

HAMPSHIRE COUNTY COUNCIL

Decision Report

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| Decision Maker: | Executive Lead Member for Children's Services |
| Date: | 26 July 2010 |
| Title: | 2010/11 and Ongoing Budget Reductions Within Children's Services |
| Reference: | 1935 |
| Report From: | Director of Children's Services |

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This report regarding in year government funding reductions impacting on Children's Services with associated staffing implications was classified as exempt under paragraph 4 of Schedule 12A of the Local Government Act 1972, as it relates to consultations in connection with labour relations matters between the authority and its employees. Following approval of the proposals within the report, consultations with affected employees have been undertaken and therefore the report is no longer exempt.

Executive Summary

- 1.1. This paper sets out a programme of restructuring, savings and efficiencies in the Children's Services Department. These are in response to the Government's in-year reductions in funding and anticipated further reductions in Government funding from April 2011/12. The total impact of the proposals is a £24.8m reduction in spending, consistent with the current and anticipated withdrawal of grants, and a reduction of 185 full time equivalent (FTE) posts across the department.
- 1.2. The review of the department has followed a set of principles and the impact on services has been considered against these:
 - maintaining a safe social care system that continues to balance risks between the protection of children and providing support to families in need;
 - retaining sufficient management capacity to lead and improve the school system across the county;
 - reducing management posts where possible and acceptance of greater breadth of responsibilities and wider management spans of control;
 - tightly targeting the more limited resources according to need - whether that be support to schools or support to vulnerable children and families;

- reductions to direct service delivery have been minimised, and where these have occurred they have been in the few remaining local authority services that are supporting 'universal' provision.;
 - maintaining the overall structural integrity of the department and its capacity to deliver the essential central support functions, without which the staff who deliver services directly would be unable to do their jobs.
- 1.3. Overall there has been a deliberately disproportionate approach to targeting managerial savings: approximately 46 FTE (22.6% of the total) Children's Services senior management posts (grades H to J) will be deleted. Around 140 FTE other posts on grades ranging from C to G (5% of the total posts at these grades) will be deleted. The savings accruing from the reduction in management posts will be in the region of £3.1m per annum. The impact of the reduction in grades G and below will be £4.1m per annum.
- 1.4. The Children's Services Department will undertake these cuts and restructuring from a position of operational strength despite significant pre-existing financial pressures. The recent review of the Children and Young People's Plan showed significant progress against priorities and hard to move targets. Successive inspections and inspectorate reports over the last few years have confirmed good and outstanding services for children and young people in Hampshire, with strong capacity to improve. So while the savings will be painful the department will continue to be in a strong position and remain determined to deliver high quality services, to keep children and young people in Hampshire safe, and to maintain a vibrant educational system.

2. Introduction

- 2.1. This report and Executive Member decision are closely linked to the 26 July 2010 report to Cabinet: *Efficiencies and Expenditure Reductions: Transforming the County Council*. As a result of Government spending plans all departments in the County Council will need to make significant savings. The Cabinet paper outlines the approach the County Council will take. The Children's Services department will play a full role in that process. However the timing of Government decisions this year has meant that, for Children's Services, there has been an immediate and significant in-year financial impact following the Government's announcements of £6.2bn in year cuts in May before the Emergency Budget in June 2010. Children's Services will therefore be the first department in the County Council to begin to implement the Cabinet strategy outlined in the 26 July 2010 Cabinet report. The Executive Member for Children's Services will ensure Cabinet have oversight of the implementation.
- 2.2. This paper outlines a fundamental re-basing of services at this stage in order to avoid a gradual, morale sapping series of lesser adjustments. It is inevitable however that there will need to be further consideration of structures and approaches to service delivery going forward, particularly after the Autumn spending review and in the light of the ongoing development of Government and County Council policy. This may well mean additional reductions in staff numbers at a future point. For example, we will

not know the precise accountabilities in the school and post -16 system and the role of the Local Authority in that system until the publication of the Government's Education White Paper, promised for July 2010 but likely to be later.

- 2.3. In looking at the savings to propose to the Executive member, Children's Services Departmental Management Team (CSDMT) have considered Area Based Grant (ABG) and all other non-schools block funding equally. This ensures that the reduced resources available after the proposed re-organisation align strongly with local priorities. The proposals have been drawn up by prioritising services and management structures within the total funding now available, regardless of their current funding streams. That has included a consideration of our interpretation of our statutory duties and how we can deliver them while managing resources and priorities.
- 2.4. The Cabinet paper references possible base budget spending reductions across the County Council of 8% from 2011/12 and considers a scenario of the total loss of ABG. The proposals within this paper make some provision for this, but by no means fully. In the preparation of this paper the Children's Services Management Team has focussed on 2010/11 and 2011/12 pressures from grant reductions and known on-going service pressures combined with the removal from base of further areas of grant funding that we can reasonably anticipate will cease. Further consideration of service provision and staffing arrangements will be needed once Government policy in a number of areas, including Education, is clearer, and the approach to spending cuts in the Autumn spending review is known.

3. Budget assumptions and financial implications

- 3.1. In May 2010 the Coalition Government announced in-year cuts of £6.2bn for government spending, including £1.2bn cuts to local government budgets for 2010/11. These included £311m from the Department for Education's Area Based Grants (ABG) relating to Children's Services which has translated into £4.9m removed from Hampshire Children's Services ABG for 2010/11. They also included a 50% cut in LPSA2 reward grant, which for Children's Services amounted to £1m for 2010/11 only. Further detail of other in-year cuts is emerging as the impact of 'central' DfE savings on local government becomes clearer. At the moment these additional cuts amount to £0.3m revenue and £3.9m capital funding (see Appendix 1). This gives a total in-year but on-going revenue grant reduction of £6.2m.
- 3.2. In addition there are in-year pressures on Children's Services budgets for Home to School Transport and Children Looked After that will almost certainly continue into 2011/12 amounting to a minimum of £3m additional pressures.
- 3.3. Reductions in the funding to Schools Forum have been limited to reductions in the 14-19 diploma programme and in the Harnessing Technology grant. These two reductions are being addressed through Schools Forum. All these funding reductions will have a continuing impact on base budget for 2011/12 and onwards.

- 3.4. This paper (see section 8) identifies other reductions in Government grant from April 2011 totalling £15.9m. These are in areas of ABG (£4.4m) and Specific Grant (£11.4m) that we consider to be at high risk of ceasing as they are funding streams at the end of their three year funding period as set by the previous government. Where relevant this paper covers the cessation of these funds, including the staffing implications (see Appendix 4). In most cases planning for the future around the loss of these grants was already underway and the HR processes will be incorporated in the overall HR timeline shown in Appendix 5.
- 3.5. The savings to offset the pressures shown in Appendix 1 for 2011/12 onwards are £9m. The savings to offset the additional anticipated loss of grant shown in Appendix 4 are £15.9m, giving overall savings for 2011/12 of £24.8m. The proposals in this paper and the Human Resources timeline shown in Appendix 5 will ensure that the entire £24.8m of cuts will be removed from the Children's Services departments' cost base by the beginning of the 2011/12 financial year.
- 3.6. It will be possible to realise some of these savings in 2010/11 with the in-year impact of the on-going savings outlined in this paper giving a saving of £2.8m. The department has also been able to identify £1m one-off savings to off-set the grant reduction and will also use the £883,000 LPSA2 reward grant allocated to Children's Services by Cabinet. This total of £4.7m still represents a shortfall of £1.5m against the in-year loss of grant (£6.2m). This is because the impact of the cuts in staffing relating to the in-year grant reduction and on-going budget pressures (Appendix 3), totalling £4.6m, cannot be achieved during the current financial year owing to the timing of the Government's decisions and the consequent HR timeline for staff consultation, minimising redundancies, managing redeployment processes, and the costs of releasing individuals.
- 3.7. The total cost of the combination of early and voluntary retirement, redeployment and redundancy packages will take some time to work out in detail or to any degree of accuracy. However this cost will be in the region of £2.3m (probable minimum) and £3.5m (absolute maximum) against a staff salary saving of £7.2m. The worst case scenario is therefore that these cuts have a pay-back period of around seven months. Every effort will be made to redeploy staff and to avoid redundancy situations, although it is inevitable that there will be some.
- 3.8. Further consideration will be needed as to how the department and the County Council wish to approach the residual in-year shortfall created by the Government cuts and management of the redundancy and early retirement costs that will arise from the plans set out in this decision paper. It is generally accepted that those points cannot be resolved fully at this early stage.

4. Schools Block budgets

- 4.1. There have been some in year cuts which impact on schools through the Harnessing Technology grant cuts of 50% and the reduction in funding for diplomas. For 2011/12 the emergency budget indicates the potential for real term cuts in Education funding but not at the level that would be

experienced for other services. Current assumptions are that Education funding will probably see no cash reductions.

- 4.2. Central services supported by Schools Forum are not addressed in this paper. However it seems inevitable that there will need to be adjustments in the structure and provision of those services going forward. The only immediate impact on these services will be in a realignment to the new area/district structure which will give Schools Forum some savings which will be discussed during their 2011/12 budget preparations.

5. The staffing implications

- 5.1. In a department where the vast majority of base budget is deployed into staff resource it is impossible to effect this scale of cuts in expenditure without reducing headcount within the department.
- 5.2. The proposals in this paper mean that at least 175 FTE posts will be removed from the structures of Children's Services, a further 7.8 FTE from the Environment Department, and 2 FTE from PBRISIT, giving a total of 185 FTEs. There will probably be a number of additional posts deleted once some further detailed work has been undertaken on the implications of the restructuring on geographically based services and administrative and other support functions. The restructuring will also have implications for the levels of support required from central support services, in particular the Devolved Finance Unit and Human Resources from 2011/12. However, during 2010/11 the proposals in this paper mean the levels of demand for support from those services will be very high.
- 5.3. Although a few of the posts are vacant, partly due to the department's well-established vacancy management process, the vast majority are filled and therefore there are over 165 staff who will face redeployment or redundancy and somewhere between 200 and 300 staff who will be placed into a ring-fence for a reduced number of posts. All affected staff will be offered support in redeployment across the County Council. Individual circumstances obviously vary and the department will be working with every member of staff to support them through what will be a difficult time.
- 5.4. Overall there has been a deliberately disproportionate approach to targeting managerial savings: approximately 46 FTE (22.6% of the total) Children's Services senior management posts (grades H to J) will be deleted. Around 140 FTE other posts on grades ranging from C to G (5% of the total posts at these grades) will be deleted. The savings accruing from the reduction in management posts will be in the region of £3.1m per annum. The impact of the reduction in grades G and below will be £4.1m per annum. These figures do not include staff in business units who are funded through income generation. There are a further 30 staff who are paid on Soulbury or other scales who have relatively high salaries because of their profession (eg Educational Psychologist) but who have no management responsibilities. They are not included in these figures.
- 5.5. The reduction in management will lead to greater spans of control. The effect of these managerial reductions will be to increase workloads on those managers remaining with the inherent risks that the quality of some

management oversight will diminish. The close relationships with schools and other partners will continue, but leadership resources at district manager and area director level will be more thinly spread. Further work will be required to ensure these risks are controlled but they are assessed as acceptable.

- 5.6. Our normal HR and communications processes will apply to this restructure – with appropriate consultation, ring-fencing and notice periods. To reduce headcount, individual members of staff will be invited, in the first instance, to consider voluntary early retirement and voluntary redundancy options in line with the overall corporate approach.
- 5.7. It is estimated that the personnel process will necessarily take between six and eight months. This means that if the process starts immediately after the Executive Member decision, it will be completed by 31 March 2011. An HR timeline is shown as Appendix 5. This includes a consultation period of 3 months from 2 August 2010.
- 5.8. The departmental management team will continue to oversee a stringent vacancy management policy (with direct delivery posts relatively protected), but will also be mindful, following the restructure and reductions in staff resource, of the need to ensure sufficient staff capacity within the more streamlined structures.

6. Service impact

- 6.1. The review of the department has followed a set of principles and the impact on services has been considered against these:
 - maintaining a safe social care system that continues to balance risks between the protection of children and providing support to families in need;
 - retaining sufficient management capacity to lead and improve the school system across the county;
 - reducing management posts where possible and acceptance of greater breadth of responsibilities and wider management spans of control;
 - tightly targeting the more limited resources according to need - whether that be support to schools or support to vulnerable children and families;
 - reductions to direct service delivery have been minimised, and where these have occurred they have been in the few remaining local authority services that are supporting 'universal' provision.;
 - maintaining the overall structural integrity of the department and its capacity to deliver the essential central support functions, without which the staff who deliver services directly would be unable to do their jobs.
- 6.2. The removal of £7.2m - 185 FTE of staff resource from the department represents a 6% reduction in the overall workforce (excluding schools and business units). While following the principles set out above, it is inevitable that many managers in the department will be significantly more stretched, and will need to carefully prioritise their activities accordingly. The recent review of the Children and Young People's Plan showed the significant progress the department has made over the last year in improving outcomes

for children and young people, particularly around some of the 'hard to move' targets. How the department sustains this level of progress following the restructuring will be a challenge as there will be a need to focus even more exclusively on essential and statutory responsibilities, with an attendant reduction in value added activity. This will have an inevitable impact on some of our more discretionary early intervention work.

- 6.3. Throughout this process, and after the restructuring is completed, the importance of supporting the workforce, both through effective HR processes, but also in training and skills development is recognised. High quality workforce development is essential for those staff who will be managing and delivering services within more tightly constrained resources going forward. We will therefore be ensuring that the cuts do not disproportionately fall on the 'soft' target of workforce development activities. We are ensuring however, that the workforce development resource is extremely lean with very effective targeting of support and development for staff to meet business need. Where income generation is possible this will be followed through.

7. Proposals to address the in-year budget cuts and ongoing pressures

- 7.1. Appendix 2 shows a summary of the financial implications of the proposals set out below and Appendix 3 shows the workforce implications. These proposals will be achievable in full from 1 April 2011. For 10/11 some of the non-staff savings will be realisable (£2.8m), but those savings dependent on removing staff costs (£4.6m) are subject to the HR timeline outlined in Appendix 5 and cannot therefore be realised in the current financial year.

7.2. Grants and other non-staff funds (£1.4m)

- 7.3. The Executive Member has already allocated £1.4m of grants to local and county-wide voluntary organisations in two funding rounds in 2010/11 and £254,000 through the Youth Opportunities Fund, again in two funding rounds. It is considered that the main on-going commitments to established projects are now made and will be honoured. There will be no more funding rounds on either of these programmes during the current financial year.

- 7.4. Several major Government funding streams that have previously supported the voluntary and community sector (VCS) will cease at the end of the 2010/11 financial year. The level of funds that will be available for grants to the VCS for 2011/12 and onwards will be addressed as part of the overall review of grants outlined in section 2.8 of the 26 July Cabinet paper. The department recognises that there are some services that can be done better or more cost effectively by some parts of the VCS. Children's Services will work closely with the Children's Voluntary Sector Alliance to ensure a partnership approach to decisions where such evidence exists.

- 7.5. There are various other non-staff funds that the department is able to re-direct or save in 2010 and on-going into 2011/12. This is in line with the approach in previous years where discretion around the targeting of ABG has been applied. However, should the Autumn Spending Review reduce ABG still further, these savings will not be able to be realised in 2011/12.

7.6. Sustainable travel and school travel advisers (£259,000)

- 7.7. Local education authorities have a statutory duty to promote sustainable modes of travel to schools. This requires a published document containing the strategy and the promotion of the use of sustainable modes of travel. The statutory function is currently undertaken by the Environment department on behalf of Children's Services. It is proposed to move the responsibility for fulfilling the basic statutory duty to the Healthy Schools' team and to cease the funding to the Environment Department for the school travel adviser team. This has been discussed with the Environment Department who will address the staffing implications.
- 7.8. **Geographical realignment of the department (£973,000)**
- 7.9. The recommendations in this paper ask the Executive Member to approve the restructuring of the department into 2 Areas and 8 'Districts', thus directly reducing the number of Area Directors (from 6 to 4) and District Managers (from 22 to 16). This principle of reduction in management will apply to all departmental services that are currently aligned to areas and districts.
- 7.10. The new geographical structure, which will be based on a north-south split of area responsibilities, will retain the management flexibility to work effectively with District Councils, but will also look towards the future of the Local Children's Partnerships, with individual manager's responsibilities increasingly influenced by those partnerships. The final configuration of districts and areas will be determined during the consultation process.
- 7.11. Examples of services that will re-structure around the 2 areas and 8 districts are:
- **Education inclusion service** – there are currently three Strategic Managers for Alternative Education and a small group of staff who work to them. These will reduce to two.
 - **Locality Teams** – currently based on 11 districts will move to 8
 - **Integrated Youth Support Service** - the restructure of the service will take into account the new area/district model
 - Family support service – see below
 - Adoption Service – see below
 - Strategic and capital planning and school organisation – see below
 - **Post -14 learning** – there are currently three area based staff who handle the local commissioning function for 16-19 education. These will reduce to two.

 - **Team for the Education of Children in Care** – each of the three current areas have two FTE staff who work for the placement of children in care in educational provision. In common with other functions these three small teams will reduce to two.
 - Administrative support where appropriate – see below.

- 7.12. Overall this will lead directly to a reduction of at least 18 managers while maintaining direct delivery staff.
- 7.13. **Children and Families Team Managers (£248,000)**
- 7.14. There will be a reduction of 5 team manager posts across the County. This is 2 per current area, but makes allowance for the south west area already having removed one of these posts through earlier efficiency work. These are not posts which manage frontline child protection. The impact of this will be that services that currently support contact and intensive support will be managed through other teams and two Children with Disabilities teams will effectively be merged under one line manager.
- 7.15. **Adoption team managers (£ included in 7.8 above)**
- 7.16. There will be a reduction of 2 team managers. This will reflect the new area structure and also be gained through combining the management of some elements of the service with the Family Placement service. The Adoption Service will therefore in future be managed by the Head of County Services rather than an Area Director. It is anticipated that these savings can be made without significantly impacting on front line adoption services.
- 7.17. **Family placement (£158,000)**
- 7.18. Savings will be achieved by re-configuring and re-aligning the central recruitment team within the service and moving to the commissioning of Form F assessments of potential carers. This will also free up funds to maintain advertising and marketing activity and there will be efficiencies through joining up other facets of fostering and adoption work (see para 7.16 above).
- 7.19. **Independent reviewing service (£67,000)**
- 7.20. The head of the independent reviewing service has confirmed his intention to retire in the Autumn. CSDMT have already approved an operational restructure that moves the management of this service into the Safeguarding Unit. This will reduce management costs and deliver a greater level of professional accountability and alignment of the Independent Reviewing Service to safeguarding, while retaining the essential element of independence from direct line management by the frontline operational managers.
- 7.21. **Children Looked After (£150,000)**
- 7.22. Against the national backdrop of increasing numbers of Children Looked After we will continue to address the resources to support this group of vulnerable children and young people to ensure they are used to maximum efficiency to best meet current and anticipated future needs. We will continue the drive to maximise the number and scope of our foster carers so that as many CLA have as normal a home life as possible and to minimise the numbers of children and young people we have to place 'out-county' with its associated costs. We will consider the provision and suitability of our children's homes to meet the needs of some of the most challenging Children Looked After. We anticipate that as a result of this continual challenge to the suitability of provision, and changes of approach where necessary, that we can budget for efficiencies of £150,000 in 2011/12.

7.23. Integrated youth support service (£1m)

7.24. The full integration of the Youth and Connexions services into a single Integrated Youth Support Service led from within the Children and Families branch is already underway. This restructure will now align to the new 'district' structure of 8 district level managers and will establish a strategic and service management led through one of the Children and Families Area Directors.

7.25. In addition to changes in the management structure which have already been consulted upon, specifically the alignment of Connexions and the Youth Service into a single Integrated Youth Support Service, it is proposed to reduce some youth related activity and the level of Information Advice and Guidance work across schools and colleges. There will be a reduction of approximately 25.5 FTE practitioners across these activities. However, this will leave 243.3 FTE front line practitioners still engaged in Integrated Youth Support activity. This is, however, an area of service delivery that we anticipate may come under close scrutiny during the Government's Autumn Spending Review.

7.26. Strategic and project management roles in Children and Families (£322,000)

7.27. Several roles that currently have strategic, project, service and change management responsibilities within the Children and Families Branch will be removed. In addition it is possible that the spending review in the autumn will bring to an end grants which fund other commissioning posts. This will mean that other post holders will need to pick up these strategic management responsibilities and they will be shared across a number of posts. It is intended to bring together the remaining strategy and commissioning posts under single line management reporting to the Deputy Director, thus generating efficiencies and building commissioning and strategic capacity. There will be a reduced capacity in the department for the management of major projects, but in the current financial climate it is less likely that these will be undertaken.

7.28. JENI/JIL (£231,000)

7.29. The department currently contributes £452,533 to a joint budget (total £531,000) with Health for JENI – the Joint Exceptional Needs Initiative. The purpose of the initiative is to provide additional funding to support children with additional needs in special schools. Recent investigation of the budget management and expenditure of this service has suggested that the expenditure could be much better planned, managed and targeted. The management of this budget will change as a result of changes to strategic management outlined above. We anticipate that the essential elements of the funding can be preserved within a smaller expenditure and combined with a £31,300 budget for JIL – the Joint Information Link.

7.30. Hampshire Educational Psychology (£144,000)

7.31. The educational psychology service will make a 5% saving through limited staff reductions and a reduction in subscriptions to the Children's Workforce Development Council and for initial Educational Psychology training via the

regional consortium. This will reduce the number of trainees we will be entitled to with an associated reduction in capacity.

7.32. SEN (£314,000)

7.33. The SEN service will make savings within its budget through a reduction in specific training projects to Special Needs Assistants, Learning Assistants and SENCOs, absorbing outreach funding to resourced provision, the wind down of a pilot project and a decrease in demand for clothing grants in special boarding schools. Two management posts and 4 fte Behaviour and Emotional and Social Difficulties (BESD) social work posts (not direct child protection) will also be removed.

7.34. The impact of the reduction in training will be minimal as SEN has pump-primed the training centrally and it is now appropriate for schools to commission this as and when they need it. The impact of the staff reductions will be on the capacity of staff to deal with Tribunal activity in a timely way.

7.35. School Counselling Service (£43,000)

7.36. Children's Services Departmental Management Team have already taken an operational decision to cease funding this service from 1 September 2010. The service provided subsidised school counselling services to a small number (25) of schools. All other schools in Hampshire buy school counselling from other providers on the open market. This service was therefore an anomaly, benefitting only a few and with significant management overheads. Advice will be given to those schools who were using the service on alternative sources of provision.

7.37. CAMHS (£150,000)

7.38. We will make a 10% reduction in our contribution to the CAMHS partnership (based on an overall CAMHS allocation within the ABG of £1.5m). It is anticipated that the retendering of the CAMHS service for a single provider should generate significant management efficiencies for the provider and the reduced budget reflects this.

7.39. Wessex YOT (£125,000)

7.40. We will make a 5% reduction in the Children's Services contribution to Wessex YOT (from a £2.5m contribution in 2010/11). This will bring our contribution back to the percentage share we were making before 2008/9 (when we increased it by 5%). The impact of this should be minimal as the numbers of young people who have offended in Hampshire has fallen significantly and the caseloads of staff in the YOT have fallen accordingly.

7.41. Wessex YOT will also need to manage a £335,000 reduction in funding as a result of the Children's Fund monies ending on 31 March 2011 (see Appendix 4).

7.42. School improvement partners (£650,000)

7.43. The School Improvement Partner arrangements were set up in 2006 as part of the New Relationships with Schools. The funding received from central Government for this programme was inadequate and Hampshire decided to put in additional funding to ensure the programme could cover the level of

school contact and visits required by the then Government. In the light of the new coalition Government's policy direction towards a 'lighter touch' approach to outstanding schools we will re-align the school improvement partner programme. Outstanding and good schools will receive one visit a year, (to include the responsibility of the Local Authority to be involved in performance management processes for headteachers) and there will then be a sliding scale of engagement with schools that need more intensive support.

- 7.44. This approach will generate savings of at least £650,000 per annum but will also allow the School Improvement Service to provide a higher level of high quality support and challenge to satisfactory schools as well as to those very few schools that are inadequate. There are benefits in this change of approach but there are also risks as a deterioration in the overall quality of a school cannot always be predicted from a desk top analysis. However, this model is certainly consistent with Government thinking and we will work closely with the schools' community to support the transition.
- 7.45. **Early Education and Childcare Unit (£539,000)**
- 7.46. The Early Education and Childcare Unit provides a high level of support and guidance to Early Education and Childcare providers in Hampshire. Outcomes are excellent, and are generally above those of other authorities like Hampshire. The level of support given is also generally of a higher standard, and more extensive, than that in other authorities. The Early Education and Childcare Unit is funded from three sources: £10.3m from government ring-fenced grant, £2.8m from Schools Budget and £1.2m from Children's Services non-schools budget, a total of £14.3m. It is proposed that the non-schools element of the funding is reduced by £500,000 from 2010/11.
- 7.47. For 2010/11 £539,000 savings will be achieved through a streamlining of publications and communications activity, reduction of the continuous professional development portfolio, vacancy management and placing a threshold on provider start up and sustainability grants. The majority of these measures should have a relatively low impact upon providers.
- 7.48. For 2011/12 and ongoing there is a need for a more significant review of management and staffing structures, in association with the Children's Centre's programme (see below). Further work will be done to establish the restructuring needed, in line with the HR timelines set out in Appendix 5.
- 7.49. **Children's Centres and the Early Education and Childcare Unit (£54,000)**
- 7.50. The Children's Centres capital programme is now completed, 81 children's centres are now designated, and the programme is moving from 'start up' into 'business as usual' functions. The alignment of age-range and client base between Children's Centres and the Early Education and Childcare Unit mean that the management and support functions of the two services can now be combined. This realignment of management and support functions will be a part of the overall departmental restructuring, with a single unit being established by January 2011. As noted above, further

changes may be needed as the Government's policy towards Children's Centres becomes clearer.

7.51. Music service (£200,000)

7.52. Children's Services provides core revenue funding for Hampshire Music Service of £750,000. This covers a range of activities including the provision of all orchestras and ensembles, which are currently free to all participants, the primary curriculum programme and access to music activities for disadvantaged groups. It is proposed that this support is reduced by £200,000 from 2010/11. The impact of this will be that: a small level of charging for selling services and hire of instruments will be introduced from September 2010 and various programmes of activity for some other groups will be stopped. It is fully recognised that this is a flagship service for the local authority and that, while there can be no question of it being immune from these proposals, its value to the County Council as well as to children and young people is understood.

7.53. Support for Headship appointments (£300,000)

7.54. The local authority has traditionally fully and directly supported all schools in their appointments of new headteachers with significant input from District Managers, Area Directors and Education Personnel Services. This has been core-funded work, free to schools. It has been an integral part of the Hampshire approach to school improvement that places the quality of leadership and management at the heart of the drive to improve weak schools and sustain good and outstanding schools. However, this is a very resource intensive model, with every headship taking on average 9.5 days of Children's Services' staff time and with around 65 headships a year. The academic year 2009-2010 saw 74 changes of headteacher, 40 in schools that are good or outstanding and 34 in satisfactory or inadequate schools.

7.55. We intend to introduce a new differentiated model to this support and to introduce charges to schools, through the HIAS SLA, for support for headship appointments. The precise model has yet to be finalised, but will include an element of ongoing core-funded support for headships based on an inverse proportion to success. The Local Authority will meet with each Governing Body to discuss its arrangements for recruiting a new headteacher and will be present at final interviews but all the work in between will only be a free service in those schools where the Local Authority has particular concerns.

7.56. The appointment of a headteacher is arguably the most important responsibility of each Governing Body. High quality advice to the Governing Body in discharging this responsibility will continue to be available from the Local Authority.

7.57. Building Schools for the Future (BSF), strategic planning (capital and school places) and school organisation (£458,000)

7.58. The Government has now stopped most elements of the BSF programme. Funding for the Havant Academy is subject to review. The size of the future DfE funded capital programme is unclear and the amount available for the future will be determined through the Autumn Spending Review. However we can say with some certainty that for the next few years it is unlikely it will

be on the current scale, although primary pupil numbers are forecast to rise and there will therefore be some essential provision needed. A restructuring of the functions of school organisation, strategic planning and running the capital programme will be undertaken with a view to reducing by at least three posts.

7.59. The BSF team will now be disbanded and the ongoing capital work around Havant schools will be incorporated into the work programme of the Children's Services restructured capital planning and school organisation team. The total saving shown above includes staff and non-staff savings.

7.60. **16-19 responsibilities**

7.61. Government policy on local government responsibilities in relation to the post-16 education sector is evolving rapidly. As in all areas of Education policy it is still too early in the development of the coalition Governments' thinking to make fundamental decisions around appropriate levels of staffing within Children's Services to meet our responsibilities going forward. It is hoped that there will be sufficient clarity within the next three months to enable structural and staffing decisions to be made.

7.62. **Community education (to be confirmed)**

7.63. We will review the commitment of the department to its payments to schools for the community use of facilities. Some of the funding is tied into long term agreements with District Councils which require review and renegotiation. Some of the funding directly subsidises schools for the community use of facilities. These payments will be reviewed on an individual basis and will be terminated where it is assessed that the school can manage the provision independently should they deem fit.

7.64. **Performance and Partnerships, Information and Communications (£373,000)**

7.65. In the light of the reduction in government demands for CAA and other performance monitoring, we will reduce our performance team by one post, leaving the department's performance resource at two full time officers alongside the Head of Performance and Partnerships (who has a wide portfolio).

7.66. Staffing within the data and information team will reduce by 8 FTE. This is related to the reduction in Government demands (above) and in anticipation of further reductions in the demands of central Government for statutory returns relating to Children's Services data. It should be noted that as yet there is no sign of a diminishing from Ofsted in their demands around the detailed performance framework so the changes in CAA will not have as marked an effect on Children's Services as elsewhere.

7.67. The communications team will reduce by 4 FTE, leaving a very small central team of 4 FTE.

7.68. **Contact Point**

7.69. The Government has stopped the £234,000 Contact Point grant for 2010/11. There are two FTE posts funded through this grant in PBRISIT and they are

included in the staffing figures in Appendix 1 although the redeployment processes for these staff are already underway.

7.70. Sparsholt Schools' Centre for Environmental Education (£78,000)

7.71. Schools' Forum on 13 July 2010 were asked to consider whether they would be willing to undertake to fund the centre from April 2011. They agreed to do so and the costs of the centre will therefore fall to Schools' Block budgets from April 2011.

7.72. Workforce development team (£107,000)

7.73. Two grade G posts, both currently being held vacant, will be deleted and a third post will be re-graded. This will give a flatter management structure within the team and wider spans of control.

7.74. Admin and headcount related savings (estimated £280,000)

7.75. Once the fine detail of the restructure is clear the Management Team will consider appropriate reductions in related administrative resource. There will also be direct savings from headcount-related costs such as Hantsnet logons, telephony etc.

7.76. Social care library (£76,000)

7.77. From 1 April 2011 we will no longer require provision of Social Care Library services under an SLA from Adults' Services. For the current financial year we will not purchase further publications for the Library.

7.78. Staff travel (£7,000)

7.79. In line with a corporate review of the bookings arrangements for staff travel from April 2011 we will no longer be required to contribute to the corporate travel team costs.

7.80. Central support recharges (to be decided at a later date)

7.81. For the purpose of this report, no savings on central support recharges have been shown for 2011/12 and ongoing. However it is assumed that with reduced staff numbers, there can be eventual savings in HR support costs, and with simplified and reduced budget structures there can be proportionate savings in devolved finance unit costs. There will be other central support services that should also experience a reduction in workload as a result of the proposals in this paper, and the ongoing level of service will be subject to negotiation prior to the new financial year.

7.82. Local office provision

7.83. The move to a two area structure offers a possible opportunity to further rationalise office accommodation, but this will need to be offset against the additional costs (in time as well as mileage) of staff travel to clients/schools from a more remote office base. There are also significant lease issues to consider that may make early moves from our main office bases uneconomical. We are working closely with the Workstyles programme to drive out efficiencies, and will consider the impact of the staffing changes outlined in this paper on the Workstyle plans.

8. Proposals to address additional areas of ABG and other elements of specific grants anticipated to end on 31 March 2011

- 8.1. Appendix 4 outlines the staffing implications relating to those other reductions in Government grant from April 2011 totalling £15.8m that we consider to be at high risk of ceasing as they are funding streams at the end of their three year funding period as set by the previous Government. These are in areas of ABG (£4.4m) and Specific Grant (£11.4m).
- 8.2. In most cases planning for the future around the ending of these grants was already underway and the HR processes relating to the 50 FTE affected staff will now be incorporated in the HR timeline shown in Appendix 5 so that all staff are treated equally, regardless of the funding stream that had nominally supported their posts. Some provision has already been made for the costs of redundancy for these posts. The main implications are:
- 8.3. Children's Fund (ABG £1.9m)**
- 8.4. Considerable work to mainstream the wide range of provision initially funded through this element of ABG has been successful. However, a number of staff posts (including £335,000 within Wessex YOT) and some grants to the voluntary sector are still supported through this funding. The staff posts will be at risk and part of the overall HR processes. The grant funding to the voluntary sector will be considered as part of the wider issue of our continuing support for the voluntary sector, particularly for preventative services, against a backdrop of budget cuts (see paragraph 7.2).
- 8.5. Care Matters (ABG £869,000)**
- 8.6. There are a number of specialist Education Welfare posts funded from this grant which have proven to be successful in improving the attendance of children in care. These posts will need to be incorporated into the activity of other teams whilst the overall Education Welfare workforce will reduce accordingly. Some strategy and commissioning posts including administration and some other specialist posts will be removed. A number of specialist projects funded by the grant such as Dreamwall, Letterbox and some training programmes will end. Some savings elsewhere have been identified to continue personal education allowances and bursaries for care leavers attending university although the rates of these allowances may need to be scaled back to the national average.
- 8.7. 14-19 Flexible Funding (ABG £358,000)**
- 8.8. It is anticipated that the 14-19 Flexible Funding element of ABG will not be received in 2011/12 and as such work is underway to consider how activities currently supported by this funding can be mainstreamed.
- 8.9. National strategies consultants (ABG £820,000)**
- 8.10. There will be some reduction in staffing from the current 20 FTE posts, and some re-direction of staff skills into sold services managed through the HIAS business unit.
- 8.11. Aiming High for Disabled Children (Specific Grant £4.5m)**

- 8.12. Work to mainstream this programme is underway. Staff posts will be at risk and these will be included in the HR process.
- 8.13. **Extended schools (Specific Grant £5.6m)**
- 8.14. Work to mainstream the extended school services is underway with schools and will be dovetailed with the development of the local children's partnerships. One of the main service areas supported through the Extended Schools funding is parent support services.
- 8.15. **Parenting and family support services (Specific Grant £1.3m)**
- 8.16. It is anticipated that the funding streams for a significant element of our support for parenting within local communities will cease from April 2011. The previous government funded such provision through a series of ring-fenced grants. As a result a succession of different programmes have developed, with funding split between local authority and schools' budgets. There is therefore now a need to review all the provision locally, and streamline that provision to ensure it is affordable within a smaller funding envelope, but also that it is co-ordinated to avoid duplication and to target the most vulnerable. This type of preventative work must be a key part of the activities of the Local Children's Partnerships once they are fully established, and needs to be devolved to them once they are sufficiently well developed to commission services.
- 8.17. The total provision of these services will therefore be reviewed and remodelled over the summer and autumn, in consultation with one or more local partnerships, and a streamlined model of service delivery will be established. As much of the funding is already scheduled to cease, the restructure will aim to re-provide the services within the future budget envelope – it will not seek further savings from the retained revenue provision.
- 8.18. **The Commissioning and Contracts Unit**
- 8.19. Children's Services has had an approach that a small amount of resource from new grants for new activities should be allocated to central services to cover the additional demands that new work will place on them. The Commissioning and Contracts Unit funding has been particularly dependent on this approach. As a result somewhat over half the funding for that central team is now likely to cease at the end of the current financial year. The team is playing a valuable role for the department in driving efficiencies from contracts and procurement. The consultation period for this report will be used to consider how to remodel the team to meet on-going departmental needs within a reduced funding envelope.

9. Capital

- 9.1. Further announcements from the DfE suggest that there are likely to be in-year reductions of capital grants that have already been allocated. The exact position remains unclear despite our pressing the DfE and is probably now implicated by the broader BSF review. Mitigation strategies are being developed to minimise the impact on the capital programme, but some schemes will have to be withdrawn. A more detailed report will be brought

to the Executive Member when further information is forthcoming from the DfE.

9.2. The areas likely to be affected in the Children’s Services capital programme are:

- Extended schools capital
- Youth capital
- Sure Start Early Years and Childcare Grant
- Children’s Centres
- Child Care
- Aiming High
- Harnessing technology.

10. Conclusion

10.1. This paper sets out an unquestionably challenging set of proposals to respond to the changing funding base for children’s services. Staff, schools and other partners are aware these issues are being considered, especially in the light of the national debate about the public sector spending deficit, and the very early announcements about Area Based Grant. The department has developed these proposals in the context of the Cabinet’s agreed framework and within a set of coherent departmental principles. The framework and the principles will ensure that the process is decisive and effective but also protects the department’s core responsibilities and achievements. The proposed reduction in posts is unavoidable given the scale of grant reductions. A high priority will be given to staff care through the application of a fair process, clear communication and direct support. Hampshire County Council has a proud record in the delivery of high quality children’s services through an excellent workforce. Those services can and will be sustained through the implementation of this necessary programme of savings.

11. Risk assessment

11.1. Each proposal in this report has been risk assessed, and where appropriate risk has been identified within the report.

12. Appendices

12.1. The following appendices are attached:

| | |
|---|--|
| 1 | Funding cuts summary |
| 2 | Summary of savings proposals |
| 3 | Summary of workforce implications relating to Appendices 1 and 2 |

| | |
|---|---|
| 4 | Summary of financial and workforce implications of anticipated additional reductions in ABG and Specific Grants for 2011/12 |
| 5 | HR timeline |

13. Recommendations

- 13.1. The Executive Member notes the level of in-year reductions in grant funding from central Government, and the anticipated further pressures on the Children’s Services budgets (2011 and beyond) as a result of: service pressures; anticipated additional cuts in ABG and other Specific Grants; the Autumn Spending Review and subsequent County Council efficiency measures.
- 13.2. The Executive Member approves the range of organisational changes, staff and spending reductions outlined in this report in order to enable Children’s Services to manage within budget from April 2011 and to make a significant contribution to its funding deficit for the current financial year.
- 13.3. The Executive Member approves the commencement of the formal consultation process in relation to the staffing implications as set out in Appendix 5.

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

| | |
|--|-----|
| Hampshire safer and more secure for all: | Yes |
| Corporate Improvement plan link number (if appropriate): | |
| Maximising well-being: | Yes |
| Corporate Improvement plan link number (if appropriate): | |
| Enhancing our quality of place: | no |
| Corporate Improvement plan link number (if appropriate): | |
| | |
| | |

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:

Equality and diversity objectives are not considered to be adversely affected by the proposals in this report and the proposals are expressly designed to ensure that the more limited funding available to the department is targeted even more tightly to maximise quality of opportunity for vulnerable groups.

2. Impact on Crime and Disorder:

N/A

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

- The reductions in headcount will lead to a reduction in staff mileage and use of office accommodation with the associated reduction in carbon footprint.

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? N/A