

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Children's Services and Young People
Date:	13 January 2021
Title:	2021/22 Revenue Budget Report for Children's Services
Report From:	Director of Children's Services and Deputy Chief Executive and Director of Corporate Resources

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Section A: Purpose of this Report

1. The purpose of this report is to set out proposals for the 2021/22 budget for Children's Services in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in November 2019 and updated subsequently in July 2020 to reflect the financial impact of the Covid-19 crisis and the County Council's response.

Section B: Recommendation(s)

To approve for submission to the Leader and the Cabinet:

2. The revised revenue budget for 2020/21 as set out in Appendix 1.
3. The summary revenue budget for 2021/22 as set out in Appendix 1.
4. Changes to the local schools funding as set out in paragraphs 77 to 81.

Section C: Executive Summary.

5. The Medium Term Financial Strategy (MTFS) update presented to Cabinet and County Council in July 2020 sought to assess the medium term impact of Covid-19 on the financial sustainability of the County Council. It explained that we were treating the medium term impact of Covid-19 as a one off financial impact that we aimed to address through a financial response package of Council resources and further government support and concluded that further government funding of £52.4m was required to ensure that the Council was financially sustainable in the medium term.
6. An update was presented to Cabinet in November and County Council in December which reaffirmed that a minimum level of government support of at

least £50m was still required to help balance the deficit after the application of the financial response package.

7. The aim of the approach to Covid-19 was to place the County Council in the same financial position it would have otherwise been in if Covid-19 had not happened, in order to ensure that the tried and tested financial strategy which the County Council operates could be protected and retained.
8. This strategy works on the basis of a two year cycle of delivering departmental savings targets to close the anticipated budget gap. This provides the time and capacity to properly deliver major savings 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.
9. In line with this strategy, the Transformation to 2021 (Tt2021) Programme has been in place for some time to develop the £80m of savings required to balance the budget for 2021/22. Detailed savings proposals for each department were approved by the County Council in November 2019, in order to allow more time for delivery of the savings; including the requirement to undertake a second stage of service specific consultations where necessary.
10. Since the transformation programme is already in place to deliver approved departmental savings, there are no new savings proposals to be considered as part of the 2021/22 budget setting process. The anticipated delay to delivery of some aspects of the transformation programmes has been factored into our financial planning and sufficient one-off funding exists both corporately and within departments to meet any potential gap over the period.
11. The report also provides an update on the business as usual financial position for the current year and the outturn forecast for the non-schools budget for 2020/21, excluding the financial impact of Covid-19, is a balanced budget following the additional corporate support provided to Children's Services.
12. The forecast for the schools' budget is an overspend of £13.6m. This includes the financial impact of COVID-19, as no additional funding has been provided for the centrally held Schools Budget. The overspend is largely due to a pressure on the High Needs Block of £14.9m as reported to School's Forum in December. Hampshire's position is not unlike many authorities around the country. The Department for Education (DfE) are carrying out a review into special educational needs funding. The outcome of this review has been delayed by Covid.
13. The overall Dedicated School Grant (DSG) pressure will be added to the cumulative DSG Deficit Reserve at year end. Based on the current forecast, this will result in an overall deficit of £36.4m to be funded from future years DSG allocations.

14. The initial gross DSG allocations (before recoupment for academies) confirmed by the DfE in December provide an additional £92.3m of funding for 2021/22. This increase includes the Teacher's Pay and Pension Employer Contribution Grant which have been rolled into the DSG for 2021/22. The additional funding is required to meet the current needs and will not address the cumulative deficit.
15. The proposed budget for 2021/22 analysed by service is shown in Appendix 1.
16. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2020/21 and detailed service budgets for 2021/22 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 9 February 2021 to make final recommendations to County Council on 25 February 2021.

Section D: Contextual Information

17. The Medium Term Financial Strategy (MTFS) update presented to Cabinet and County Council in July explained that we were treating the medium term impact of Covid-19 as a one off problem that we aimed to address through a financial response package of Council resources and further government support.
18. The report concluded that further government funding of £52.4m was required to ensure that the Council was financially sustainable in the medium term and an update, presented to Cabinet in November and County Council in December, reaffirmed that a minimum level of government support of at least £50m was still required to help balance the deficit after the application of the financial response package.
19. The aim of the approach to Covid-19 was to place the County Council in the same financial position it would have otherwise been in if Covid-19 had not happened in order to ensure that it still had sufficient fire power in its reserves to address the business as usual deficits of at least £40m per annum predicted after the current Transformation to 2021 (Tt2021) Programme has been implemented and in line with the strategy being adopted to manage the financial impact of Covid-19 as a separate one off issue.
20. 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.
21. The County Council's action in tackling its forecast budget deficit and providing funding in anticipation of further reductions, 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 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.

22. Consequently, the majority of the decisions in respect of major changes to the budget were taken early however, other factors will still affect the budget, such as council tax decisions and inflation.
23. Members will be aware that following previous delays in the Comprehensive Spending Review (CSR) it was hoped that a three year CSR would be announced in November this year. Following increasing rates of Covid-19 throughout October and the uncertainty over the long term economic impacts of Covid-19 the Chancellor announced that only a single year Spending Review would be put in place.
24. The Spending Review announcement took place on 25 November 2020 and the key elements were as follows:
 - For salaries set by the Government (such as teachers and police) there will be a public sector pay freeze in 2021/22. The exceptions are for those earning less than £24,000 (who will receive a minimum £250 increase) and the NHS. The Government does not set pay for most council staff, although it is likely to set grant levels at amounts which assume a pay freeze.
 - Councils with social care responsibilities will be allowed to increase council tax by up to 5% in 2021/22 without holding a referendum. This consists of 2% for main council tax and 3% for the adult social care precept.
 - The business rates multiplier will be frozen in 2021/22 (with local authorities fully compensated for the lost income). Further Covid-19 business rates reliefs may be announced in the new year.
 - The Government expects to provide local authorities with over £3bn more to help with Covid-19 pressures in 2021/22. It comprises:
 - £1.55bn to help with expenditure pressures.
 - £670m additional funding for council tax support schemes (which reduce council tax bills for households on low incomes).
 - £762m (estimate) to compensate local authorities for 75% of council tax and business rates losses resulting from 2020/21.
 - Extending the Covid-19 sales, fees and charges reimbursement scheme for three months until the end of June 2021.
 - An additional £300m for adults' and children's social care (£1.2m for Hampshire) and continuation of the existing £1bn annual grant put into social care previously will be maintained, along with £2.1bn provided

through the improved Better Care Fund (pooled with the NHS). Proposals for reforming adults' social care will be brought forward next year.

- The New Homes Bonus scheme will continue for a further year, with no new legacy payments. Reforms to the New Homes Bonus will be consulted on shortly, with a view to implementing changes in 2022/23.
- The Chancellor also announced how the Government would deliver the next stages of its infrastructure investment plans to drive the UK's recovery with £100bn of capital spending next year and a £4bn Levelling Up Fund.

25. The provisional Local Government Finance Settlement for 2021/22 was announced on 17 December. Details will be provided in a separate briefing to members and within the Children and Young People Select Committee budget presentation in January 2021.
26. The final grant settlement for 2021/22 is not due out until January / February 2021 and should there be any changes to the figures that are released in December 2020 these will be reflected in the final budget setting report to County Council.
27. Children's Services has been developing its service plans and budgets for 2021/22 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

28. The Covid 19 pandemic has been a significant challenge that the Department has had to adapt to and offer significant support around. The financial impact of this has been managed corporately in order that BAU budget management / monitoring and budget setting can continue.
29. 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.
30. These principles are:
 - 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.
31. 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.
32. 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 three underlying categories also outstanding. This award is only matched by four 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.
33. 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.
34. Children's Services was subject to a full ILACS inspection in 2019. 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.'* The significance of the endorsement of the transformation programme is crucial with regards to the savings that have accrued to the council through the department's Transformation to 2019 and 2021 Programmes which have, evidentially, also ensured that the right children have been enabled to stay safely at home with their families rather than enter care.
35. 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'. Hampshire is one of only four authorities to be judged outstanding across the board.

36. 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.
37. 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 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

38. 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.
39. 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 over the years 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).
40. At the end of October 2016 there were 1,404 children in care and by 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%. The reduction of the numbers of children in care continued into 2020 until the national lockdown at the end of March. Numbers then increased as a direct result of the pandemic with the additional stresses and strain placed on families. At the end of October 2020 there were 1663 children in care, a 1.5% increase against a 5% rise nationally. Despite this rise there is cautious optimism that once the impact of the pandemic lessens the previous downward trend will continue in line with our transformation programme. However, this uncertain.

41. 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 two groups of UASC: those who enter the UK illegally, whereby the local authority where they first set foot becomes responsible for them as looked after children. The second group of UASC are those who are redistributed from Kent and Portsmouth (who exceed the 0.07% government set UASC child population quota). Hampshire continues to accept UASC under the National Transfer Scheme (NTS), although it is of note a number of local authorities do not. To that end Hampshire has argued strongly in the recent national consultation on the future of the NTS that it must become a mandatory scheme so that there is equity across all local authorities.
42. 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 2020, 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 25%, so there are still considerable costs associated with this cohort of young adults, particularly as many will have no recourse to public funds and therefore require their living expenses paid in full until they reach 25 years of age or obtain the right to remain.

	September 2018	September 2019	March 2020	September 2020	Sept'19 to Sept'20
CLA excl UASC	1,516	1,525	1,520	1,613	5.8% increase
CLA UASC	138	113	82	84	22.1% reduction
Total	1,654	1,638	1,602	1,697	1% reduction
Care Leavers excl UASC	574	559	592	598	2.7% reduction
Care Leavers UASC	93	126	144	161	26.2% increase
Total	667	685	736	759	2.6% increase

43. 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 looked after unaccompanied children, this equates to a shortfall of £1.5m with an additional shortfall of £1.2m for UASC care leavers bring the total to a £2.7m shortfall.
44. Given that the national number of children in care has increased incrementally and significantly over the last ten years, albeit with a small reduction last year, 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.
45. To address these issues in the longer term work has started on a Modernising Placements Programme. This aims to develop a continuum of care which can provide the right accommodation and support at the right time for our looked after children in Hampshire. Approaches to care need to be more fluid, offering different pathways to children at various points in their childhood that pull on the different skills and experiences of carers and staff in all settings who share a common understanding and language around trauma. The overall programme objectives are to:
 - Increase the number of in-house foster carers in Hampshire
 - Ensure that we have sufficient placement opportunities that are able to offer high quality, flexible, stable and local support to meet the needs of our young people
 - Ensure that there is equivalency and parity of esteem across the different care environments
 - Maximise in house children's homes occupancy.
46. 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 seven of the top performing Children's Services departments to look at delivering children's social care services radically differently. 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.
47. 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 as evidenced by the reduction in the numbers of children in care up until the start of the pandemic. In addition, children's social care continues 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 250 GETS have been recruited.
48. 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

49. Financial pressures on the overall school's budget continue, with the budget currently in deficit. This is forecast to increase again in future financial years. The deficit be added to the cumulative Dedicated Schools Grant (DSG) Deficit Reserve and be funded from future years DSG allocations. The overall cumulative deficit in the DSG Deficit Reserve is expected to be £36.4m at the end of 2020/21. The DSG conditions of grant have been updated 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.
50. 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.

As noted above, there is also a far reaching review of special educational needs being carried out by the DfE.

51. 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.

Section F: 2020/21 Revenue Budget

52. 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 periodic reports to the Corporate Management Team (CMT) and to Cabinet.
53. The anticipated non-school business as usual forecast for 2020/21 is a balanced budget following the additional corporate support provided to Children's Services.
54. With regards to the pressure on staffing budgets in Children's Social Care the service continues to develop social workers through the GETS, although there is still a significant reliance on agency staff. This is being well managed in collaboration with Connect2Hampshire but plans to reduce agency numbers has been impacted by the Covid-19 pandemic.
55. Home to school transport reflects a balanced budget in this financial year, although pressures have been forecast in future years in relation to activity growth, mainly within SEN including unfunded post 19 growth. Provisional estimates for additional corporate support will be provided in the event that this increase in demand materialises.
56. Pressures have continued on the legal budget relating to costs for counsel and expert witnesses relating to care proceedings going to court. Corporate funding has been allocated to support this pressure.
57. Every new EHCP has to be informed by advice from an Educational Psychologist and the increase in EHCPs has resulted in a need to direct staff towards providing this statutory advice. Consequently, there has been a decline in income from sold services to schools and the use of agency staff in order to address the increased volumes has exacerbated this pressure.
58. Swanwick Lodge, our in-house secure unit, continues with its period of financial recovery following the refurbishment as planned, albeit with Covid-19 impacts. This remains under close review.

Schools Budget

59. The expected forecast for 2020/21 on the school's budget is an overspend of £13.6m, as reported to School's Forum in December, with the majority relating to the high needs pressure of £14.9m.
60. The pressure on the high needs block is a continuation of previous years due to the significant increased demand on services. There is a requirement for national policy change along with additional funding going forward.
61. The overspend will be added to the DSG deficit reserve at the end of the year, increasing the balance to £36.4m.
62. The financial pressures on many individual school budgets are continuing with 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.
63. The budget for Children's Services has been updated throughout the year and the revised budget is shown in Appendix 1. The revised budget shows an increase of £10.5m, primarily increases to reflect updated pupil data and new grants allocated in full to individual schools to support them with the impact of Covid-19.

Section G: 2021/22 Revenue Budget Pressures and Initiatives

64. The areas of pressure within the Children's Services budget noted above will continue to be a risk for 2021/22 and will be closely monitored.
65. The cost of change within Children's Services will be largely exhausted before the end of this financial year.

Section H: Revenue Savings Proposals

66. Savings targets for 2021/22 of £17.2m were approved as part of the MTFs by the County Council in September 2018. 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 2019.
67. It is now anticipated that full year savings of £14.5m will be achieved in 2021/22 with the shortfall against the target being made up from corporate cash flow.
68. The main reasons for the shortfall relate to:
 - Transforming social care and children with disability savings slipped by 6 months into 2021/22 in order to allow the service to address Covid related operational impacts. This results in late delivery of £1.5m of the savings.
 - Home to school transport savings have slipped into both 2022/23 and 2023/24 as a result of Covid, where resource has been diverted away from transformation to organise constantly changing business as usual

transport requirements. Additionally, the market has seen a significant impact of Covid which has delayed savings planned around new contract tender arrangements.

69. Rigorous monitoring of the delivery of the programme will continue during 2021/22, to ensure that the Department is able to stay within its cash limited budget as set out in this report.
70. This early action in developing and implementing the savings programme for 2021/22 means that the County Council is in a strong position for setting a balanced budget in 2021/22 and that no new savings proposals will be considered as part of the budget setting process for the next financial year.

Section I: Budget Summary 2021/22

71. The budget update report presented to Cabinet on 24 November 2020 included provisional cash limit guidelines for each department. The cash limit for Children's Services in that report was £1,124.6m, (£909.1m for schools and £215.5m for non-schools) an increase of almost £14.0m on the previous year. The increase comprised:
 - Corporate funding and support for growth pressures £17.8m.
 - Corporate funding for inflationary pressures £6.4m.
 - Tt2021 savings of £17.2m.
 - Increase in Schools grants of £6.9m mainly relating to the Covid Catch up grant, Pupil Premium increase and the ending of the Year 7 catch up grant.
 - Updated DSG allocations including academy recoupment, early years mid year update and the removal of the high needs block transfer.
72. At that stage, the cash limit guidelines did not include the following items which have now been added (and will be included in the February Cabinet budget report):
 - Reduction in Step Up to Social Work (SUSW) grant of £601,000. Whilst the cohort numbers remain broadly in line with previous years only three months of placements costs are expected in 2021/22 as it's a 15 month programme.
 - The December DSG announcementThese bring the cash limit to £1,157.4m.
73. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by Children's Services for 2021/22 and show that these are within the cash limit set out above.
74. 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:

	2021/22	
	£'000	£'000
Cash Limited Expenditure	1,246,505	
Less Income (Other than Government Grants)	(89,101)	
Net Cash Limited Expenditure		1,157,404
Trading Units Net (Surplus) / Deficit		475
Less Government Grants:		
• Dedicated Schools Grant		(878,843)
• Pupil Premium & Other Schools Grants		(61,988)
• Music Grant		(1,717)
• Phonics Grant		(46)
• Extended Rights to Free Travel Grant		(628)
• Step up to Social Worker Grant		(237)
• Staying Put Grant		(688)
• Personal Advisor support for Care Leavers to age 25		(170)
• Remand Framework Funding		(54)
• Supporting Families Programme		(1,350)
• Unaccompanied Asylum Seeking Children Grant		(5,361)
• School Improvement Grant		(1,882)
Total Government Grants		(952,964)
Total Net Expenditure		204,915

Schools Budget 2021/22

75. Last year the Government committed to a three year school funding settlement, with the national school's budget due to rise by around £7.1 billion over three years to £52.2 billion. The £7.1 billion is being phased in over three years, with £2.6 billion in 2020/21, a further £2.2 billion in 2021/22 and the final £2.3 billion in 2022/23.
76. The DfE confirmed the details for 2021/22 for the Schools, High Needs and Central School Services Block, which included a 10% increase to the national High Needs budget (£730m) and an increase of 4% to school funding allocated through the national funding formula.

77. The initial gross DSG allocations (before recoument for academies) for Hampshire provide an additional £92.3m, of which £41m relates to the Teachers' Pay and Pension Employer Contribution Grant that have been rolled into DSG for 2021/22 rather than being paid as separate grants. 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.
78. The Government's intention remains that individual school budgets should ultimately be set based on a single national formula (a 'hard' funding formula) and they will be putting forward proposals on moving towards this soon.
79. 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.
80. A consultation was held with all Hampshire schools between 20 November and 18 December 2020 on the local funding formula for 2021/22 on how to address the potential affordability gap, with broad support to a proportional reduction to unit values where necessary.
81. Based on the allocation provided, there is a £1.2m affordability gap using the national funding formula unit values. The unit values in the local funding formula will therefore be adjusted on a proportional basis by approximately 0.35% to ensure the budget can be set in line with the allocation. Further details and the final adjustment will be confirmed in the report to Schools Forum.

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

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Transformation to 2021 – Revenue Savings Proposals (Executive Member for Children’s Services) http://democracy.hants.gov.uk/documents/s38299/Report.pdf	18 September 2019
Medium Term Financial Strategy Update and Transformation to 2021 Savings Proposals http://democracy.hants.gov.uk/ieIssueDetails.aspx?Ild=22267&PlanId=0&Opt=3#AI22852	Cabinet – 15 October 2019 / County Council – 7 November 2019
Medium Term Financial Strategy Update https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=134&MId=6499&Ver=4	Cabinet – 14 July 2020 / County Council – 16 July 2020
Budget Setting and Provisional Cash Limits 2021/22 Corporate decision report template (hants.gov.uk)	Cabinet – 24 November 2020 / County Council – 3 December 2020
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents	
<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 2021/22 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/mgAi.aspx?ID=21194#mgDocuments>

For proposals where a Stage 2 consultation was required the EIAs were preliminary and were to be updated and developed following this further consultation when the impact of the proposals could be better understood

Budget Summary 2020/21 – Children’s Services

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
Early Years	81,673	83,691	84,112
Schools Block			
Schools Budget Shares	584,200	586,128	633,690
Schools Delegated	2,171	2,160	2,178
Central Provision funded by Maintained Schools	2,894	2,889	2,905
Growth Fund	5,280	4,977	4,550
	594,545	596,154	643,323
High Needs			
High Needs Block Budget Shares	34,711	34,793	36,073
Central Provision funded by Maintained Schools	63	63	66
High Needs Top-Up Funding	85,037	80,941	97,027
SEN Support Services	5,073	5,321	5,245
High Needs Support for Inclusion	3,075	3,075	3,092
Hospital Education Service	1,370	1,779	1,681
	129,329	125,972	143,184
Central School Services	7,821	7,821	8,224
Other Schools Grants	88,609	98,851	63,705
Schools	901,977	912,489	942,548
Young People’s and Adult & Community Learning	405	504	442
Service Strategy & Other Education Functions			
Asset Management	88	90	90
Central Support Services	60	163	(77)
Educational Psychology Service	1,842	2,137	2,012
Home to School Transport	33,340	35,869	32,940
Insurance	33	33	33
Monitoring of National Curriculum Assess	46	46	46

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
Parent Partnership, Guidance and Info	270	270	274
Pension Costs - (includes existing)	2,412	2,629	2,629
School Improvement	1,838	1,917	1,892
SEN Admin, Assessment, Co-ord & Monitoring	1,829	3,584	3,535
Statutory/Regulatory Duties	881	444	455
School Place Planning	58	58	58
	42,697	47,240	43,887
Management & Support Services	2,156	2,396	1,978
Early Achievement of Savings	8,122	8,122	
Other Education & Community	53,380	58,262	46,307
Services for Young Children	1,406	1,510	1,481
Children Looked After			
Adoption services	4,029	4,492	4,127
Asylum seekers	4,961	3,346	3,346
Education of CLA	157	358	187
Fostering services	16,187	19,494	19,881
Independent Fostering	16,129	21,155	24,830
Leaving care support services	7,164	8,819	9,051
Other CLA services	8,483	8,501	9,906
Residential care	39,850	31,829	38,530
Special guardianship support	5,812	5,766	5,847
	102,772	103,760	115,705
Other Children & Families Services	1,098	1,076	1,105
Family Support Services			
Direct Payments	2,271	2,220	2,225
Other support for disabled children	250	250	255
Respite for disabled children	3,315	3,230	2,610
Targeted family support	4,850	6,098	5,195
Universal family support	38	44	44
	10,724	11,842	10,329
Youth Justice	1,021	1,222	877

Service Activity	Original Budget 2020/21 £'000	Revised Budget 2020/21 £'000	Proposed Budget 2021/22 £'000
Safeguarding & Young Peoples Services	26,785	30,367	27,949
Services for Young People	1,041	1,312	1,405
Management & Support Services	9,983	11,401	9,581
Early Achievement of Savings	281	381	
Non-Distributed Costs	122	117	117
Children's Social Care	155,233	162,988	168,549
Non-Schools	208,613	221,250	214,856
Children's Services	1,110,590	1,133,739	1,157,404
Trading Units	243	243	475
Children's Services Total	1,110,833	1,133,982	1,157,879