

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Lead Member for Children's Services and Young People
<b>Date:</b>	10 January 2020
<b>Title:</b>	2020/21 Revenue Budget Report for Children's Services
<b>Report From:</b>	Director of Children's Services and Deputy Chief Executive and Director of Corporate Resources

**Contact name:** Erica Meadus, Senior Finance Business Partner

**Tel:** 01962 846195

**Email:** erica.meadus@hants.gov.uk

#### Section A: Purpose of this Report

1. The purpose of this report is to set out proposals for the 2020/21 budget for Children's Services in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in November 2019.

#### Section B: Recommendations

To approve for submission to the Leader and the Cabinet:

2. The revised revenue budget for 2019/20 as set out in Appendix 1.
3. The summary revenue budget for 2020/21 as set out in Appendix 1, subject to approval by Cabinet of the provisional cash limits.
4. Changes to the local school funding formula for 2020/21, as set out in paragraph 66.

#### Section C: Executive Summary

5. The deliberate strategy that the County Council has followed to date for dealing with grant reductions and the removal of funding that was historically provided to cover inflation, coupled with continued demand pressures over the last decade is well documented. It involves planning ahead of time, through a two-yearly cycle, releasing resources in advance of need and using those resources to help fund transformational change.
6. This strategy has served the County Council, and more particularly its services and community well, as it has delivered transformation programmes on time and on budget with maximum planning and minimum disruption. Put

simply, it is an approach that has ensured Hampshire County Council has continued to avoid the worst effects of funding reductions that have started to adversely affect other local authorities and enabled us to sustain some of the strongest public services in the country.

7. In line with this strategy there will be no new savings proposals presented as part of the 2020/21 budget setting process. Savings targets for 2021/22 were approved as part of the Medium Term Financial Strategy (MTFS) in July 2018 and detailed savings proposals have been developed through the Transformation to 2021 (Tt2021) Programme which were agreed by Cabinet and County Council during October and November last year. Any early achievement of resources from proposals during 2020/21 as part of the Tt2021 Programme will be retained by departments to use for cost of change purposes.
8. Alongside this, delivery of the Transformation to 2019 (Tt2019) Programme continues. The anticipated delay to delivery of some elements of the programme has been factored into our financial planning and whilst sufficient one-off funding exists both corporately and within departments to meet any potential gap over the period, the need to commence the successor programme does mean that there will be overlapping change programmes.
9. The report also provides an update on the financial position for the current year. The non-schools budget is forecasting a balanced position following the additional corporate support provided to children's services.
10. The outturn forecast for the schools budget is an overspend of £13.4m. This is largely due to expenditure on children with special educational needs via the high needs block, as reported to School's Forum in December.

The overall schools' budget is currently in deficit and this deficit will increase again this financial year with School's Forum agreeing for this to be carried forward and be funded from future years Dedicated Schools Grant (DSG) allocations. The overall cumulative deficit in the DSG Deficit Reserve is expected to be £27.2m at the end of 2019/20. The DfE have consulted on changes to the DSG to clarify that it is a ring-fenced specific grant separate from the general funding of local authorities and that any deficit is expected to be carried forward and does not require local authorities to cover it with their general reserves.

11. The Dedicated Schools Grant (DSG) allocations confirmed by the Department for Education in December provide an additional £58.9m of funding for 2020/21, of which £8.2m relates to funding for additional pupils. In addition, School's Forum agreed in December to repeat the 0.5% transfer into high needs from the school's block to support this area of significant pressure, which equates to £3.96m. This additional funding is required to meet the current needs and will not address the cumulative deficit.

12. The proposed budget for 2020/21 analysed by service is shown in Appendix 1.
13. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2019/20 and detailed service budgets for 2020/21 for Children's Services. The report has been prepared in consultation with the Executive Member and will be reviewed by the Children and Young People Select Committee. It will be reported to the Leader and Cabinet on 3 February 2020 to make final recommendations to County Council on 13 February 2020.

#### **Section D: Contextual Information**

14. The current financial strategy which the County Council operates, works on the basis of a two year cycle of delivering change to release resources and close the anticipated budget gap. This provides the time and capacity to properly deliver major transformation programmes every two years, with deficits in the intervening years being met from the Budget Bridging Reserve (BBR) and with any early delivery of resources retained by departments to use for cost of change purposes or to cash flow delivery and offset service pressures. The model has served the authority well.
15. The County Council's action in tackling its forecast budget deficit and providing funding in anticipation of further reductions, has placed it in a very strong position to produce a 'steady state' budget for 2020/21, giving itself the time and capacity to develop and implement the Transformation to 2021 (Tt2021) Programme to deliver the next phase of savings totalling £80m. This also avoids the worst effects of sudden and unplanned decisions on service delivery and the most vulnerable members of the community. Consequently, there are no departmental savings targets built into the 2020/21 budget. However, other factors will still affect the budget, such as council tax decisions and inflation.
16. The Spending Round 2019 (SR2019) announcement took place on 4 September and the content of the proposed settlement and the issues it addressed mirrored the key issues that we have been consistently raising for some time directly with the Government and through our local MPs.
17. In overall terms, there was a net resource gain to the County Council, albeit that is only for one year at this stage. However, the cost pressures we face, particularly in adults' and children's social care services are significantly outstripping the forecasts that were included in the original Tt2021 planning figures.
18. Without the additional injection of funding, the County Council would have faced a revised deficit position of nearly £106m by 2021/22, but the additional resources bring us back to a broadly neutral position. It is worth highlighting that the additional grant from the £1bn plus the 2% adult social care precept generates additional resources of around £29m for the County

Council, but this must be measured against growth pressures and inflation across adults' and children's social care services which total nearly £57m for 2020/21 alone.

19. The Autumn Budget which was planned for 6 November was cancelled and it is now anticipated that there be a Budget in Spring 2020. The provisional Local Government Finance Settlement was announced on 20 December 2019 and confirmed the grant figures and council tax thresholds for 2020/21 in line with the SR2019 and the clarification provided in the subsequent technical consultation. The final grant settlement for 2020/21 is not due out until this report has been dispatched, however it is not anticipated that there will be any major changes to the figures that were released in December 2019.
20. Children's Services has been developing its service plans and budgets for 2020/21 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the Department are set out below.

### **Section E: Departmental Challenges and Priorities**

21. The Department has worked to a set of principles which have guided the successive budget reduction decisions since 2010. These have evolved to reflect the tightening economic circumstances and therefore the ever tighter focus needed in the department on its core, statutory business and meeting the needs of the most vulnerable. The Departmental Management Team has reviewed these principles and updated them in consultation with the wider management team to ensure they remain valid for the future challenges of Tt2021.
22. The principles were confirmed as:
  - ensure a safe and effective social care system for children;
  - ensure sufficient capacity to lead, challenge and improve the education system to help ensure high quality educational outcomes for all but particularly more vulnerable groups;
  - continue to recognise that our workforce is our strength and that we will further develop and maintain a strong, diverse workforce which is adaptable and flexible, and which has succession planning built in;
  - tightly target limited resources according to the needs of children and families;
  - secure and sustain targeted and co-ordinated early help provision; and
  - maximise the opportunities to create efficiencies and maintain and enhance services through partnership and sold service arrangements.

23. These principles have served the Department and the County Council and partners well. They provide focus on the essence of the Department's work in terms of its statutory duties to safeguard children and sustaining the role of the local education authority.
24. Within Children's Services three major issues recur regularly:
- Expenditure on Children's Services in Hampshire is relatively low reflecting funding arrangements for Shire Counties. It also reflects the developing evidence to show that good and outstanding authorities deliver children's social care services at a lower cost to the taxpayer than those which have failed. Hampshire has been rated 'Outstanding' under the current Ofsted framework, with all 3 underlying categories also outstanding. This award is only matched by two other local authorities in the UK and also demonstrates the financial imperative to maintain high standards of social work practice;
  - the majority of the Department's spend is external, primarily relating to the placement costs of Children Looked After (CLA); and
  - we must deliver our statutory duty to safeguard children.
25. With regard to the provision of social care services, performance remains one of the strongest nationally although the financial pressures generated by the increases in vulnerable children needing to be 'looked after' continue to dominate our thinking with regard to both service and financial strategies.
26. Children's Services was subject to a full ILACS inspection earlier this year. The summary at the front of the report read, '***Children's Services in Hampshire are outstanding. Since the last full inspection in 2014, the director and his leadership team have resolutely focused on continuing to improve the help, care and protection provided to children. Social workers are highly skilled at building meaningful relationships with children; engaging them in their assessment and plans..... Children's lives consistently improve as a result of the help they receive. Strong political and corporate support ...have helped the leadership team to implement an ambitious transformation programme.***
27. This inspection judged Hampshire to be outstanding overall and across the other *three* areas of judgement, including '*The experiences and progress of children in need of help and protection*'. At the time of writing, Hampshire is one of only three **authorities to be judged outstanding across the board.**
28. In terms of Hampshire's role as an education authority, the other key pillar of the department's strategic direction, the quality of our planning, support and intervention with schools remains high. These strengths are important for the reputation of the County Council as well as the outcomes for the individual children. They are also achieved through a particularly mature and responsive relationship between the School's Forum and the local

authority. This relationship remains critical as the Department's and the schools' budgets continue under pressure.

29. The most significant partnership arrangement, aside from the composite arrangement with the Hampshire family of schools, remains the Council's partnership with the Isle of Wight Council for the delivery of children's services. In addition, Children's Services are a Department for Education (DfE) Improvement Advisor, supporting Buckinghamshire and West Sussex County Councils (longer term). As a DfE 'Partner in Practice', Children's Services continue to offer time limited support to the region which includes shorter term, targeted improvement work with other authorities.

### **Children in Care**

30. Both nationally and locally pressures relating to the costs (and numbers) of CLA continue to grow. A number of high profile child deaths nationally and a mix of other factors such as greater awareness of child sexual exploitation, online child exploitation, county lines and the growth in unaccompanied asylum seekers has led to higher numbers of children in care both nationally and in Hampshire.
31. The number of children in the care of the local authority is never a static figure. Every week, indeed most days, children are coming into our care but equally as important, children leave our care. Every decision to take a child in to care is carefully considered and there is a 'triple lock' of accountable decision making through social workers, team managers and district managers. Children also leave care most days. Often this is because they have become 18 and are classified as 'care leavers' and will be entitled to ongoing financial and practical support from the local authority. As the number of children in care has grown so, consequently, have the financial pressures relating to care leavers. Other children are adopted and some, particularly teenagers, return home or go to live with a family member under an arrangement such as a special guardianship order (which still has a cost associated).
32. At the end of October 2016 there were 1,404 children in care and at November 2017 that had increased by 10% to 1,549. As of September 2018, the number of children in the care had risen to 1,654, a further increase of 6%. However, as at the end of September 2019 the total number was 1,638, representing a 1% reduction. The new Hampshire Approach adopted by children's social care, a strengths based, multi-disciplinary methodology, was introduced early in 2019 and this appears to be showing early evidence of impact. The 1% reduction is more notable given the national rate of increase in children in care is 5%.
33. The rise in the number of Unaccompanied Asylum Seeking Children (UASC) has contributed to the overall rise in children becoming looked after by Hampshire. There are three groups of UASC: those who enter the UK illegally, those who enter according to the DUBS1 amendment and Syrian

refugees who travel legally to the UK. Hampshire also continues to accept UASC under the National Transfer Scheme, whereby local authorities who have in excess of 0.07% of their child population as UASC, can transfer children to other local authorities. It is of note that some local authorities are slow in offering support to these children.

34. These children become looked after children and are the responsibility of the Local Authority, but the implications are wide reaching and complex. The table below shows that the numbers of UASC has reduced as of September 2019, with a reduction in new arrivals entering Hampshire. However, the percentage of care leavers who are UASC, and so over 18 years of age, is now around 20%, so there are still considerable costs associated with this cohort of young adults.

	<b>Nov-17</b>	<b>Sep-18</b>	<b>Sept 19</b>	<b>Sept 18 to Sept 19 %</b>
CLA excl UASC	1,440	1,516	1,525	0.6% increase
CLA UASC	109	138	113	18% reduction
<b>Total</b>	<b>1,549</b>	<b>1,654</b>	<b>1,638</b>	<b>1% reduction</b>
Care Leavers excl UASC	562	574	559	2.6% reduction
Care Leavers UASC	68	93	126	35% increase
<b>Total</b>	<b>630</b>	<b>667</b>	<b>685</b>	<b>2.7% increase</b>

The funding arrangements for UASC are inadequate, with the cost of care far outstripping the amount funded by central government. Research undertaken by the Association of Directors of Children's Services (ADCS) and our own research, estimates the shortfall to be in the region of at least 25% of the actual cost per child. Based on our current 113 looked after unaccompanied children, this equates to a shortfall of £1.6m.

35. Given that the national number of children in care has increased incrementally and significantly over the last ten years, albeit with a small reduction year to date, it should not be a surprise that nationally as well, demand has outstripped supply and that prices in the independent placements sector have risen. Significant effort and intelligence has been applied to reducing the costs of contracts with the independent sector through Hampshire's placement commissioning team.
36. Given the pressures nationally, a key strand of work that is ongoing is to safely reduce the number of children in care, through Hampshire's involvement in the DfE's Partners in Practice programme. The DfE initially selected 7 of the top performing Children's Services departments to look at delivering children's social care services radically differently. This is a four year programme from 2016 - 2020, and Children's Services has embarked

on an ambitious programme to redesign the operating model predicated on the following principles:

- Working in multi-disciplinary teams to deliver family focussed interventions to children and families at the time they need it;
- A social work led, integrated, multi-disciplinary service, from the front door through to specialist services;
- Reunifying children home, where it is safe and appropriate to do so, as a central strand of our operating model;
- Children are supported by and within their own family/community wherever possible. Where children do come into care longer term their experience will be life changing for the better.

37. This programme significantly expands our work under the previous one year DfE funded innovations programme where we successfully delivered a pilot of a more family oriented set of interventions focused on parenting deficits and the presence of the 'trigger trio' (domestic abuse, parental substance misuse and parental mental health) whilst increasing capacity through the use of volunteers. The numbers of children coming into care plateaued whilst these pilots were in place and our new operating model is predicated on the same approach but on a whole system re-design to have greater impact on effecting change with vulnerable children and families. There is positive early evidence to of the impact of this programme of work.
38. To achieve a significant reduction in the identified teenage cohort of children coming into care, social workers need the capacity to increase the time and interventions they deliver with children and their families. To that end a £6.6m investment in social workers was required and has been previously agreed by Cabinet. The additional social work posts have been recruited to, caseloads have reduced as a consequence and again, we are seeing the early evidence of the impact of this. In addition, children's social care continue to recruit to the Graduate Entry Trainee Scheme (GETS), bringing newly qualified social workers into a protected 2 year programme to build their resilience and thus increase retention rates. To date, over 150 GETS have been recruited.
39. However, given the size of the service and the fundamental changes required to the operating model, numbers of children coming into care will not reduce rapidly, but over time. The Department therefore anticipates that there will be continuing pressures on CLA numbers and unit costs for children in care as well as for care leavers for some time. These will continue to be closely monitored.

### **Schools**

40. Financial pressures on schools continue both at an individual school level and within the overall schools' budget.

41. The overall schools' budget is currently in deficit and this deficit will increase again this financial year with School's Forum agreeing for this to be carried forward and be funded from future years Dedicated Schools Grant (DSG) allocations. The overall cumulative deficit in the DSG Deficit Reserve is expected to be £27.2m at the end of 2019/20. The DfE have consulted on changes to the DSG to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities and that any deficit is expected to be carried forward and does not require local authorities to cover it with their general reserves.
42. The pressure experienced in Hampshire is reflected in many other authorities and relates predominantly to demand led budgets funding pupils with high levels of additional need, where there are increasing numbers of pupils with Education, Health and Care (EHC) plans; and the result of extending this support for young people up to the age of 25. Several options are being considered to reduce this pressure and create efficiencies which will go out to wider consultation where necessary before final decision. This consultation could include educational settings, parents and wider stakeholder groups as appropriate. For those options that would require wider consultation an equalities impact assessment will be produced to support any decision reports.
43. There is a small rise in the number of schools in deficit this year. Reasons for this vary and tailored support is being provided to individual schools facing financial difficulties along with appropriate challenge and intervention where required.
44. In September 2019, the DfE announced an increase in funding for Schools and High Needs nationally with the national school's budget due to rise by £7.1 billion over 3 years to £52.2 billion. Additional funding has also been announced for Early Years in the form of an 8 pence per hour increase to the local authority's funding rate for two, three and four year old entitlements.
45. Initial DSG allocations for Hampshire provide an additional £39.1m for schools, £18.9m for High Needs and £1.3m for Early Years compared to the current 2019/20 allocations. This additional funding is welcomed however, the pressures on individual schools and on meeting the rising demand for support to vulnerable pupils means pressures are likely to continue.
46. The Government's intention remains that individual school budgets should ultimately be set based on a single national formula (a 'hard' funding formula). No timescales have been set however, some initial steps will be implemented for the 2020/21 financial year.
47. Following consultations in previous years with all schools, School's Forum made the decision to maintain the broad alignment of the Hampshire

formula with the national funding formula, with minor adjustments made to ensure affordability. A consultation was held with all Hampshire schools in November 2019 on options for the local funding formula for 2020/21, further details are provided below.

## **Section F: 2019/20 Revenue Budget**

48. Enhanced financial resilience reporting, which looks not only at the regular financial reporting but also at potential pressures in the system and the achievement of savings being delivered through transformation, has continued through regular reports to the Director of Corporate Resources, Corporate Management Team (CMT) and to Cabinet.
49. The expected outturn for 2019/20 on the non-schools budget is a balanced position following the additional corporate support provided to children's services.
50. The expected outturn forecast for 2019/20 on the school's budget is an overspend of £13.4m, as reported to School's Forum in December, where the majority relates to high needs. The DfE have clarified that the DSG is a ring-fenced specific grant separate from the general funding of local authorities and that any deficit is expected to be carried forward and does not require local authorities to cover it with their general reserves.
51. There has been significant focus on CLA numbers and costs over recent years and trends for average costs, numbers and the mix of placement type have been tracked. Based on this analysis and tracking, additional corporate support has been agreed to address the pressures arising from this growth.
52. Delivery of the Transformation to 2019 (Tt2019) savings relating to CLA was planned as a four year programme due to deliver by 2022/23. Corporate funding has been provided to support this phased delivery.
53. A significant challenge faced by the Department relates to the supply of qualified social workers. The costs of agency social workers to cover for the short supply of qualified social workers are creating additional pressures. Agency recruitment is subject to approval at senior level and action is being taken to ensure that the use of agency staff is kept to an absolute minimum. However, because the only available social workers are newly qualified social workers who have specific restrictions placed upon the numbers and types of cases they can manage, additional agency social workers are required to off-set this. This is a medium term strategy designed to reduce agency social worker rates, safely and over time.
54. Corporate support has been agreed in order to increase the number of social workers which will lead to a reduced caseload for teams. The outcome of this is to ensure that we retain our social workers and avoid the

further use of agency staff. Various recruitment and alternative pathways to social work careers are being promoted. Connect2Hampshire, which is looking to address the resource issues over the longer term, should also improve the quality of those agency social workers we do use.

55. Swanwick Lodge, our in-house secure unit, is in a period of financial recovery following a major refurbishment. The ability to recruit and retain suitable staff has delayed the opening of beds which impacts that recovery. This is currently under review.
56. There are pressures on the Legal budget relating to external legal costs for counsel and expert witnesses relating to care proceedings going to court. Funding has been allocated within the Medium Term Financial Strategy (MTFS) to support this pressure.
57. Legal challenges to policy changes implemented on home to school transport post-16 policy, changes in demand relating to children under 5 requiring transport and young people in education centres have resulted in delays to delivery of T19 savings. Furthermore, following engagement with local communities, additional time has been spent investigating alternative safe walking routes in Hook which has pushed back delivery of anticipated savings.
58. Pressures are being felt within the Education and Inclusion Branch relating to the support of EHC plans. Additional temporary funding has been agreed to increase caseworkers to manage demand.

### **Schools Budget**

59. The latest forecast over spend for schools, as reported to School's Forum in December, is £13.4m in 2019/20. This is mainly due to a forecast overspend of £17.6m on the High Needs Block, partly offset by underspends on the other blocks.
60. The pressures on the High Needs Block are mainly due to an increase in the number of pupils requiring placements in independent and non-maintained special schools and increases in high needs top-up funding for pupils with EHC plans.

### **Dedicated Schools Grant (DSG) 2020/21**

61. The DSG is allocated in four notional blocks - Schools Block, Early Years Block, High Needs Block and Central School Services Block. The school funding formula approach is that local authorities set the policies and allocations that are then applied to academies.

62. The allocations include the additional funding announced by the DfE in September, outlined in paragraph 45. The Central School Services Block includes a 20% reduction to funding for historic commitments, which has resulted in an overall reduction of £454,000 to the block.
63. The following tables shows the initial total allocations for 2020/21 and the proposed budgets to be retained by the local authority:

<b>Block</b>	<b>DfE notional block allocation £000</b>	<b>Adjustments £000</b>	<b>Proposed budget £000</b>
Early Years	81,903	(230)	81,673
Schools	791,425	(196,880)	594,545
High Needs	134,581	(5,252)	129,329
Central School Services	7,821	-	7,821
<b>Total</b>	<b>1,015,730</b>	<b>(202,362)</b>	<b>813,368</b>

64. The following adjustments have been made to the DSG allocation:
- Recoupment for academies and post-16 education providers (£202.13m).
  - Forecast mid-year DSG adjustment for early years of -£230,000.
  - Transfer of funding from the Schools Block to the High Needs Block (£3.96m).
65. On 10 December 2019 School's Forum considered the 2020/21 budget and agreed principles and policies to be applied in determining budget allocations.
66. A consultation was undertaken with all Hampshire schools on the local school funding formula for 2020/21 and the transfer of funding from the Schools Block to the High Needs Block to help meet pressures as a result of rising demand and to protect vulnerable children. Schools Forum considered the responses, which consisted of 19% of mainstream schools.
67. The responses indicated strong support (87%) for a transfer of funding from the Schools Block to the High Needs Block. With regards to the percentage of funding to transfer, Schools Forum considered each option before drawing any conclusions. They recognised the need to try and make the best decision for all whilst noting that there is insufficient money in the system to achieve any true fairness in funding. After discussion, Forum agreed the 0.5% transfer of funding from the Schools Block to the High Needs Block.

68. Schools Forum also considered the consultation responses on options for adjusting the local funding formula to ensure affordability and reached agreement on the methodology. The Hampshire formula will align with the national funding formula for all unit values, except the minimum per pupil funding level factor which will be reduced to ensure affordability. This will ensure all schools gain additional funding to meet increased pressures with the minimum funding level unit value still seeing a significant increase. The use of the national minimum per pupil funding level factors are mandatory from 2020/21, however the DfE will allow local authorities to apply to adjust the unit values on the basis of affordability. Hampshire's request for this is still subject to approval by the DfE.
69. On 16 January 2020 School's Forum will consider 2020/21 budget proposals based on current information. The DSG allocations to be paid to local authorities net of recoupment for existing academies and post-16 education providers will be confirmed in March 2020.
70. The budget for Children's Services has been updated throughout the year and the revised budget is shown in Appendix 1.

#### **Section G: 2020/21 Revenue Budget Pressures and Initiatives**

71. The areas of pressure within the Children's Services budget noted above will continue to be a risk for 2020/21 and will be closely monitored.
72. As previously reported, the cost of change within Children's Services will be close to being exhausted before the end of the financial year.

#### **Section H: Revenue Savings Proposals**

73. In line with the current financial strategy, there are no new savings proposals presented as part of the 2020/21 budget setting process. Savings targets for 2021/22 were approved as part of the MTFS by the County Council in July 2018. Savings proposals to meet these targets have been developed through the Tt2021 Programme and were approved by Executive Members, Cabinet and County Council in October and November last year.
74. Some savings will be implemented prior to April 2021 and any early achievement of savings in 2020/21 can be retained by departments to meet cost of change priorities. It is anticipated that £8.403m of savings will be achieved in 2020/21 and this has been reflected in the detailed estimates contained in Appendix 1.
75. A new challenge for the delivery of Tt2021 is that it will be running in parallel with the back loaded delivery of Tt2019. This does increase risk.
76. The savings target set for the Department Tt2021 is £17.2m which is split across eight workstreams

- Government funding
- Home to School Transport (HtST)
- Transforming social care
- Administration efficiencies
- Short breaks
- Education and Inclusion efficiencies
- Health contributions
- Youth Offending Service efficiencies

77. This savings plan was approved by the Executive Lead member for Children's Services and Young People in September 2019.
78. If changes to the social care operating model are not fully adopted the expected change in families will be reduced. Similarly, the need to address new and emerging forms of abuse or neglect, or new policy areas tend to create increase on demand.
79. If this occurs, or if any of these proposals are challenged, savings would have to be found from other areas.
80. If the capacity and capability is insufficient to both transform and sustain the challenges, then savings are unlikely to be achieved.

### **Section I: Budget Summary 2020/21**

81. The budget update report will be presented to Cabinet on 6 January and includes provisional cash limit guidelines for each department. The cash limit for Children's Services in that report is £1,066m (£857m for schools and £209m for non-schools), a £79m increase on the previous year in the main relating to :
- Corporate funding & support for growth pressures £42m
  - The Teachers' pension employer Contribution grant (TPECG) £24m
  - Corporate funding for inflationary pressures £5.8m
  - Updated DSG allocations including academy recoupment and early years mid year update £4m
82. The cash limit has increased by £45m since the above due to the updated Dedicated Schools Grant announcement on 19 December as detailed in paragraph 59 – 62.

83. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by Children's Services for 2020/21 and show that these are within the provisional cash limit set out above.
84. In addition to these cash limited items there are further budgets which fall under the responsibility of Children's Services, which are shown in the table below:

	<b>2020/21</b>	
	<b>£'000</b>	<b>£'000</b>
<b>Cash Limited Expenditure</b>	<b>1,200,748</b>	
<b>Less Income (Other than Government Grants)</b>	<b>(90,158)</b>	
<b>Net Cash Limited Expenditure</b>		<b>1,110,590</b>
Trading Units Net (Surplus) / Deficit		243
Less Government Grants:		
• Dedicated Schools Grant		(813,368)
• Pupil Premium & Other Schools Grants		(86,903)
• Music Grant		(1,706)
• Phonics Grant		(46)
• Extended Rights to Free Travel Grant		(519)
• Step up to Social Worker Grant		(838)
• Staying Put Grant		(432)
• Personal Advisor support for Care Leavers to age 25		(170)
• New Remand Framework Funding		(4)
• Supporting Families Programme		(1,350)
• Unaccompanied Asylum Seeking Children Grant		(5,983)
• School Improvement Grant		(1,828)
<b>Total Government Grants</b>		<u>(913,147)</u>
<b>Total Net Expenditure</b>		<u><b>197,686</b></u>

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes / No
People in Hampshire live safe, healthy and independent lives:	Yes / No
People in Hampshire enjoy a rich and diverse environment:	Yes / No
People in Hampshire enjoy being part of strong, inclusive communities:	Yes / No

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
Transformation to 2021 – Revenue Savings Proposals (Executive Member for Children’s Services and Young People) <a href="http://democracy.hants.gov.uk/documents/s38299/Report.pdf">http://democracy.hants.gov.uk/documents/s38299/Report.pdf</a>	18 September 2019
Medium Term Financial Strategy Update and Transformation to 2021 Savings Proposals <a href="http://democracy.hants.gov.uk/documents/s39439/MTFS%20Tt2021%20Report.pdf">http://democracy.hants.gov.uk/documents/s39439/MTFS%20Tt2021%20Report.pdf</a>	Cabinet – 15 October 2019 County Council – 7 November 2019
Budget Setting and Provisional Cash Limits 2020/21 (Cabinet) <a href="http://democracy.hants.gov.uk/documents/s42775/Dec%20Report%20-%20Cabinet%20-%20FINAL.pdf">http://democracy.hants.gov.uk/documents/s42775/Dec%20Report%20-%20Cabinet%20-%20FINAL.pdf</a>	6 January 2020
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

<b>Section 100 D - Local Government Act 1972 - background documents</b>	
<p>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.)</p>	
<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

The budget setting process for 2020/21 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and service changes which are part of the Transformation to 2021 Programme were considered in detail as part of the approval process carried out in October and November 2019 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 5 to 8 in the October Cabinet report linked below:

<http://democracy.hants.gov.uk/documents/s39444/Appendix%205%20ASC%20EIAs.pdf>

## Budget Summary 2020/21 – Children’s Services Department

<b>Service Activity</b>	<b>Original Budget 2019/20 £'000</b>	<b>Revised Budget 2019/20 £'000</b>	<b>Proposed Budget 2020/21 £'000</b>
<b>Early Years</b>	<b>78,076</b>	<b>82,495</b>	<b>81,673</b>
Schools Budget Shares	557,372	556,338	584,200
Schools De-delegated	2,171	2,168	2,171
Central Provision funded by Maintained Schools	2,998	2,992	2,894
Growth Fund	5,705	5,614	5,280
<b>Schools Block</b>	<b>568,246</b>	<b>567,112</b>	<b>594,545</b>
High Needs Block Budget Shares	33,656	33,632	34,711
Central Provision funded by Maintained Schools	65	65	63
High Needs Top-Up Funding	67,129	67,320	85,037
SEN Support Services	5,095	5,095	5,073
High Needs Support for Inclusion	3,097	3,097	3,075
Hospital Education Service	589	1,263	1,370
<b>High Needs</b>	<b>109,631</b>	<b>110,472</b>	<b>129,329</b>
<b>Central School Services</b>	<b>8,275</b>	<b>8,275</b>	<b>7,821</b>
<b>Other Schools Grants</b>	<b>63,858</b>	<b>79,239</b>	<b>88,609</b>
<b>Schools</b>	<b>828,086</b>	<b>847,593</b>	<b>901,977</b>
<b>Young Peoples Learning &amp; Development</b>	<b>772</b>	<b>387</b>	<b>400</b>
<b>Adult &amp; Community Learning</b>	<b>334</b>	<b>5</b>	<b>5</b>
Asset Management	88	88	88
Central Support Services	(221)	19	60
Educational Psychology Service	1,712	1,712	1,842
Home to School Transport	31,684	31,677	33,340
Insurance	40	32	33
Monitoring of National Curriculum Assess	46	46	46
Parent Partnership, Guidance and Info	214	264	270
Pension Costs - (includes existing)	2,465	2,412	2,412
School Improvement	1,744	1,838	1,838
SEN Administration, Assessment, Co- ordination & Monitoring	1,729	1,767	1,829
Statutory / Regulatory Duties	663	863	881
School Place Planning	0	58	58

<b>Service Activity</b>	<b>Original Budget 2019/20 £'000</b>	<b>Revised Budget 2019/20 £'000</b>	<b>Proposed Budget 2020/21 £'000</b>
<b>Service Strategy &amp; Other Education Functions</b>	<b>40,164</b>	<b>40,776</b>	<b>42,697</b>
<b>Management &amp; Support Services</b>	<b>2,055</b>	<b>2,085</b>	<b>2,156</b>
<b>Early Achievement of Savings</b>	<b>0</b>	<b>8,122</b>	<b>8,122</b>
<b>Other Education &amp; Community</b>	<b>43,225</b>	<b>51,375</b>	<b>53,380</b>
<b>Services for Young Children</b>	<b>1,368</b>	<b>1,396</b>	<b>1,406</b>
Adoption Services	3,777	4,123	4,029
Asylum Seekers	4,932	4,961	4,961
Education of Children Looked After	142	259	157
Fostering Services	14,590	15,199	16,187
Independent Fostering	7,804	12,808	16,129
Leaving Care Support Services	6,245	6,625	7,164
Other Children Looked After Services	4,623	7,033	8,483
Residential Care	22,151	30,468	39,850
Special guardianship support	4,220	5,329	5,812
<b>Children Looked After</b>	<b>68,484</b>	<b>86,805</b>	<b>102,772</b>
<b>Other Children &amp; Families Services</b>	<b>1,357</b>	<b>1,055</b>	<b>1,098</b>
Direct Payments	1,906	2,004	2,271
Other Support for Disabled Children	244	244	250
Short Breaks (Respite) for Disabled Children	3,960	3,243	3,315
Targeted Family Support	3,742	4,918	4,850
Universal Family Support	38	38	38
<b>Family Support Services</b>	<b>9,890</b>	<b>10,447</b>	<b>10,724</b>
<b>Youth Justice</b>	<b>737</b>	<b>1,246</b>	<b>1,021</b>
<b>Safeguarding &amp; Young Peoples Services</b>	<b>23,024</b>	<b>26,346</b>	<b>26,785</b>
<b>Services for Young People</b>	<b>642</b>	<b>996</b>	<b>1,041</b>
<b>Management &amp; Support Services</b>	<b>9,812</b>	<b>11,563</b>	<b>9,983</b>
<b>Early Achievement of Savings</b>	<b>0</b>	<b>281</b>	<b>281</b>
<b>Non-Distributed Costs</b>	<b>122</b>	<b>122</b>	<b>122</b>
<b>Children's Social Care</b>	<b>115,536</b>	<b>140,257</b>	<b>155,233</b>
<b>Non-Schools</b>	<b>158,761</b>	<b>191,632</b>	<b>208,613</b>
<b>Children's Services</b>	<b>986,847</b>	<b>1,039,225</b>	<b>1,110,590</b>
<b>Trading Units</b>	<b>1,003</b>	<b>798</b>	<b>243</b>
<b>Children's Services Total</b>	<b>987,850</b>	<b>1,040,023</b>	<b>1,110,833</b>