



Hampshire
County Council

Children and Young People
Select Committee
21 January 2015
Budget Briefing 2015/16

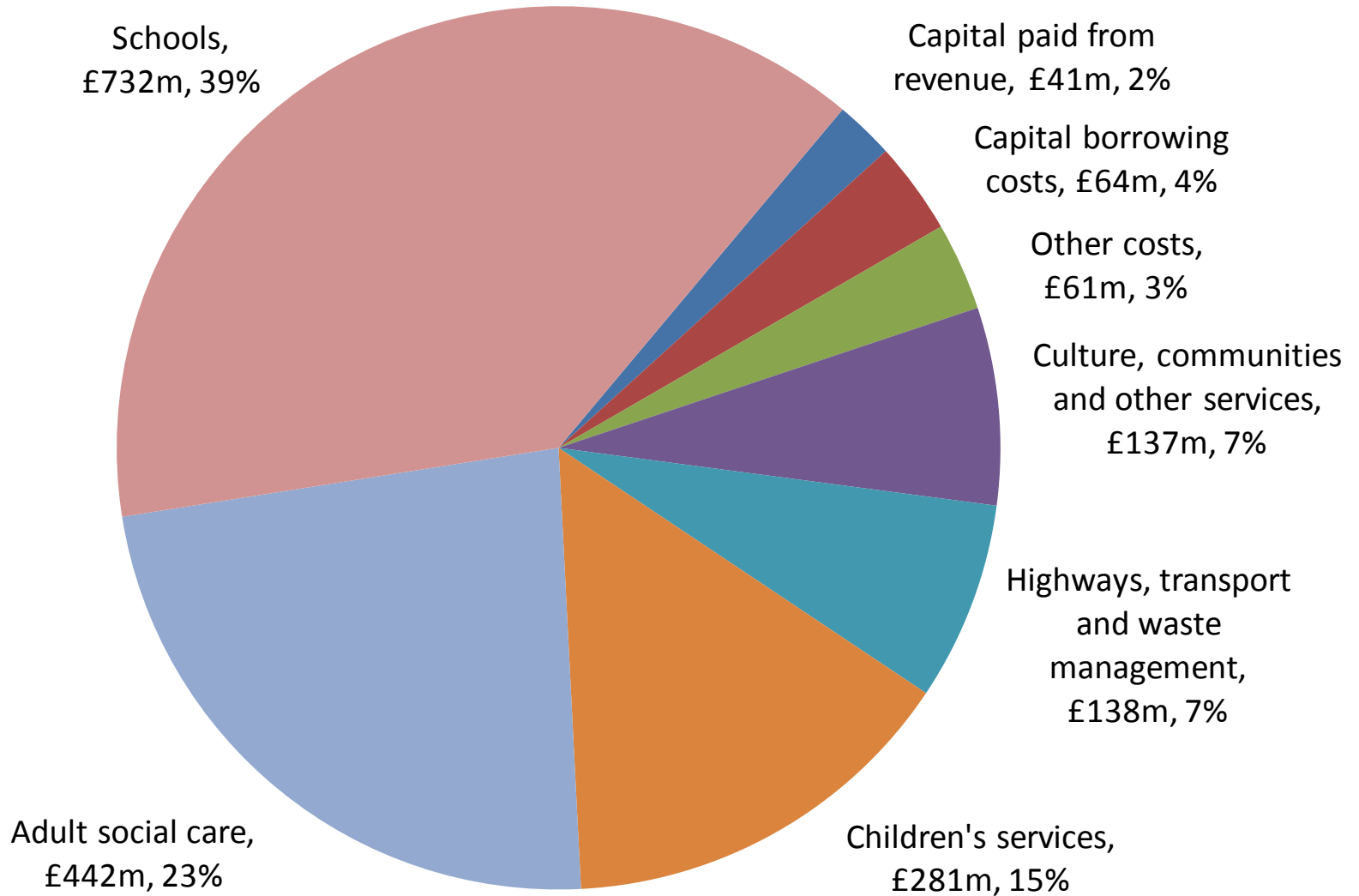
Gordon Shinn
Senior Finance Business
Partner

Presentation Outline

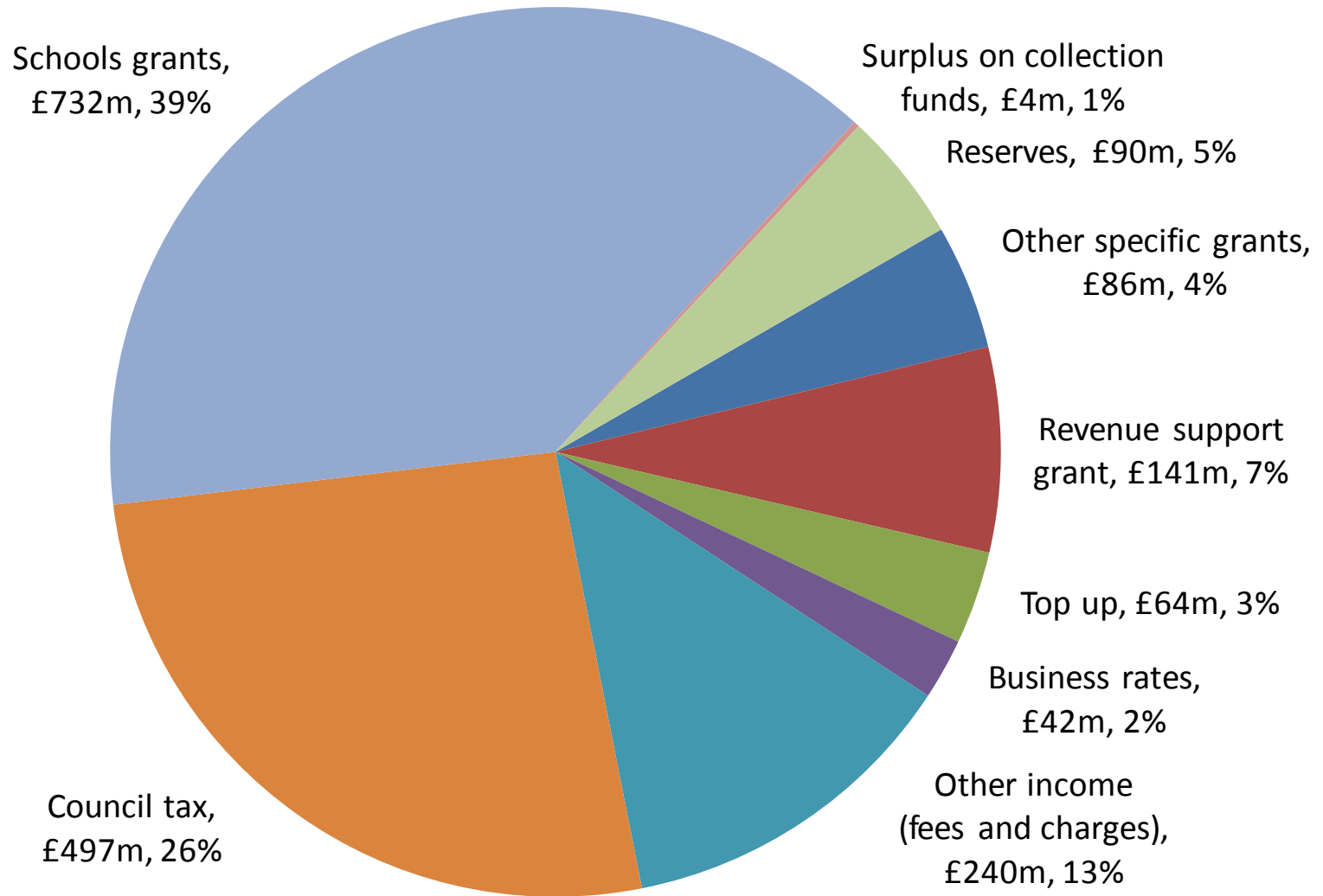
- Background to the budget
- Grant settlement and impact on the County Council's overall budget position
- Reserves Position
- Update on Transforming the Council 2015 Programme
- Children's Services Department budget proposals
- Workforce implications
- Capital programme 2015/16

Background to the Budget

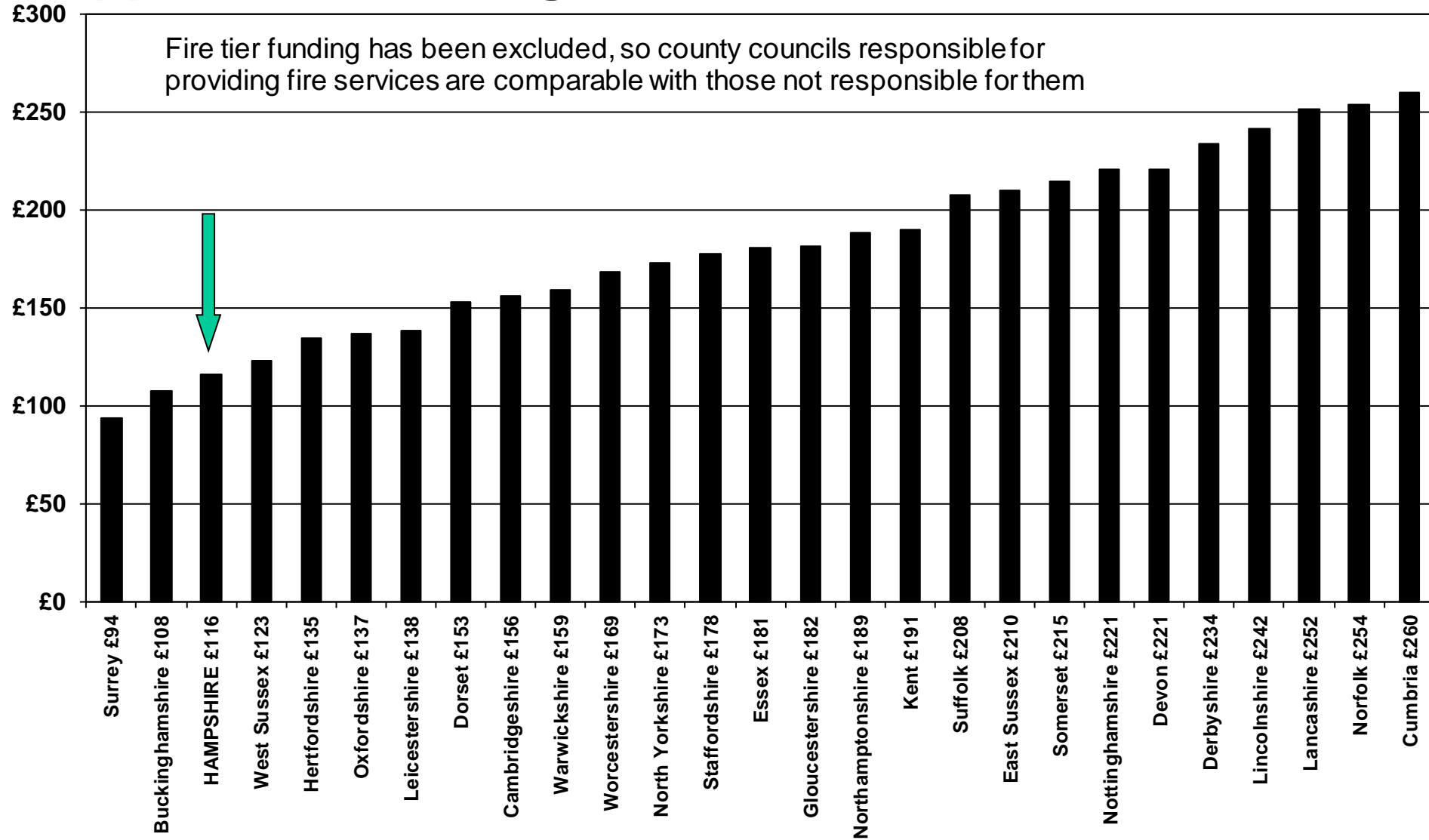
2014/15 Gross Expenditure (£1.9bn)



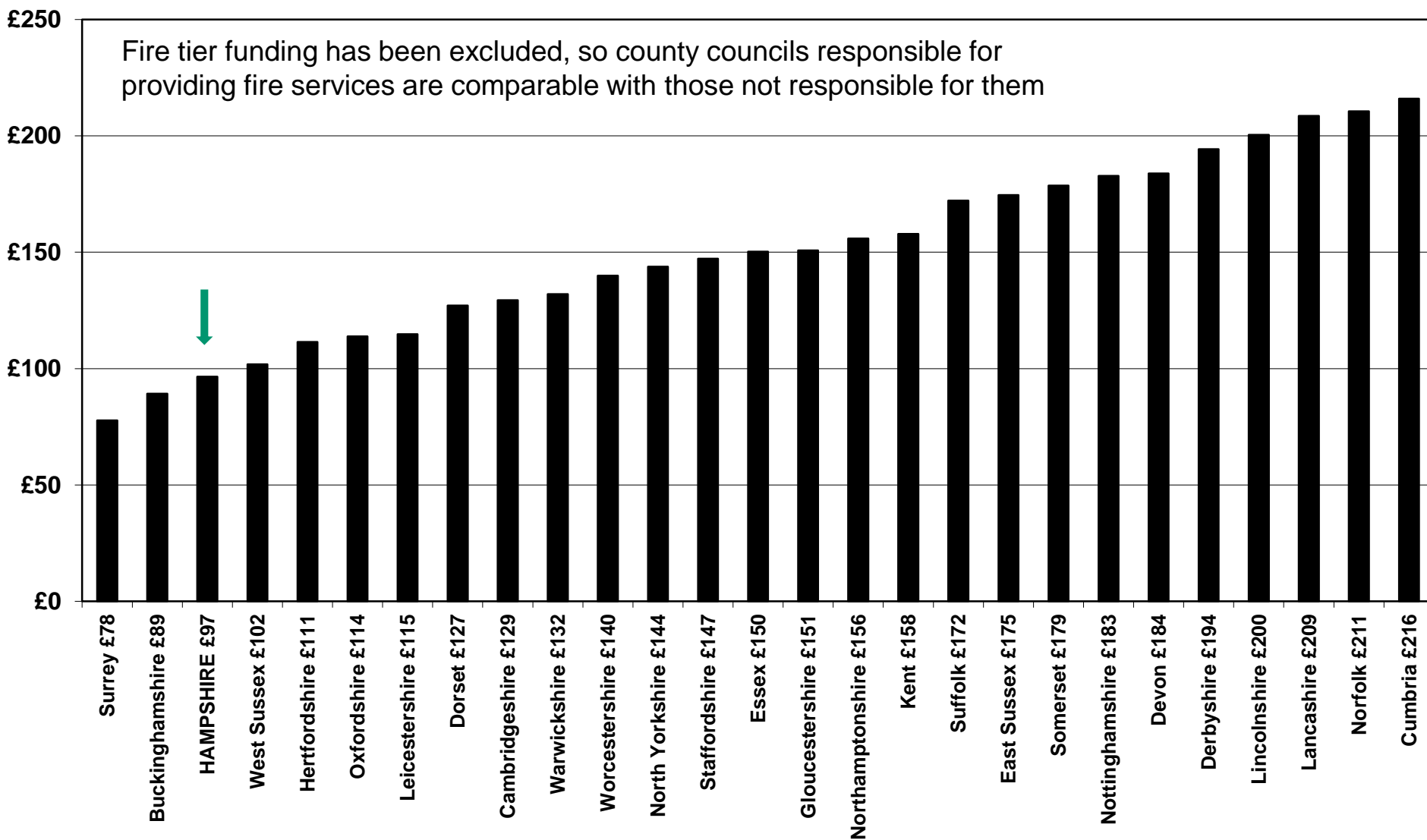
2014/15 Funding: Including Schools



Upper Tier Funding Per Head 2014/15

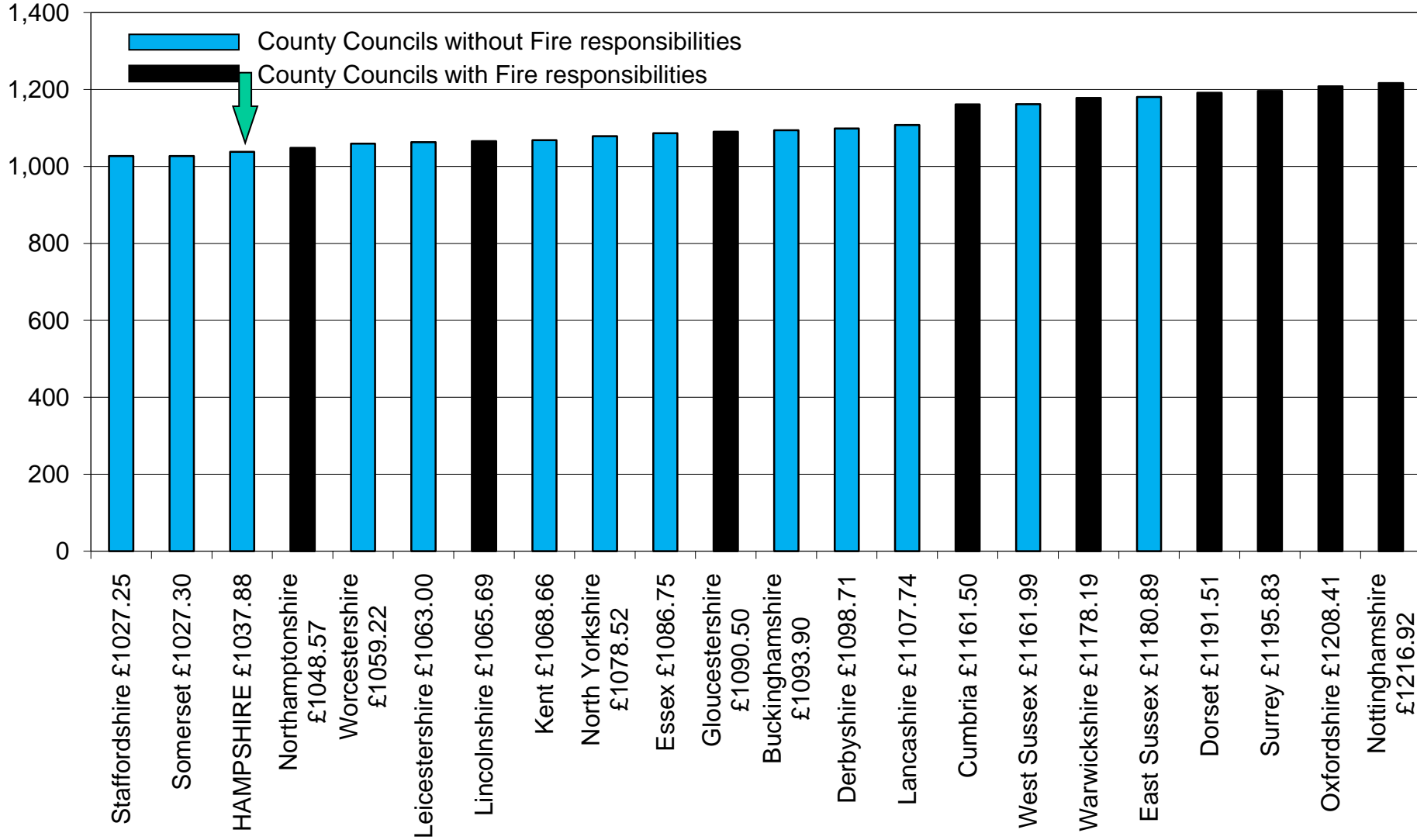


Upper Tier Funding Per Head 2015/16



Council Tax Levels 2014/15

£/band



Low Grant, Low Council Tax

Grant levels per head the same as the average figure (£149) would give us £70M more

Council Tax levels the same as Nottingham (highest figure) would give us £86M more

Grant Settlement and Overall 2015/16 Budget Position

Local Government Settlement

- No major changes to methodology
- Council Tax Freeze Funding for 2014/15 has been added to baseline grant for 2015/16
- BUT overall grant reduction is higher than previous notifications
- Overall cut to grant levels is 11.8% meaning a further £2.9m loss (£30m overall)
- Other announcements (new homes bonus, NDR Top Up) in line with expectations
- Section 31 grant for 'lost' NDR income continues as expected

Budget Forecast 2015/16 – MTFS Position

- Overall cumulative gap of £108.1m by 2015/16 reported as part of MTFS last summer
- Transformation to 2015 Programme to deliver £102.5m of savings by 2015/16
- No growth other than a £12.5m base budget adjustment for increasing numbers and complexity of Children Looked After
- Detailed savings proposals agreed as part of last year's budget setting process to give the time for implementation
- Difference of £5.6m to be drawn from Grant Equalisation Reserve to balance the budget

Updated Position 2015/16

	£m
Anticipated draw from Grant Equalisation Reserve MTFS	5.6
Additional loss of Revenue Support Grant	2.9
Business Rates collection fund surplus 2014/15 TBC	(0.2)
Ongoing increase in retained Business Rates TBC	(0.8)
Council Tax collection fund surplus (above forecast)	(7.5)
Balanced Budget	<hr/> 0.0 <hr/>

Reserves Position

Reserves Strategy

- Deliberate policy to make savings ahead of need and then use these surplus funds to meet the costs of the next phase of transformation
- Total reserves of £482m as at 31 March 2014
- Over half of this (£247m) committed to existing spend programmes (mainly capital)
- £45m in Departments' cost of change and trading account reserves to be used for investment and future transformation
- £31m set aside to mitigate risks (mainly the insurance reserve as we self insure)
- Over £49m in schools reserves and £28m in general reserves (in line with minimum reserves policy)

Reserves Strategy

- Only £81m (16.8%) is truly 'available' to support one off spending and is made up as follows :

	Balance 31.3.2013 £'000	Balance 31.3.2014 £'000	% of Total %
<u>'Available' Reserves</u>			
Corporate Policy Reserve	1,979	3,676	0.8%
Invest to Save	10,154	10,073	2.1%
Corporate Efficiency Reserve	9,235	8,931	1.9%
Organisational Change Reserve	10,018	7,854	1.6%
Grant Equalisation Reserve *	48,460	50,464	10.5%
	79,846	80,998	16.8%

* £28.5m of the GER will be used to support the revenue budget in 2014/15

Update on Transforming the Council to 2015 Programme

Transforming the Council to 2015

- Savings target of £102.5m to be in place by April 2015
- Savings proposals to meet this were agreed as part of the 2014/15 budget setting process and are reflected in detailed service budgets in report
- **There are, therefore, no new savings proposals to consider as part of this budget setting process**
- Consultation (where required) and implementation has been progressing throughout 2014/15 and regularly reported to Cabinet
- Minimum of £96.4m expected to be achieved in 2015/16 with plans in place to meet any shortfall from Departments' cost of change reserves

Key Issues from Implementation

- All 2014/15 savings achieved (£6.3m)
- Good progress with 2015/16 savings (£25.6m incl 14/15)
 - 77% 'in the bag'/on track
 - But still a small shortfall
- Early identification of not achievable areas:
 - Respite units
 - Long stay residential care
- Consultations
 - Youth Services
 - Short breaks for children with disabilities

Children's Services Budget Briefing 2015/16

Savings Plans 2014/15 and full year impact in 2015/16 (Appendix 2 Jan 14)

	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

Transformation Plans to 2015 (Appendix 5 Jan 14)

£'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

Children's Services proposed budget (including schools)

	£'000
Revenue budget:	
Revised budget for 2014/15	902,269
Savings in 2014/15	6,308
Balanced budget by March 2015	
Proposed budget for 2015/16	892,673
Proposed savings in 2015/16*	19,310
Capital programme for 2015/16	64,679

* Equality Impact Assessments completed

Proposed budget 2015/16

Schools	£'000
Cash limit set by Cabinet	731,704
Specific grants adjustments	16,921
Total schools	748,625
Non-schools	
Cash limit set by Cabinet	142,103
Pay inflation	1,271
Specific grants adjustments	674
Total non-schools*	144,048
* Excludes additional £12.5m for CLA	
Total cash limited expenditure	892,673

Proposed Schools budget 2015/16

	2014/15
	£'000
Dedicated Schools Grant (DSG)	860,989
Less funding for Academies	(162,372)
Sub-total	<hr/> 698,617
Less items managed by Policy and Resources	(6,256)
Pupil Premium and other schools grant	54,918
Music Grant	1,346
Total schools budget managed by Children's Services	<hr/> 748,625 <hr/>

Schools Budget – Key Issues

- ‘Flat cash’ – no change in per pupil funding
- Minimum Funding Guarantee – remains at minus 1.5% per pupil
- Continuation of funding of central services
- £2.1m Early Years permanent funding
- Additional £0.5m ongoing across all schools
- £1m extra for ‘capped’ schools – for 2 years
- £1m extra on High Needs for 2 years
- Extra £300k for Speech & Language Therapy (KS2)

Key Departmental Issues / Challenges

- Children Looked After
 - £8.5m pressure 2014/15 (£6.3m to be met by Department)
 - +£12.5m included in MTFS 2015/16
 - Could be £15m to £20m
- Savings shortfall
 - Use of reserves (cost of change)
 - Short breaks (CWD) - £1.8m
 - Youth Services - £1m
 - Cabinet request to provide extra £2.8m in 2015/16

Workforce Implications

	Full time equivalent (FTE) numbers
FTE staff as at 31 March 2015 (last year's estimate)	2,494
Increase in revised estimate as at 31 March 2015	+ 22
Changes relating to savings proposals	- 76
FTE staff as at 31 March 2016	2,440

Children's Services Capital Programme 2015/16 to 2017/18

	£'000
2015/16	64,679
2016/17	100,935
2017/18	63,954
Total	229,568

Children's Services

Capital Programme 2015/16 to 2017/18

	£'000
New schools and extensions	123,742
Capital Maintenance	25,494
Schools Devolved Capital	10,098
Contingency	39,234
Other	31,000
Total	229,568

Departmental context and priorities

John Coughlan
Director

Overview

- Ofsted spring 2014: Good + Outstanding features
- Pressures on social care
- Recruitment issues
- Strong maintained school Ofsted performances
- Isle of Wight

Children's Services Overview

Social Care pressures

Trajectories March 2008 to November 2014:

- Contacts per year 50,000 to 107,000
- New referrals per year 6,294 to 17,463
- Open cases 4,447 to 9,301
- Child protection plan 465 to 1,376
- Children in care 1,023 to 1,351

Children's Services overview

Priorities

- 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

Savings Achieved

	2014/15	Full Year
	£'000	£'000
Early Help transformation to multiagency hubs	883	2,952
Children & Families – contract management efficiencies and other discretionary spend	135	1,595
Educational Psychology – increased income	50	390
Services for Young Children – reduction in support to early years settings to statutory levels and Schools Forum support	1,670	6,758
School Improvements and Standards – efficiencies in support and challenge to schools. Balanced by increasing the levels of sold services	1,456	1,626
Hampshire Futures – movement of services onto external income streams	986	986
Partnerships – withdrawal from CAMHS	0	1,682
Hampshire Youth Offending Team – service reductions	200	300
Other Services	928	1,913
Total	6,308	18,202

Children with Disabilities and Early Help: 14/15 proposals

£'000

Children with Disabilities (short breaks, overnight respite
and in-house long stay) 2,500 – 3,500

Commissioned Youth Support 800 – 1,200

Total 3,300 – 4,700

Short Breaks and Commissioned Youth Support

December Cabinet:

- Acknowledged challenge of implementation of some proposals
- Need for time to get it right

Executive Lead Member decision report:

- One-off support of £2.8m for Short Breaks and Commissioned Youth Services for 2015/16 from Corporate funding (not repayable)