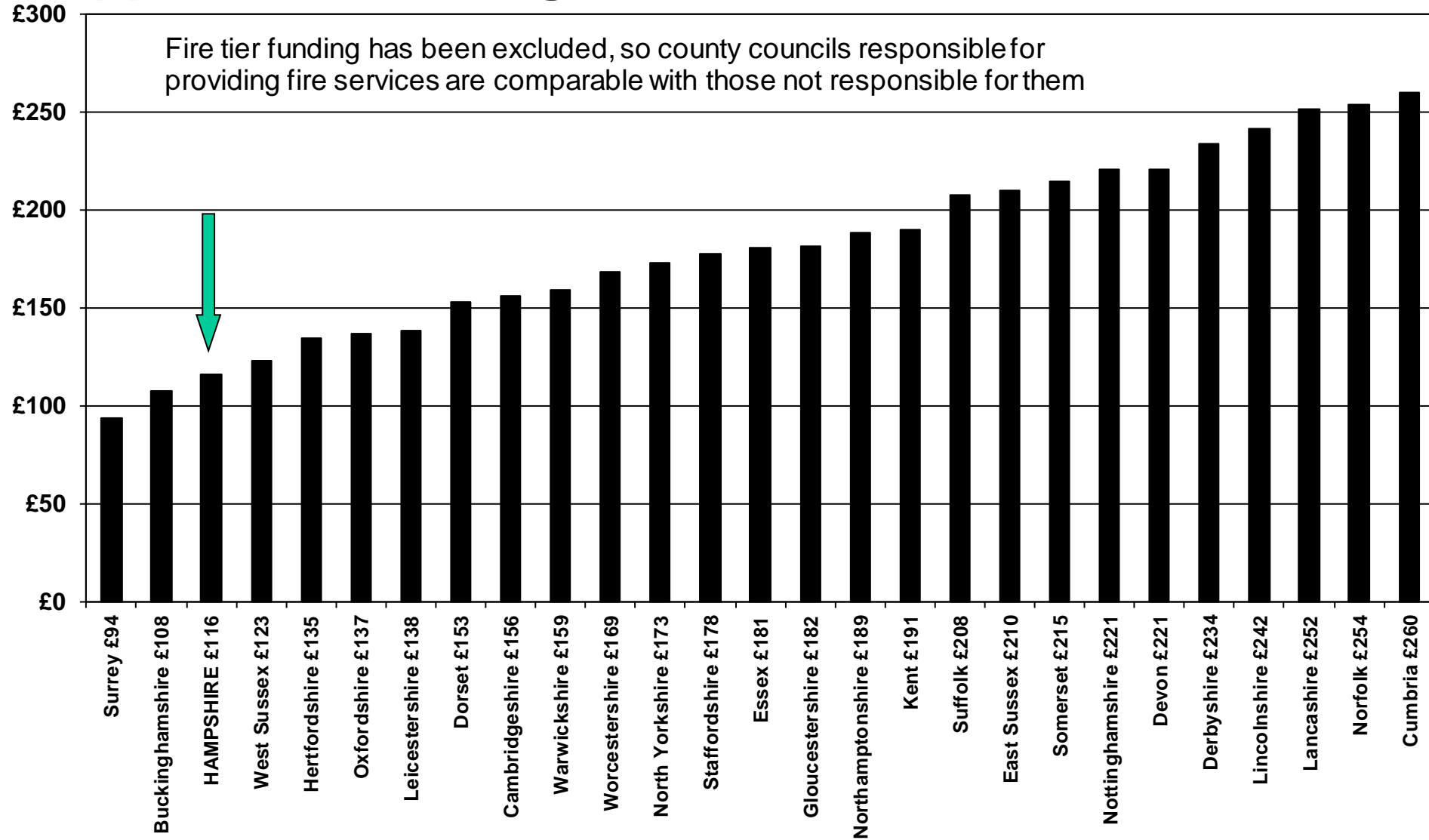
Council tax,
£492m, 45%



HCC 2013/14 Expenditure

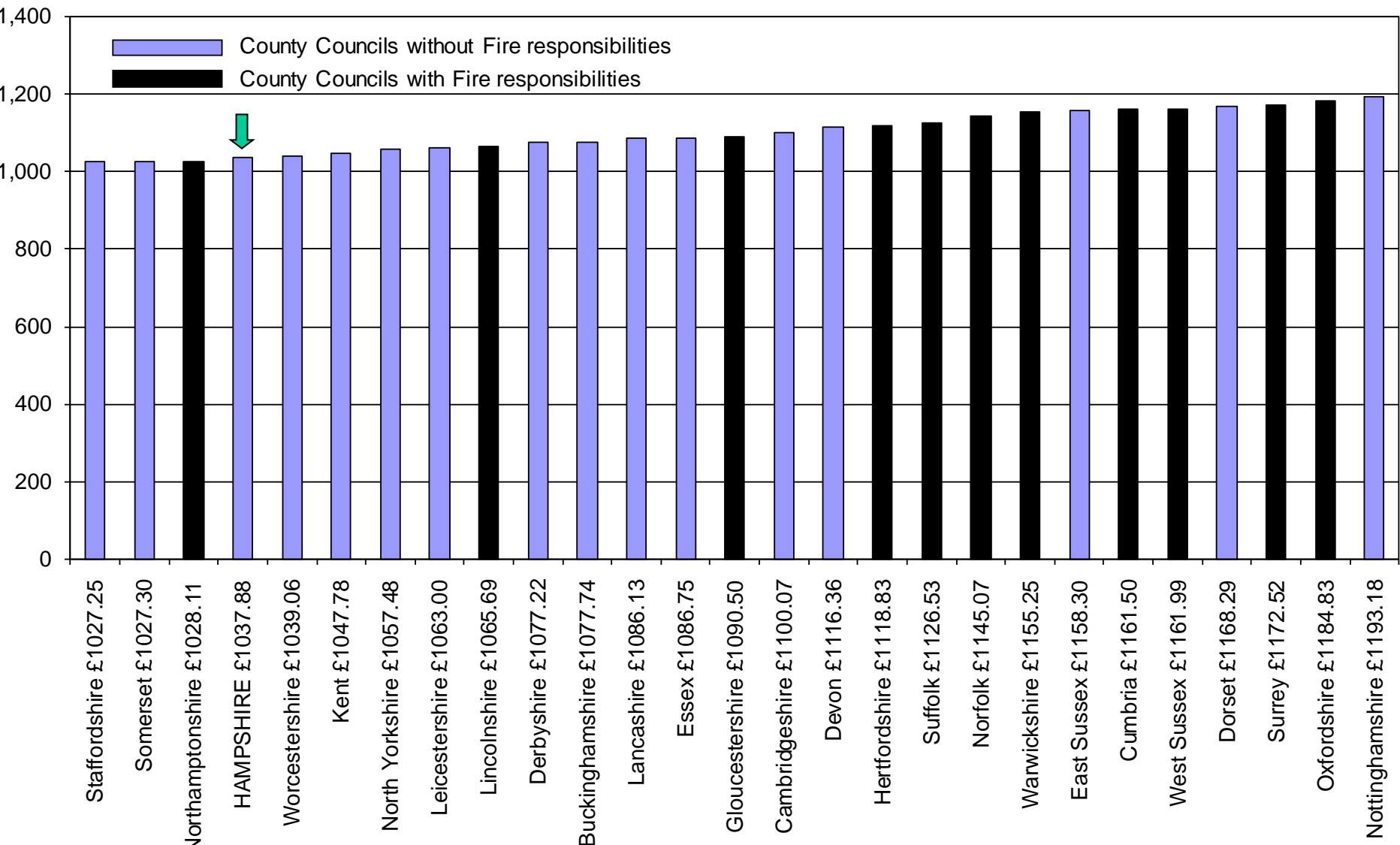


Upper Tier Funding Per Head 2014/15



Council Tax 2013/14

£/band
D



Low Grant, Low Council Tax

Grant levels per head the same as Kent (average figure) would give us £95M more

Council Tax levels the same as Nottingham (highest figure) would give us £73M more

Council Tax 2014/15

- Hampshire County Council: Council tax freeze proposed to continue for 2014/15
- A survey of county councils before the settlement indicated that:
 - 41% were planning to freeze
 - 59% were planning an increase
- However, the announcement in the settlement that freeze funding will be baselined has led to some councils reconsidering whether to proceed with their planned increase
- Lack of an announcement on the referendum limit may also further persuade some Councils!



Impact of Council Tax Support Schemes

- Council Tax Support Schemes (CTSS) replaced council tax benefit from April 2013
- Reduction in council tax base replaced by Government grant of £43M (after 10% national cut)
- Funding now in baseline grant and being cut in 2014/15 (and probably on to at least 2017/18)
- All Councils have had difficulties estimating the impact on council tax bases and collection rates
- Actual impact less than anticipated
- Council tax surplus of around £6.5M (£5.0M higher than forecast)

Impact of Business Rate Retention

- HCC to keep 9% of business rates collected in Hampshire from April 2013
- Huge problems in forecasting income for 2013/14
- Only getting worse – impact of accruing for appeals not understood across the country or in Government
- Many Hampshire Districts are beyond the ‘safety net’ threshold (i.e. they have lost more than 7.5% of their BR income)
- Significant one off impact in 2013/14 leading to Business Rates collection fund deficit of £1.9M
- Some knock on impact to estimates for 2014/15 resulting in loss of £1.4M compared to forecasts
- Loss of income as a result of business rates cap to be compensated by Government but no details yet!

Local Government Settlement

- No major changes to methodology (for once!)
- New Homes Bonus being retained in current form (funding for LEPs now through additional borrowing)
- Council Tax Freeze Funding 'in baselines' from 2016/17
- Revenue support grant lower by £1.4M following further 1% cut to Government Departmental Expenditure Limits
- Business Rates Top-Up reduced by £800,000 but assume this will be compensated by Government s31 Grant

Council Tax Freeze Grant

- Council tax freeze funding for 4 years (11/12, 13/14, 14/15 and 15/16) expected to be built into future grant baselines
- For HCC we had assumed that £28.4m would drop out in 2016/17 (the 'cliff edge')
- BUT – not entirely sure what this means, could be funded by greater cuts to grant levels from 2016/17
- Details may not be available for some time, but in relative terms HCC would still expect to be better off

HCC Budget Forecast 2014/15 – Summary

- £17.8M loss of Government grant
- £12.4M inflation and base changes
- £11.5M of social care growth
- £6.3M of savings from Children's for Early Intervention Grant loss and £3M of slipped savings from Adults
- Assumption of no increase in Council Tax
- Net Deficit of £32.2M for the year

Budget Forecast 2014/15 – Other Issues

- 2% Annual Efficiency Target ‘rolled up’ into 2015/16 target to allow longer time for delivery
- Housekeeping workstream to generate investment and inflation savings of £6.8M
- Balance of funding (£25.4M) to come from Grant Equalisation Reserve
- In line with stated direction of Medium Term Financial Strategy when budget was set in February 2013

UPDATED POSITION 2014/15

Anticipated draw from Grant Equalisation Reserve	25.4
Loss of Revenue Support Grant	1.4
Business Rates collection fund deficit 2013/14	1.9
Lower 2014/15 retained business rate estimates from Districts *	1.4
Council Tax collection fund surplus (above forecast)	(5.0)
Revised draw from Grant Equalisation Reserve	<u>25.1</u>

* Seeking clarification from Districts on the basis of their estimates following business rate changes in Autumn Statement

Transforming the Council to 2015

- Target of £93.2M to be in place by April 2015
- Programme based around corporate workstreams as in previous years
- External spend, working with Health and Integrated Business Centre a key focus, but looking again at senior management, IT spend and staff overheads
- As in previous programmes, early delivery of savings within 2014/15 budget will generate funding for the costs of change
- All savings proposals to be approved as part of 2014/15 budget

Departmental context and priorities

John Coughlan
Director

Children's Services overview

Priorities (2.16)

- Ensure a safe and effective social care system
- Ensure sufficient capacity to lead, challenge and improve the schools system
- Tightly target limited resources
- Target and co-ordinate early help provision
- Sustain high quality sold services
- Maximise opportunities for efficiencies and partnerships

Children's Services overview

- Overall savings of £25.618m for start of 2015/16 financial year
- Background of pressures in social care, the SEN pathfinder project and home to school transport of which social care the greatest.

Children's Social Care pressures

Trajectories March 2008 to November 2013:

- Contacts per month 1964 to 3549
- New referrals per year 6294 to 13070
- Open cases 4447 to 7402
- Child protection plan 465 to 1032
- Children in care 1023 to 1187



Children's Services Budget details

Gordon Shinn

Finance Business Partner



Children's Services proposed budget (including schools)

	£'000
Revenue budget:	
Revised budget for 2013/14	878,782
Savings in 2013/14	2,349
Proposed budget for 2014/15	887,982
Proposed savings in 2014/15	6,308
Capital programme for 2013/14	106,132

Revised budget 2013/14

	£'000
Schools	713,843
Non-schools	164,939
Total net expenditure	<u>878,782</u>
Forecast underspend at end of Quarter 2:	
Schools Budget	- 1,787
Non-schools Budget	-
Total forecast underspend	<u>-1,787</u>

Proposed budget 2014/15

Schools	£'000
Cash limit set by Cabinet	717,916
Specific Grant adjustments	7,701
Total schools	725,617
Non-schools	
Cash limit set by Cabinet	161,865
Children Looked After (balance of 2013/14)	500
Total non-schools	162,365
Total cash limited expenditure	887,982

Proposed Schools budget 2014/15

	2014/15
	£'000
Dedicated Schools Grant (DSG)	848,888
Less funding for Academies	(157,276)
Sub-total	<hr/> 691,612
Less items managed by Policy and Resources	(6,684)
Pupil Premium and other schools grant	39,406
Music Grant	1,283
Total schools budget managed by Children's Services	<hr/> 725,617 <hr/>

Schools Budget – Key Issues

- ‘Flat cash’ – no change in per pupil funding
- Minimum Funding Guarantee – remains at minus 1.5% per pupil
- Formula changes
 - Lump sum reduced from £190k to £175k
 - New sparsity factor – ‘necessary small schools’
 - Mobility factor – 10% minimum threshold

Schools Budget – Key Issues

- Pupil Premium changes
 - Primary £1,300 (from £953)
 - Secondary £935 (£900)
 - Looked After Children £1,900 (£900) – from 1st day & extended to others
 - Service £300 (no change but extended)
- Individual School Budgets by 28 Feb
- More details – Schools Forum report 21 January

Non-schools budget – Appendix 2

Savings Plans 2014/15 and full year impact in 2015/16

	2014/15	Full Year
	£'000	£'000
Early Help	883	2,952
Children & Families	135	1,595
Educational Psychology	50	390
Services for Young Children	1,670	2,453
School Improvements and Standards	1,456	1,626
Hampshire Futures	986	986
Hampshire Youth Offending Team	200	300
Other Services	928	1,913
Total	6,308	12,215

Non-schools budget – Appendix 5

Transformation Plans to 2015

	£'000
Children with Disabilities	2,500 – 3,500
Services for Young Children	3,500 – 5,000
Early Help	800 – 1,200
Partnerships	2,000 – 4,000
Total	8,800 – 13,700

Workforce Implications

	Full time equivalent (FTE) numbers
FTE staff as at 31 March 2014	2,480
Transfers and other changes	29
Changes relating to savings proposals	-15
FTE staff as at 31 March 2015	2,494



Children's Services Capital Programme 2014/15 to 2016/17

	£'000
2014/15	84,731
2015/16	78,244
2016/17	74,662
Total	237,637

Children's Services savings details

Felicity Roe
Assistant Director

Various from appendix 2

• Social care training	Budget	£1.5m
	Saving	£0.08m
• Children and family contracts etc	Budget	£27.930m
	Saving	£1.595m
• Educational psychology	Core funded	£2.7m
	Additional income target	£0.39m
• Various miscellaneous	Budget	£8m
	Saving	£1.227m
• Hampshire Futures	Budget	£1.695m
	Saving/new income	£0.98m
• Hampshire Youth Offending Team	Budget	£2.093m
	Saving	£0.3m



School improvement and standards

- Core school improvement, challenge and support
 - Total budget c £5.9m
 - Appendix 2 savings

	14/15	£1.456m
Full year effect	15/16	£1.626m
- Retain £4.3m overall of local authority funded school improvement activity – much more than most local authorities
- Schools will have the opportunity to purchase additional resource

Early Help

- Includes: targeted youth support, locality teams, grants to VCS (youth and general), participation.
- Total budget c £10m
 - Appendix 2 savings 14/15 £883k
 - Full year effect 15/16 £2.952m
 - Appendix 5 savings 15/16 £800k – £1.2m
- Continued support from schools for locality teams will mitigate impacts
- Successful start to Early Help Hub pilots

Children with Disabilities

- Options include: residential and respite care, short breaks, speech and language therapy
- Total budget: £19.4m
 - Appendix 2 savings 14/15 None
 - Appendix 5 savings 15/16 £2.5m to £3.5m
- Review of all grants to create a more flexible process
- Possible income generation and alternative provision/funding options

Contribution to partnerships

- Includes: Contribution to child and adolescent mental health provision and joint working with public health and the NHS.
 - Appendix 2 savings 14/15 None
 - Appendix 5 savings 15/16 £2m - £4m
- Dialogue with partners
- Innovative solutions and appropriate funding of responsibilities