



Hampshire
County Council

Children & Young People Select Committee 20 January 2016

Budget Briefing 2016/17

Gordon Shinn
Senior Finance Business Partner

Presentation outline

- Provisional grant settlement – key issues
- Impact on the County Council's 2016/17 budget
- Children's Services Revenue Budget
- Workforce Information
- Children's Services Capital Programme

Scope of Presentation

- Presentation covers key points of settlement as they impact on 2016/17
- Overall position and the technical changes are very complex and have a major impact on next year and medium term position
- Overall budget and final decisions for 2016/17 are still being pulled together for Cabinet
- Main focus of today is to scrutinise Children's Services' budget for 2016/17
- Happy to make a note of any technical questions for which Carolyn will provide written answers but main opportunity to ask these questions is full Member briefing planned for 28 January

Provisional Settlement – Key Issues

Provisional Local Government Finance Settlement

- The overall reduction in Revenue Support Grant (RSG) across the country for 2016/17 is 24.5%
- The RSG for the County Council will reduce from £129m to £81m in 2016/17 a reduction of £48m (37.4%) compared to a forecast reduction of £19m (15.9%)
- By 2019/20 the County Council will no longer receive any RSG, which worsens the cumulative financial projection by a total of £48m
- The reductions are as a result of a change in the distribution methodology for RSG which impacts heavily on Shire Counties and Shire Districts and favours metropolitan authorities, which geographically largely moves funding from the south to the north

Provisional Local Government Finance Settlement

- A consultation on New Homes Bonus has been published setting out proposals to achieve reductions of £800m by 2019/20
- This funding together with £700m of other existing funding will be put into a new £1.5bn Better Care Fund by 2019/20
- Significant changes to Education Services Grant are predicted in the future. There has been a reduction of £1.3m (8.7%) for Hampshire in 2016/17
- The option of a social care precept of 2% on council tax was confirmed in the settlement
- No Council Tax Freeze Grant for 2016/17 was confirmed

RSG and Core Spending Power

- The Government has introduced a new measure called ‘Core Spending Power’ which assumes that all Authorities increase their council tax every year over the next four years by the maximum permissible
- RSG has been allocated by grouping authorities into different classes and then allocating funding so that each separate class of authority receives the same percentage reduction in Core Spending Power
- However the different classes are not treated equally under this methodology

RSG and Core Spending Power

Type of Authority	2015/16	2016/17	Change
	RSG <i>£m</i>	RSG <i>£m</i>	%
England	9,509.4	7,183.9	-24.50%
Shire Districts	422.4	265.2	-37.20%
Shire Counties	2,350.7	1,644.9	-30.00%
Unitaries	2,012.2	1,503.1	-25.30%
Outer London	908.3	688.6	-24.20%
Metropolitan Districts	2,442.1	1,925.0	-21.20%
Inner London (inc City)	849.7	686.4	-19.20%
Combined Fire Authorities	215.2	182.7	-15.10%
Metropolitan Fire	133.2	117.9	-11.50%

Better Care Fund

- Total Resources of £1.5bn expected to be put into the system by 2019/20, but nothing significant until 2018/19
- Understood that this will be allocated direct to local government rather than through health
- Distribution methodology follows new RSG allocations and gives around £19m to Hampshire by 2019/20.
- This compares to £31m that we would have received under old distribution methodology (a loss of £12m recurring funding)

Impact on 2016/17 Budget

Budget Position 2016/17 – No Council Tax Increase

	£'000
Predicted 2016/17 Budget Gap	50,284
Additional Loss in RSG	17,358
Care Act lost Specific Grant	7,635
2015/16 Council Tax Freeze Grant Lost	5,475
Increased Top Up Grant	<u>(547)</u>
Sub-total	29,921
Lost ESG	<u>1,281</u>
Revised Gap	81,486
Net increase in Collection Fund surplus	(6,612)
Estimated Grant Equalisation Reserve	<u>(55,000)</u>
Remaining gap after use of all GER	<u>19,874</u>



Budget Position 2016/17 – With Council Tax Increase

	£'000
Revised Gap	81,486
Council tax from 1.99%	(10,182)
Council tax from social care precept of 2%	(10,200)
Net increase in Collection Fund surplus	<u>(6,612)</u>
Revised Gap to be met from GER	<u>54,492</u>

Leaving £0.5m in GER for future years

Reserves Position

Reserves Strategy

- Total reserves of £462m as at 31 March 2015, a reduction of £20m on previous year, indicating that the tipping point has now been reached and we would expect reserves to now start to reduce to end of decade
- Nearly half of this (£226.5m) committed to existing spend programmes (mainly capital)
- £58m in Departments' cost of change and trading account reserves to be used for investment and future transformation
- £27m set aside to mitigate risks (mainly the insurance reserve as we self insure)
- Over £52m in schools reserves and £20.6m in general reserves (in line with minimum reserves policy)

Reserves Strategy

- Only £76.9m (16.6%) is truly 'available' to support one off spending and is made up as follows:

	Balance	Balance	% of
	31.3.2014	31.3.2015	Total
	£'000	£'000	%
<u>Available' Reserves</u>			
Corporate Policy Reserve	3,676	3,976	0.9%
Invest to Save	10,073	9,461	2.0%
Corporate Efficiency Reserve	8,931	8,981	1.9%
Organisational Change Reserve	7,854	3,593	0.8%
Grant Equalisation Reserve *	50,464	50,881	11.0%
	80,998	76,892	16.6%

* All of the GER will be used to support the revenue budget in 2016/17

Children's Services Budget 2016/17

Children's Services Proposed Budget

Revenue Budget:	£'000
Revised Budget for 2015/16	
- Schools	747,974
- Non-schools	<u>165,696</u>
	<u>913,670</u>
Proposed Budget for 2016/17	
- Schools	759,457
- Non-schools	<u>167,116</u>
	<u>926,573</u>
Early Savings Delivery Estimated in 2016/17	4,921

Proposed Schools budget 2016/17

	£'000
Dedicated Schools Grant (DSG)	868,241
Less funding for Academies	(160,142)
Sub-total	<hr/> 708,099
Less items managed by Policy and Resources	(2,856)
Pupil Premium and other schools grant	52,495
Music Grant	1,719
Total schools budget managed by Children's Services	<hr/> 759,457 <hr/>

Children's Services Proposed Budget

Capital Programme: **£'000**

Revised programme for 2015/16 **73,905**

Proposed programme :

2016/17 72,317

2017/18 114,153

2018/19 121,879

308,349

Children & Young People Select Committee

20 January 2016

Departmental context and priorities

Steve Crocker
Interim Director

Children's Services overview

Priorities

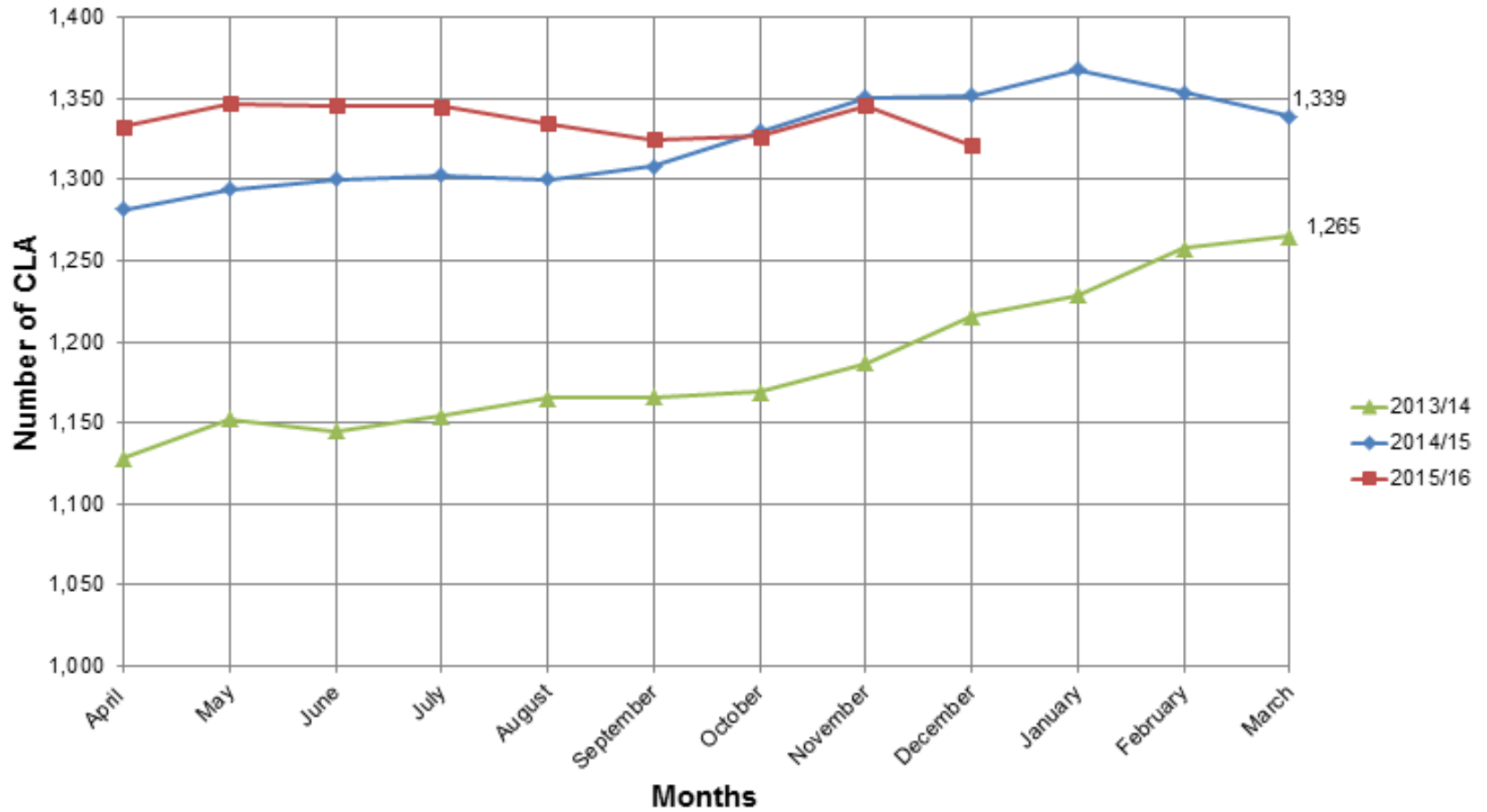
- Ensure a safe and effective social care system
- Ensure sufficient capacity to lead, challenge and improve the schools system
- Tightly target limited resources
- Target and co-ordinate early help provision
- Sustain high quality sold services
- Maximise opportunities for efficiencies and partnerships

Children's Services overview

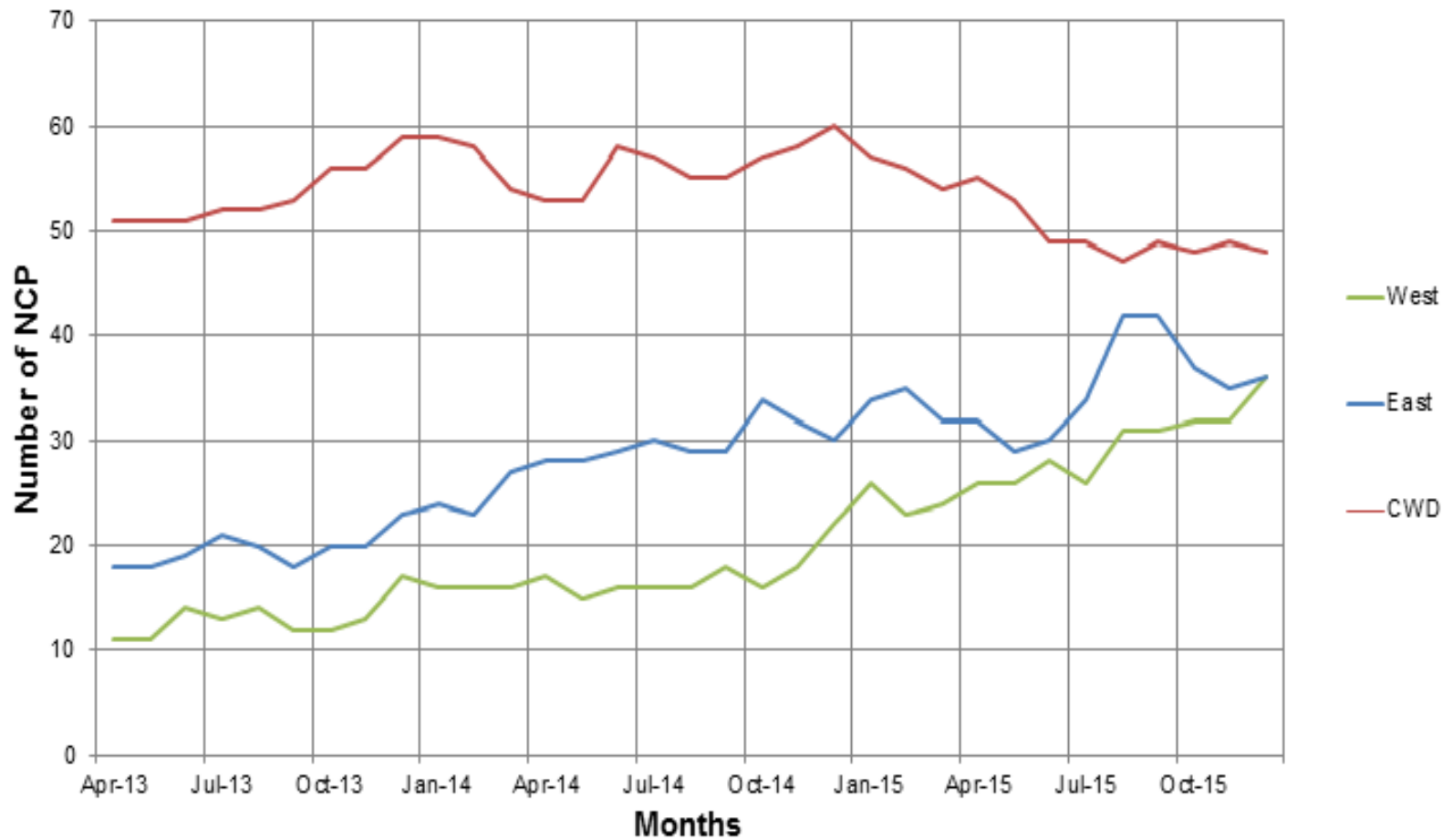
Performance

- Performance across Children's Social care still one of the strongest nationally
- Quality of support and intervention with schools remains strong including excellent working relationship with Schools Forum
- T17 is achievable and is the base for a continued strong and stable position to 2019

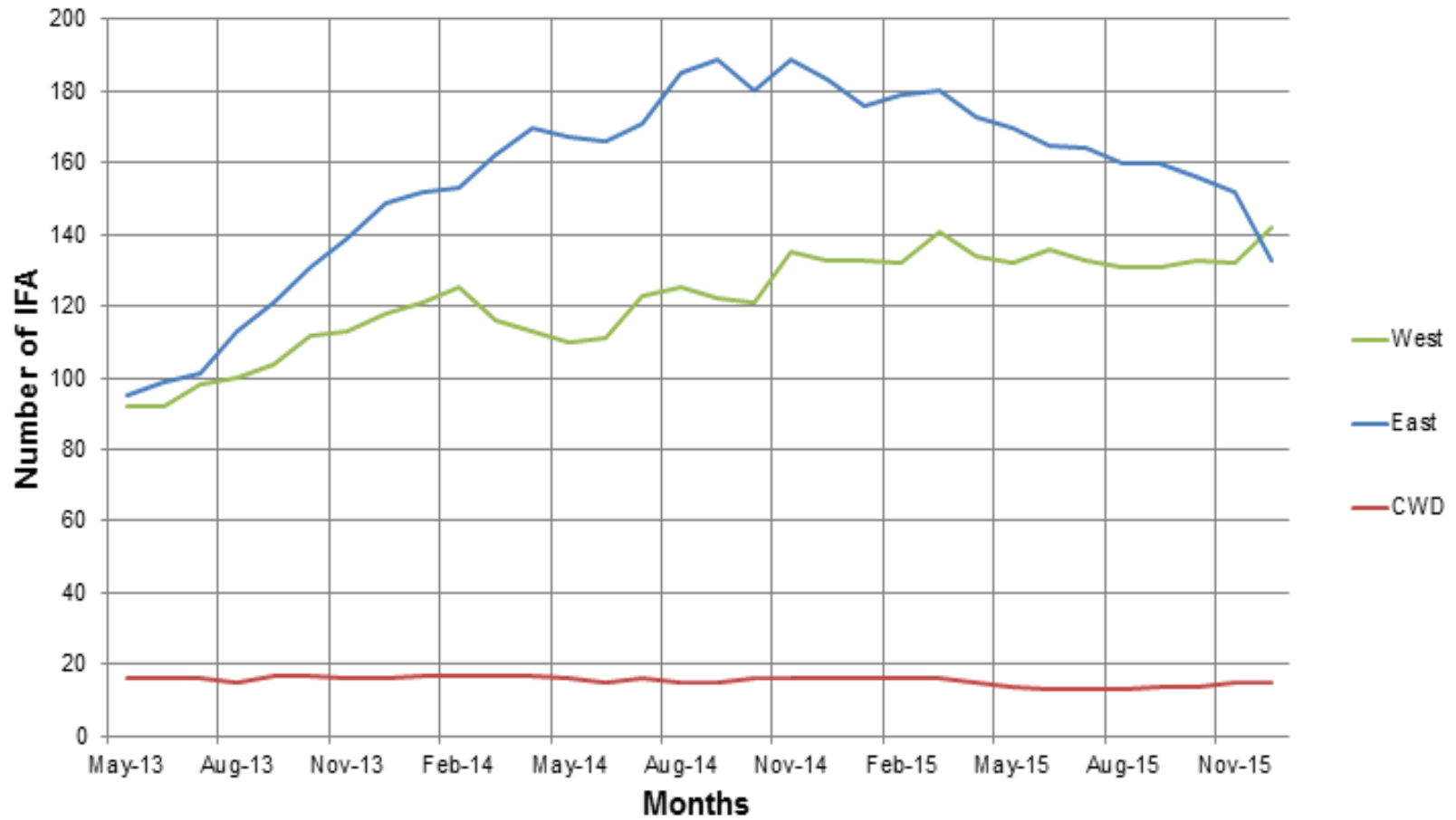
CLA Numbers Month by Month



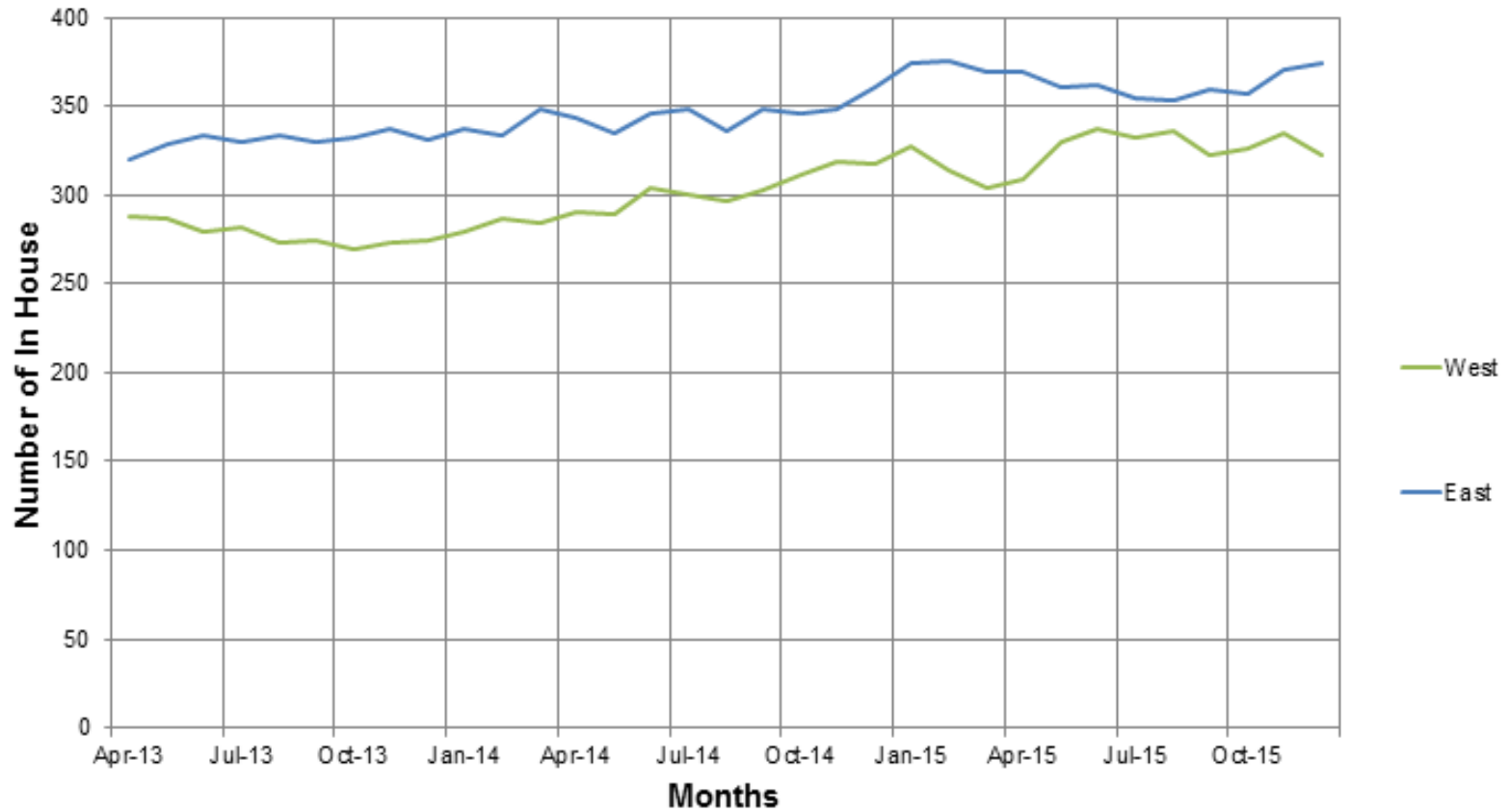
NCP Placement Numbers Month by Month



IFP Placement Numbers Month by Month



In House Fostering Placement Numbers Month by Month



Children's Services overview

Issues and Pressures

- National Schools Funding consultation expected soon. Will it propose changes to the statutory basis of the LA relationship with schools? A major change for 2017/18 including future of the Education Services Grant.
- Further Social Care innovation including IT systems
- Social Work retention and recruitment

Children's Services overview

Issues and Pressures (continued)

- Managing demand for services safely
- Demand for Education, Health and Care Plans and schools
High Needs budgets general
- Increasing primary and secondary pupil numbers and associated school places and capital planning
- IOW Partnership arrangements continue

Children's Services Overview

- Assessment & Care Management (£1.6m)
 - Agency staff
 - South East 'Memorandum of Co-operation'
- Leaving Care Services (£1.5m)
 - Increased demand
 - Contract reviews
- Adoption (£1m)
 - Interagency fees
 - Offset by some government grant
- Swanwick Lodge Secure Unit (£0.6m)
 - Reduced income (part closure)
 - Re-commissioning to full capacity

Workforce Implications

	Staff Numbers (FTE)
Estimated FTE as at 31 March 2016	2,440
Changes Relating to Early EVR	(42)
Transfers and Other Changes	(26)
Revised FTE as at 31 March 2016	2,372
Changes Relating to EVR	(16)
Transfers and Other Changes	(2)
Estimated FTE as at 31 March 2017	2,354

(FTE – Full Time Equivalent)

Children's Services Capital Programme 2016/17 to 2018/19

	£'000
New schools and extensions	224,175
New modular classrooms	6,000
Schools Devolved Capital	10,029
Contingency	43,526
Skills Centre	3,950
Other e.g. inclusion projects, children's homes, other improvement projects	20,669
Total	308,349

