



Hampshire
County Council



Children & Young People
Select Committee
15 January 2018
Budget Briefing 2018/19

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Presentation Outline

- Local Government Finance Settlement – Key Issues
- Reserves Position
- Update on Transformation to 2019 (Tt2019) Programme
- Key Departmental Challenges and Issues
- Children's Services Budget Proposals and Revenue Budget

Local Government Finance Settlement – Key Issues



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County Council

Local Government Finance Settlement

- Financial position to 2019/20 was heavily impacted by the Local Government Finance Settlement announced on 8 February 2016 which changed the methodology for distributing grant and also reflected a clear shift by the Government in council tax policy.
- Settlement announced in 2016 provided figures for authorities for 2016/17 and the following three financial years to aid financial planning.
- Figures to 2019/20 subject to submission of an Efficiency Plan and the County Council approved its plan as part of the Medium Term Financial Strategy (MTFS) in July 2016.

Budget Forecast 2018/19 – MTFS Position

- In February 2016 it was reported to Cabinet and County Council that savings in the order of £140m would be required and this has been reflected in all financial updates since that date, leading into the Tt2019 Programme.
- Savings proposals agreed in November 2017 to give the time for implementation.
- Significant draw from the Grant Equalisation Reserve (GER) in 2018/19 in order to give the County Council the time and capacity to properly deliver the Tt2019 Programme.
- A 4.99% council tax increase, 3% for social care costs on top of the referendum limit of 2%.

Autumn Budget and Pay Award

- In overall terms, the announcements in the Budget had very little impact on the revenue position reported in the MTFS.
- Since the Budget was announced there has been a two year pay offer for local government workers
 - Includes a 'core' increase of 2% and changes to the lower pay scales to reflect the impact of the National Living Wage.
 - Overall increase in the pay bill could be in the region of 6% over the two years, and is above the allowances made within the MTFS.
 - Depending on the final pay award agreed this could mean additional recurring costs of circa £5m will need to be met

Provisional Local Government Finance Settlement 2018/19

- Expectation was for minimal change to the settlement figures previously published.
- Revenue Support Grant (RSG) for 2018/19 is unchanged compared to the forecast position.
- ‘Core’ council tax referendum limit increased to 3% for all authorities for the next two years (each 1% increase in council tax equates to approximately £5.7m). The arrangements for the social care precept are unchanged.
- Ten new 100% Business Rate Pilots announced, one of which was for the 3 local unitary councils.

Provisional Local Government Finance Settlement 2018/19

- Fair Funding Review consultation was announced as part of the settlement which is expected to be implemented in 2020/21.
- Potential move to at least 75% Business Rate Retention is also planned for 2020/21, but still on the basis of fiscal neutrality.
- No new announcements of funding for social care above those that we are already aware of the but Green Paper for adult social care is due to be published in summer 2018.

Reserves Position

Reserves Strategy

- Deliberate policy to make savings ahead of need and then use these funds to meet costs of the next phase of transformation.
- Total reserves of £524.2m as at 31 March 2017.
- Approaching half of this (£254.7m) committed to existing revenue programmes and capital spend.
- £98.4m in Departments cost of change and trading account reserves to be used for investment and future transformation and to cash flow delivery of Tt2019.
- £22.1m set aside to mitigate risks (mainly the insurance reserve as we self insure).
- £46.7m in schools reserves, £1.4m for the EM3 LEP and £21.5m in balances (in line with minimum reserves policy).

Reserves Strategy

- Only £79.4m (15.1%) is truly 'available' to support one off spending and is made up as follows :

	Balance 31/03/16 £'000	Balance 31/03/17 £'000	% of Total
<u>'Available' Reserves</u>			
Grant Equalisation Reserve	75,206	40,755	7.8
Invest to Save	9,077	31,100	5.9
Corporate Efficiency Reserve	7,902	0	0.0
Corporate Policy Reserve	5,109	4,632	0.9
Organisational Change Reserve	3,593	2,905	0.5
	100,887	79,392	15.1

* £35m of the GER will be used to support the revenue budget in 2018/19 with the remainder to be utilised in the period to 2020.

Update on Transforming the Council to 2019 Programme (Tt2019)

Transforming the Council to 2019

- Savings target of £140m (£20m of which will be from corporate “housekeeping”).
- Savings proposals to meet this were agreed in November 2017.
- The focus for the programme is now very much on implementation and delivery. Where appropriate, this will include further service specific public consultations where proposals and options for service change will be debated with service users and key stakeholders.
- However, any modification to any proposal must be consistent with the financial and time imperatives of the overall programme.

Transforming the Council to 2019

- Scale of the transformation and lead in times for achieving savings will cause delay in some of the delivery of cash savings for the Tt2019 Programme.
- Cash flow support required on a one-off basis to manage the extended delivery timetable will in the most part be met from departmental cost of change reserves, which will be boosted by some early delivery in 2018/19.
- Further contingency will be held corporately to cover any remaining shortfall (estimated to be up to £40m).
- High degree of confidence this can be covered but this change in the savings delivery profile indicates we are now behind the curve' rather than in front of it.

Children's Services Tt 2019 Cumulative Cash Flow £'000

Work stream	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
PiP	£200	£1,432	£8,068	£13,635	£19,443	£21,889
CwD	£200	£450	£2,800	£3,000	£3,000	£3,000
HtST	0	0	£1,315	£1,793	£2,800	£2,800
School Imp	£22	£59	£59	£59	£59	£59
High Needs	£30	£355	£915	£979	£979	£979
Support	£193	£359	£905	£905	£905	£905
Max Efficiencies	0	0	0	£500	£500	£500
TOTAL	£645	£2,655	£14,062	£20,871	£27,686	£30,132

Looked after children reduction

Expected reduction from:

Cohort	Current (Jun '17)	Change	Target reduction	Future
Section 20	416 (28%)	Reunification	80	186 (18%)
		Service re-design	150	
Interim care order	205 (14%)	Service re-design	50	155 (15%)
Full care order	766 (52%)	Reunification	20	636 (60%)
		Targeted interventions	110	
Placement order	77 (5%)	N/A	-	77 (7%)
Other	1 (0%)	N/A	-	1 (0%)

Reduction profile:

	17/18				18/19				19/20	20/21	21/22	Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Total	0	0	0	5	10	10	20	30	130	125	80	410

Children's Services Tt2019

Children's Services are planning to commence two consultations:

–**Short breaks activities** (children with disabilities) consultation. Consulting on proposed changes to short breaks activities. The consultation will run from March to June

–**Home to school transport consultation:** The consultation will commence in January.

Key Departmental Issues and Challenges

Steve Crocker
Director Children's Services

Key Departmental Issues / Challenges

Priorities

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

Key Departmental Issues / Challenges

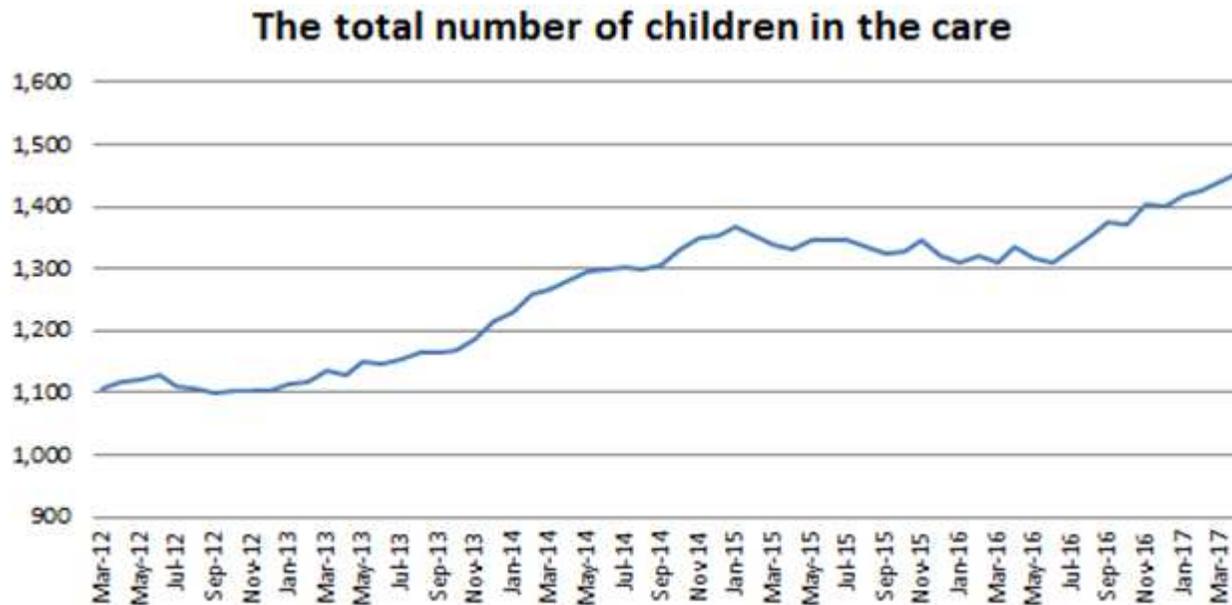
- Demand for services – current pressure £7.6m
- Unaccompanied asylum seeking children
- Transformation to 2019
- Home to school transport
- Schools financial pressures – current pressure £10m
- National school funding formula
- Increasing pupil numbers
- Social work recruitment and retention
- Partnership arrangements

Our Challenge

Rising demand and reducing resources

Demand for children's social care is growing, whilst available resources are reducing.

In Hampshire this has meant....



.....and expected to continue to rise

Partners in Practice overview

“freedoms to innovate, to improve frontline children’s social work and to develop new systems of delivering social care and trialling new ways of working with families”

Only 7 out of 152 local authorities have been selected by the DfE to be a Partner In Practice:

- Hampshire
- Leeds
- Lincolnshire
- Islington
- North Yorkshire
- Achieving for Children
- Tri-borough

Our vision

A radical whole system change to create:

- A **family** service – a system focussing on improving outcomes for the child in the context of their family
- A social work led, integrated, **multi-disciplinary service**, from the front door through to specialist services
- Social workers are supported to deliver **meaningful interventions** based on an underpinning methodology of **resilience** that creates lasting change
- A service where good practice is **free to flourish** unfettered by bureaucracy and unnecessary regulatory demands
- 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

Outcomes we are targeting

- Best possible outcomes for children and their families
- Hampshire becoming an outstanding authority
- Continue to keep children safe
- Operating within our budget primarily through a safe and significant reduction in children in care



How are we going to do it?

Safely reducing the number of children in care by:

- Working in multi-disciplinary teams to deliver family focused interventions to children and families at the time they need it.
- Multi-disciplinary teams built upon our 'Family Intervention Teams' (FIT) model, along with other disciplines
- Reunification home where appropriate (teenagers make up 40% of our children in care cohort)

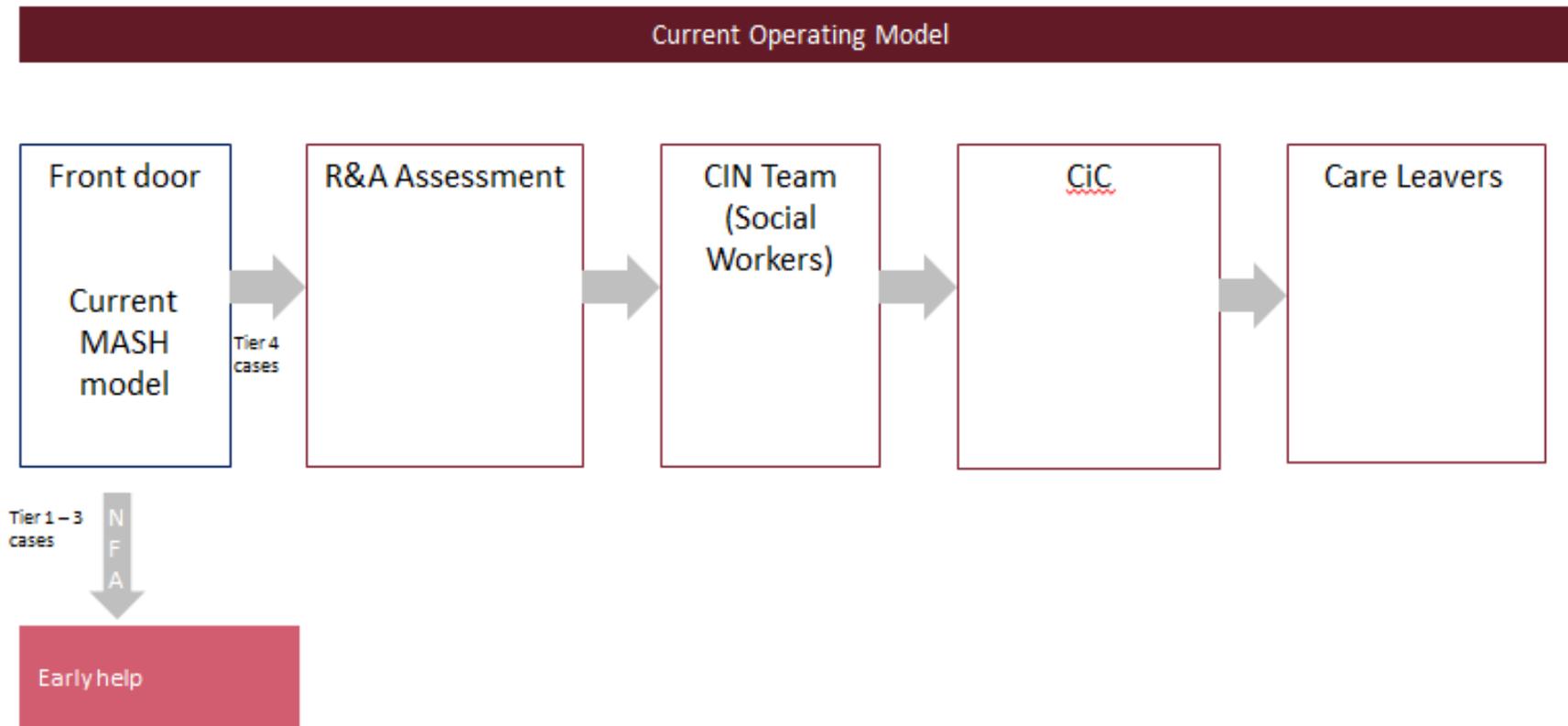
Improving the way our service is set up to deliver the above by:

- Using the mobile and digital technology we need to free up social workers' time to spend with children and families
- Less transition points in our service for children and families
- Improving our processes (including the implementation of our new case management system)

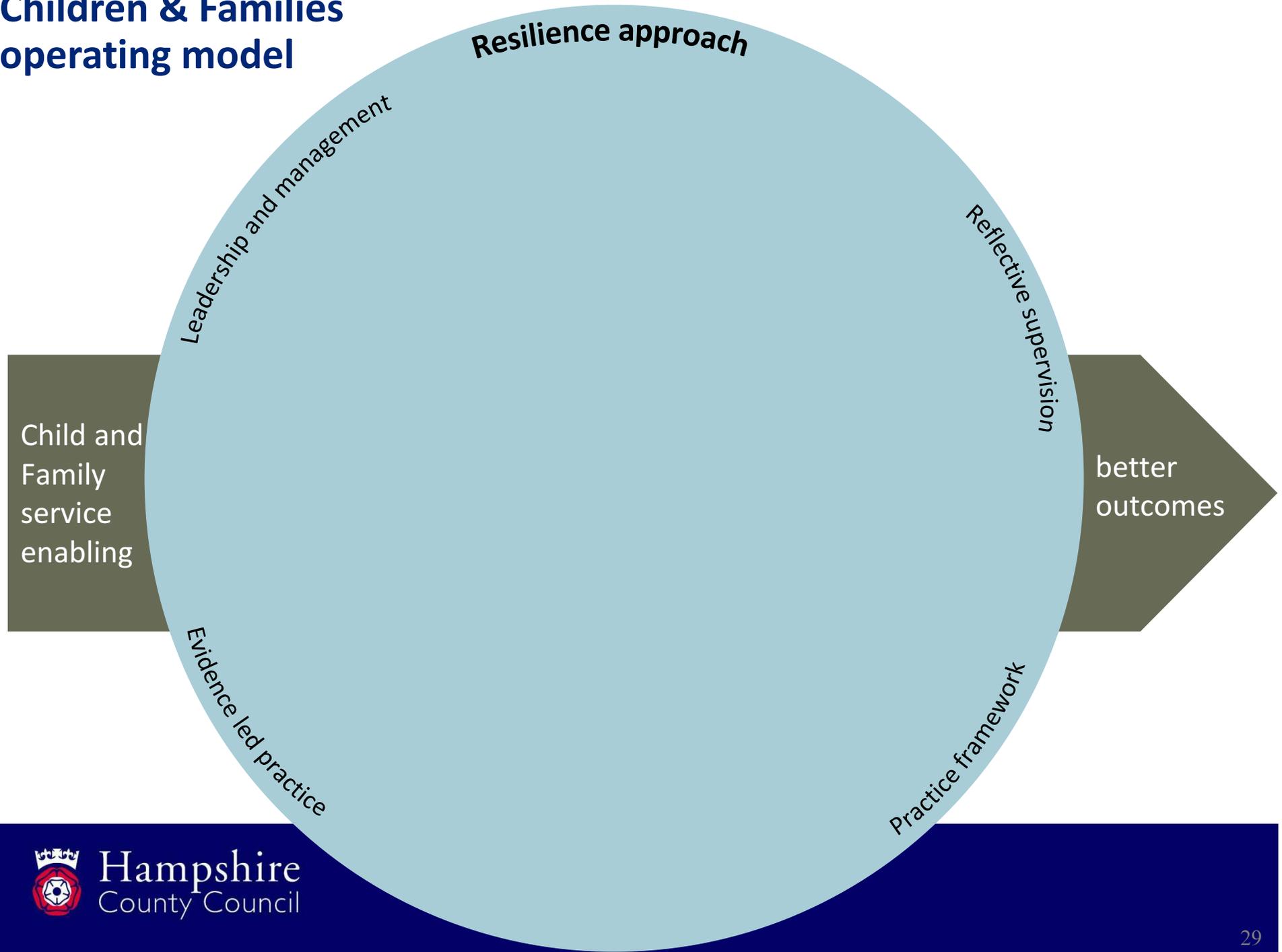
Where we are focusing



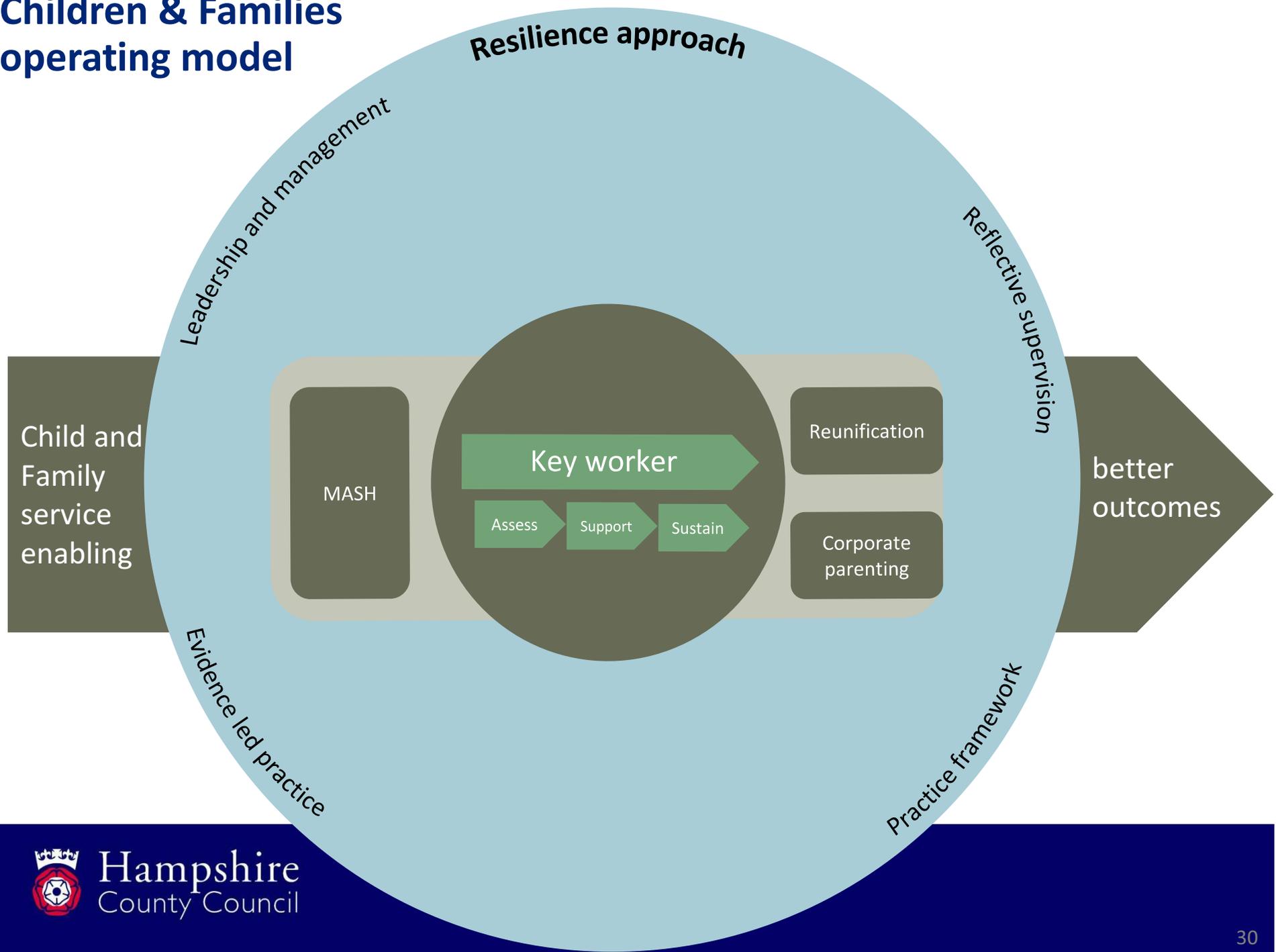
Current Children & Families operating model



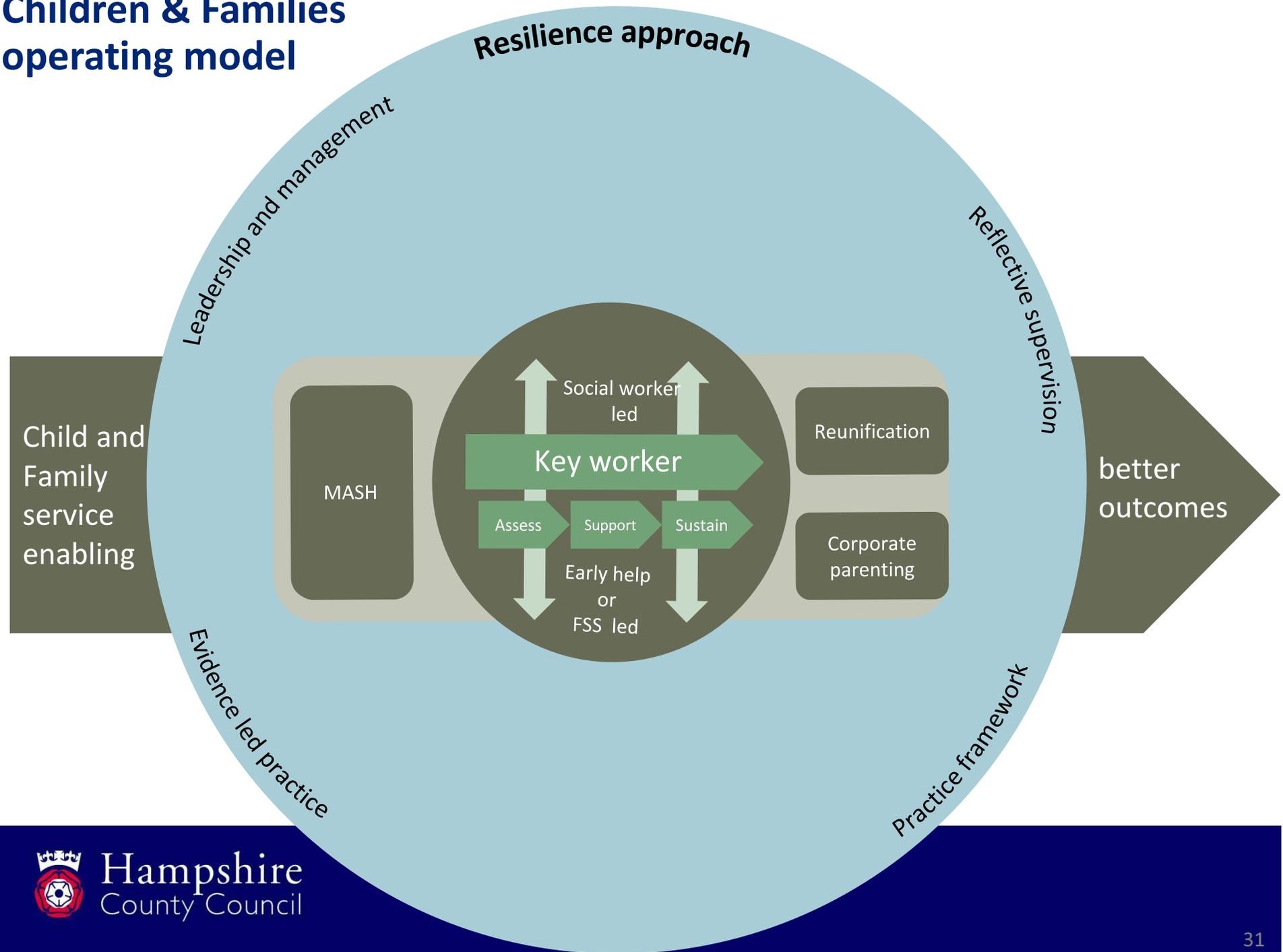
Children & Families operating model



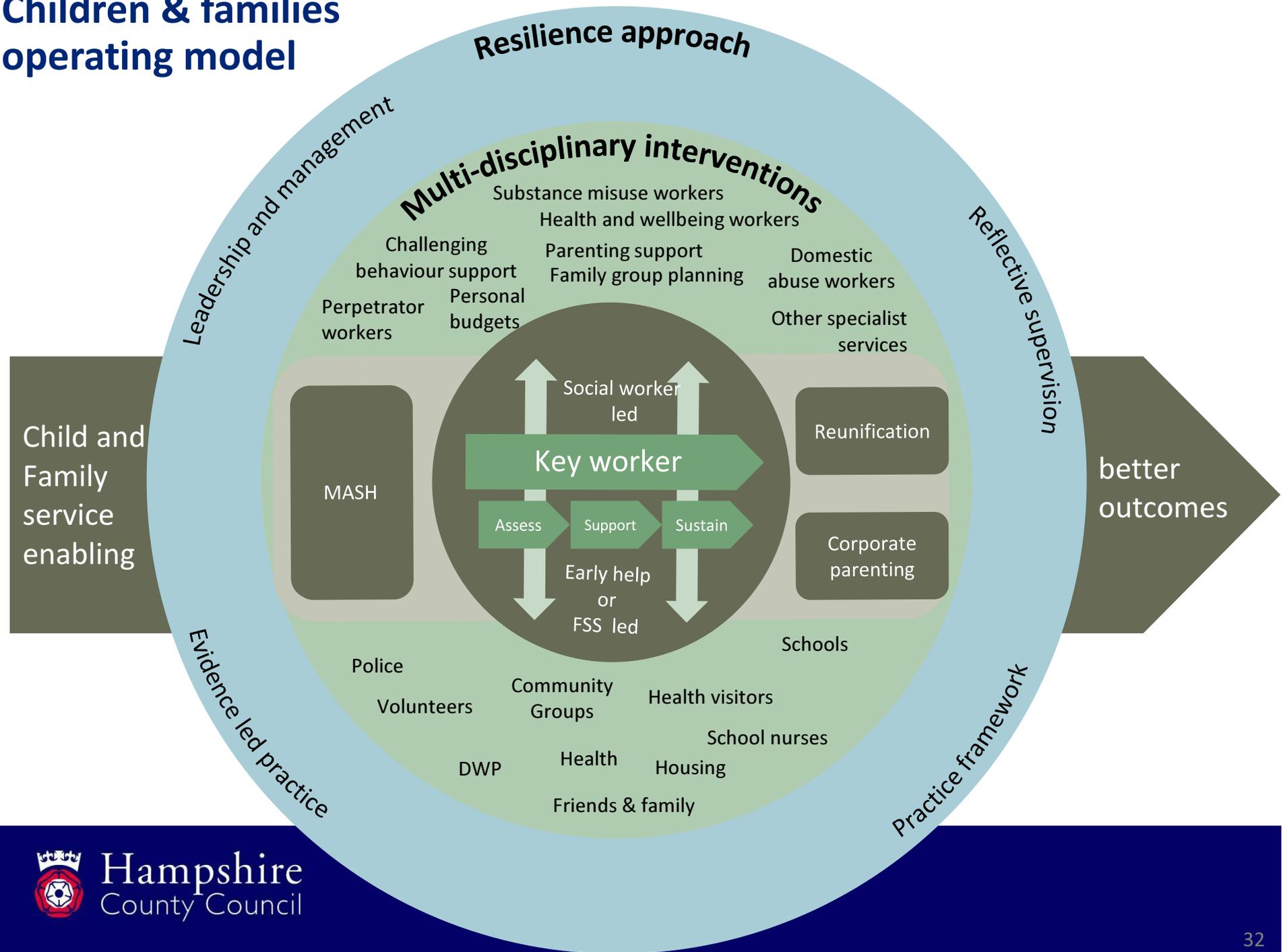
Children & Families operating model



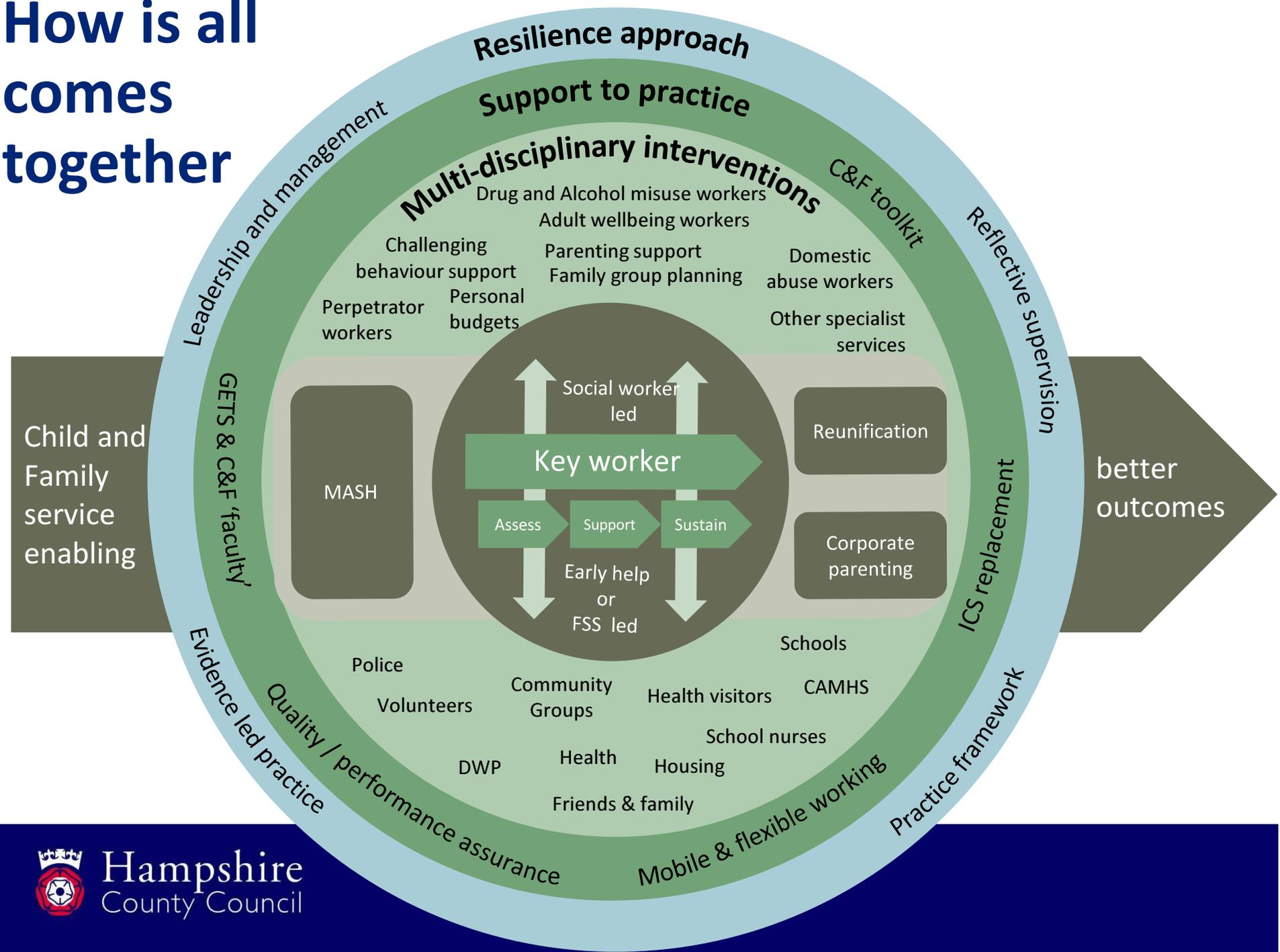
Children & Families operating model



Children & families operating model



How is all comes together



Children with Disabilities: £3m

Objectives are to:

- Reshape and develop a service that builds resilience, independence and self reliance to manage demand;
- Move away from long term arrangements where appropriate;
- Prioritise step down and telecare;
- Review information and advice
- Implement improvements from PiP process activity;
- Undertake a redesign of the end to end process; and
- develop a toolkit for personal budgets.

Home to School Transport

Work stream	Savings Target £'000
Minibus expansion	£300
Infrastructure	£1,000
Transport E&I	£500
Procurement	£300
Policy change	£1,950
Total	£4,050
Business as usual pressure	£1,250
Tt2019	£2,800

Children's Services Budget 2018/19

Children's Services Proposed Budget

Revenue Budget:	£'000
Revised Budget for 2017/18	
- Schools	779,052
- Non schools	<u>166,055</u>
	<u>945,107</u>
Proposed Budget for 2018/19	
- Schools	806,885
- Non schools	<u>167,041</u>
	<u>973,926</u>
Early Savings Delivery Forecast in 2018/19	2,655

Proposed Schools Budget 2018/19

	£'000
Dedicated Schools Grant	929,085
Less academies/FE colleges	<u>(181,815)</u>
Sub total	747,270
Pupil premium and other schools grants	57,919
Music grant	1,696
Total schools budget managed by Children's Services	<hr/> 806,885

Proposed Revenue Budget 2018/19

	£'000
Cash limited expenditure	1,055,101
Less income	<u>(81,175)</u>
Net Cash Limited Expenditure	973,926
Trading Activities	802
Government Grants	<u>(818,193)</u>
Total Net Expenditure	<u>(156,535)</u>