

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Children's Services
Date:	19 January 2024
Title:	2024/25 Revenue Budget Report for Children's Services
Report From:	Director of Children's Services

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Section A: Purpose of this Report

1. The purpose of this report is to set out proposals for the 2024/25 budget for Children's Services in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in November 2023. It also proposes a revised budget for Children's Services for 2023/24.

Section B: Recommendation(s)

To approve for submission to the Leader and the Cabinet:

2. The revised revenue budget for 2023/24 as set out in Appendix 1.
3. The summary revenue budget for 2024/25 as set out in Appendix 2
4. Changes to the local schools funding as set out in paragraphs 79 to 84.

Section C: Executive Summary

5. This report provides the summary outputs of the detailed budget planning process undertaken by Children's Services for 2024/25 and the revised budget for 2023/24. This process has been undertaken against the backdrop of a budget gap of £132m by 2025/26, which the Council is unable to close through savings alone, and escalating cost pressures within key demand led services, including Adult Social Care and School Transport. Over £130m of inflation, pressures and growth has been added to budgets since 2023/24, significantly exceeding increases in the Council's funding. The current high inflationary environment also continues to present particular challenges in balancing budget certainty for Directorates with levels of affordability for the Council.
6. Disappointingly, the Autumn Statement delivered by the chancellor on 22 November didn't include any additional financial measures to ease the pressures facing local authorities. The announcement of a higher National

Living Wage for 2024/25 than had previously been forecast is likely to result in additional financial pressures for the Council, both through increasing costs for our service providers and also impacting future local government pay awards. It was also notable that the tightening of medium term spending limits set by the government suggests a worrying direction of travel for future funding settlements.

7. The anticipated delay to delivery of some aspects of the remaining Transformation to 2021 (Tt2021) programme and Savings Programme to 2023 (SP2023) have been factored into our financial planning, and one-off Directorate funding will be provided where required to bridge the forecast savings gap in 2024/25. As of September 2023, £10.2m of Tt2021 savings and £11.4m SP2023 savings have yet to be delivered across the Council. Plans are in place to deliver most of the remaining Tt2021 and SP2023 savings by 2024/25, however this presents a considerable challenge for directorates in addition to the £17.1m SP2025 savings due to be delivered next year.
8. The report also provides an update on the business as usual financial position for the current year as at the end of September and the outturn forecast for the Directorate for 2023/24, is a budget pressure of £10.4m after corporate support. This pressure will be met from a draw from reserves.
9. The forecast for the schools' budget is an overspend of £43.8m. The overspend is largely due to a pressure on the High Needs Block of £45.8m as reported to School's Forum in October. Hampshire's position is not unlike many authorities across the country. The Department for Education (DfE) are running two programmes to support local authorities with these pressures. Hampshire is part of the Delivering Better Value programme which is currently working through the issues and potential approaches to address them.
10. The overall Dedicated Schools Grant (DSG) pressure will be added to the cumulative DSG deficit reserve at the end of the year. Based on the current forecast, this will result in an overall deficit of £130m to be funded from future years DSG.
11. The initial gross allocations (before recoupment for academies) confirmed by the DfE in December provided a £87.9m increase of funding for 2024/25. The additional funding is required to meet the current needs and will not address the cumulative deficit.
12. The proposed budget for 2024/25 analysed by service is shown in Appendix 2.
13. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2023/24 and detailed service budgets for 2024/25 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 6 February 2024 to make final recommendations to County Council on 22 February 2024.

Section D: Contextual Information

14. In November 2023, Full Council approved the Medium Term Financial Strategy and Savings Programme to 2025 (SP2025) which set out the scale of the financial challenges which the Council currently faces and the proposed measures which will begin to address the budget gap of £132m to 2025/26. However, for the first time the Council finds itself in the position of being unable to close the budget gap through savings proposals alone, with a substantial deficit of £56.9m remaining in 2025/26 after accounting for SP2025 savings.
15. As reported to Cabinet in December, the cost pressures facing the County Council have worsened further since the MTFs was set, most notably within Adult Social Care, Special Educational Needs and School Transport. Where the impact of these pressures is known, additional funding has been included in the provisional cash limits and allocated to services as part of the detailed budget setting process undertaken by directorates.
16. The provisional cash limits for 2024/25 include over £130m of inflation, pressures and growth added to budgets since 2023/24. This represents an average increase in directorate cash limits of over 12% in a single year, which is clearly an unsustainable position when set against a maximum increase in Council tax of 5%. It is therefore not surprising that the Council expects to draw some £86m from reserves to balance the budget for the forthcoming year.
17. Setting a budget in a high inflationary environment presents particular challenges in balancing budget certainty for Directorates with levels of affordability for the Council, given the potential for the position to worsen or improve substantially throughout the year in line with changes in the economic picture. The budget for Children's Services therefore represents a prudent assessment of the funding level required to deliver services, with additional corporately held risk contingencies playing an important role to mitigate the impact of financial uncertainty on service delivery.
18. The Council's approach to planning and delivering savings over a two year period means that the 2024/25 cash limits do not include any new savings proposals. However, given that the balance of the Budget Bridging Reserve will be fully utilised in 2024/25, all SP2025 savings delivered in the forthcoming year will be transferred to the BBR at the end of the financial year.

Autumn Statement

19. The Government announced the 2023 Autumn Statement on 22 November. Disappointingly, the Statement didn't include any additional financial measures to ease the pressures facing local authorities, despite strong lobbying from the sector in the period leading up to the Statement, which attracted widespread press coverage.
20. Of particular significance for Local Government was the announcement of a 9.8% increase in the National Living Wage for 2024/25 to £11.44 per hour. This

significantly exceeds the previous central estimate of £11.16 published by the Low Pay Commission in May on which the current MTFS forecasts are based. This increase is likely to result in additional financial pressures for the Council, both through increasing costs for our service providers and also impacting future local government pay awards.

21. The Economic and Fiscal Outlook published by the Office for Budgetary Responsibility alongside the Statement showed that Local Authority spending has fallen from 7.4% of GDP to just 5% since 2010/11 and the Government's current spending plans suggest that spending outside the NHS will fall further in real terms over the next five years. This sets a worrying backdrop for the medium term outlook for local government finance and suggests that there is unlikely to be sufficient scope to address the funding shortfalls faced by Councils within the government's current spending plans.

Operating model changes

22. The Council transitioned to a new operating model in January 2023 which established new directorates for the delivery of place shaping services and our Hampshire 2050 vision. When the 2023/24 budget was set, it was highlighted that further changes to budgets would be required to ensure budget allocations accurately match the services and roles aligned to each Directorate. The 2023/24 original budget has therefore been restated to reflect the detailed work undertaken on the later phases of the restructure since the budget was set in February 2023.
23. In addition to the early delivery of some SP2025 savings, the Fit for The Future operating model reviews will continue to be progressed and will ensure that the Council's corporate enabling functions, transformation and administrative activity are delivered as efficiently as possible, and that our contact model takes full advantage of new technologies and the changing ways in which residents interact with the Council. It is anticipated that these reviews will identify some further efficiency savings, however these will not be sufficient to bridge the remaining budget gap.
24. Children's Services has been developing its service plans and budgets for 2024/25 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the Directorate are set out below.

Section E: Directorate Challenges and Priorities

25. The Directorate has worked to a set of principles which have guided the successive budget reductions since 2010. These have evolved to reflect the tightening economic circumstances and therefore the even tighter focus needed in the Directorate on its core, statutory business and meeting the needs of the most vulnerable.
26. 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 for those experiencing periods of vulnerability;
 - 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 the 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 partnerships and sold service arrangements.
27. These principles have served the Directorate and the County Council and partners well. They provide focus on the essence of the Directorate's work in terms of its statutory duties to safeguard children and sustaining the role of the local education authority.
28. 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. The award is matched by very few other local authorities in the UK and also demonstrates the financial imperative to maintain high standards of social work practice;
 - The majority of the Directorate's spend is external, primarily relating to the placement costs of Children Looked After (CLA), these costs (or more accurately, prices), continue to increase as supply of placements remains relatively restricted whilst demand rises nationally and locally; and
 - We must deliver our statutory duty to safeguard children.
29. 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 social work interventions and to be 'looked after' continue to dominate our thinking with regard to both service and financial strategies.
30. In November 2021 Hampshire volunteered to pilot a new Joint Targeted Area Inspection (JTAI). The focus of this inspection was multi agency Safeguarding arrangements across all partners, working from initial contact through to a CIN/CP decision. The inspection involved inspectors from Ofsted, CQC (Care Quality Commission) and HMICFRS (Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services). The partnership received a very

positive outcome letter following this visit. Following this in February 2023 Hampshire was subject to a focused visit, inspecting children in care. Hampshire received a very positive letter from Ofsted following this visit. There were only three improvement actions:

- The timeliness of initial and review health assessments for children.
- Independent reviewing officer workloads.
- The voice of the child in the corporate parenting board.

31. In terms of Hampshire's role as an education authority, the other key pillar of the Directorate's strategic purpose, the quality of our planning, support and intervention with schools remains high. 93% of Hampshire schools are judged good or outstanding by Ofsted compared to a national average of 89%. The more that we can help children to achieve to the best of their ability then the fewer are likely to experience vulnerability. 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 Directorate's and the schools' budgets continue under pressure.
32. The most significant partnership arrangement, aside from the composite arrangement with the Hampshire family of schools, has been the Council's partnership with the Isle of Wight Council for the delivery of children's services. In addition, Children's Services have been a DfE Improvement Advisor, supporting Bournemouth Christchurch and Poole and West Sussex County Council. Our support to Buckinghamshire, which is now ending, helped them to move out of the category of inadequate. As a DfE 'Partner in Practice', from 2021, Children's Services has been the lead local authority across the South East region, facilitating and delivering sector led improvements to the other 18 children's services directorates.
33. The Isle of Wight Partnership will come to an end on 31 January 2024 and work is currently underway to support Isle of Wight Council to establish their own Children's Services Department. A small number of Hampshire services, including MASH, will be offered to the Isle of Wight Council on a traded basis, supported by a services contract. In addition to this we are also considering our future role in Sector Led Improvement.
34. The Autumn Statement made no mention of whether the Household Support Fund would continue into 2024/25. This grant goes to councils to help vulnerable households with cost of living pressures and would be a significant loss at over £14m for the year, impacting the most disadvantaged. Since the inception of the Household Support Fund, £35m has been allocated to Hampshire, enabling support to be delivered to households more than 825,000 times. Some of this has been delivered in the form of food vouchers to identified vulnerable groups, through fuel vouchers in partnership with Citizen's Advice, and via community-based projects. The Fund has enabled the County Council to support a network of 22 community pantries, offering food at lower

cost than supermarkets, which have received 34,000 visits between April and September 2023. Until the grant is confirmed, the 2024/25 cash limit shows a reduction of £14.248m.

Children in Care

35. Both nationally and locally, pressures relating to the costs (and numbers) of children in care continue to grow. This has been driven by a number of previous high profile child deaths nationally, and a mix of other factors, such as greater awareness of child sexual exploitation, online child exploitation, county lines, the growth in poor mental health post-covid and the growth in unaccompanied asylum seekers has led to higher numbers of children in care both nationally and in Hampshire.
36. 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. Whilst this may be 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, the tenacious focus on reunification of children home to their families when safe to do so remains a priority with success evidenced. 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).
37. At the end of September 2016 there were 1,375 children in care and over the next two years we saw significant growth of 20% to reach 1,654 children in care. As at the end of September 2019 the total number was 1,638, representing a 1% reduction. The Hampshire Approach adopted by children's social care, a strengths based, multi-disciplinary methodology, was introduced early in 2019 and this appeared to be showing early evidence of positive impact. The 1% reduction is more notable given the national rate of increase in children in care is 5%.
38. Excluding unaccompanied asylum seeking children (UASC) who we are duty bound to bring into care through the national transfer scheme, it is positive that the numbers of children coming into care have continued to plateau, providing some cautious optimism that the Hampshire Approach methodology will continue to show positive impact going forward. This is particularly so given the 30% plus increase in demand at the front door with a consequential rise in assessment work across our social work teams.
39. It is important to note that increased demand is not, at this stage, translating into rising numbers of children coming into care. The number of children in care increased by 14% from September 2021 to September 2023. However, as

above this is largely due to the UASC we are mandated to receive into care through the National Transfer Scheme. The increase in UASC over the same period has been 380%.

40. There are two groups of UASC: those who enter the UK and arrive spontaneously, 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 under the now mandated National Transfer scheme. The Government raised the required quota of UASC for each local authority from 0.07% of the child population (192 for Hampshire), to 0.1% (285 for Hampshire). Hampshire continues to accept UASC under the National Transfer Scheme (NTS) and as at the end of September Hampshire were looking after 288 UASC.
41. 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 increased significantly as small boat refugee arrivals across the Channel continue to increase as do those being placed locally in Hampshire hotels, a proportion of whom will be assessed by our social work teams as actually being children. It is of note that the percentage of care leavers who are UASC, and so over 18 years of age, is now around 21% of the overall cohort of care leavers, and there are still considerable unfunded 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.

	Sept 2019	Sept 2020	Sept 2021	Sept 2022	Sept 2023	Sept'22 to Sept'23
CLA excl UASC	1,525	1,613	1,606	1,626	1,611	(1%) decrease
CLA UASC	113	84	60	160	288	80% increase
Total CLA	1,638	1,697	1,666	1,786	1,899	6% increase
Care Leavers excl UASC	559	598	643	628	644	3% increase
Care Leavers UASC	126	161	182	167	173	4% increase
Total Care Leavers	685	759	820	795	817	3% increase

42. The funding arrangements for Care Leaver UASC are particularly inadequate, with the cost of care and support far outstripping the amount funded by central government. Based on our current Care Leaver UASC population there is a shortfall of £1.4m for this cohort and these unfunded costs are only set to rise given the average age of UASC arrivals is 17, meaning they quickly become Care Leavers adding to the financial deficit.

43. Given that the national number of children in care has increased incrementally and significantly over the last ten years, despite our successful transformation work to stem this growth, it should not be a surprise that nationally as well, demand for placements for children in care has far outstripped supply and that prices in the independent placements sector have risen. Significant effort and intelligence have been applied to reducing the costs of contracts with the independent sector through Hampshire's placement commissioning team, despite this we still see prices increasing significantly, year on year.
44. Significant corporate financial support has been allocated to the Directorate for additional staff to manage high demand on services to replace the one off covid funding. Additional funding has also been approved to support additional agency social worker costs.
45. To address demand issues in the longer term, work has continued on a Modernising Placements Programme. The success of the programme to bring more foster carers into Hampshire and ensure that the children who do come into care receive the correct type of care has been evidenced and bucked the national trend of reducing in house foster carers across the Country.
46. Given the pressures nationally, the introduction of our Hampshire Approach proved successful. It resulted in keeping more children safely at home where it was appropriate to do so and reunifying more children into their wider family networks from care, where sufficient sustainable change had occurred in those family networks. The Transforming Social Care Programme continues to deliver changes to promote these activities and is currently reviewing all projects delivered.
47. The recruitment of children's social workers remains a challenge nationally and Hampshire is not immune to this. To support our continued recruitment of social workers our Graduate Entry Trainee Scheme (GETS), continues to bring newly qualified social workers into a protected 2-year programme to build their resilience and thus increase retention rates. To date, almost 3,000 GETS have been recruited. However, other local authorities are increasingly adopting the same approach making this more difficult to sustain and as a result one off funding has also been agreed to invest in a programme of overseas recruitment. In addition to this, we have embarked on an apprenticeship scheme to ensure that there is an alternative route into social work within the branch.
48. However, given the size of the service and the ongoing changes required to the operating model, numbers of children coming into care will not reduce rapidly, but over time. The Directorate 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.

School Transport

49. School transport costs have continued to increase for both mainstream and SEN. These increases are relating to both numbers and costs with significant

inflationary pressures being experienced. Corporate support has been provided in this financial year and built into future years.

50. Several contracts for the largest buses were handed back by suppliers, resulting in higher cost arrangements needing to be made at very short notice. The market is still non-competitive and therefore expensive. Retendering contracts at the same time in such a market has led to a one-off rise in costs over and above that predicted.
51. Due to the continued volatility and market pressures experienced in School Transport due to increased complexity of pupil needs, shortages of appropriate transport, the lack of locally available and suitable SEN places, this pressure is expected to continue and will be closely monitored.

SEN

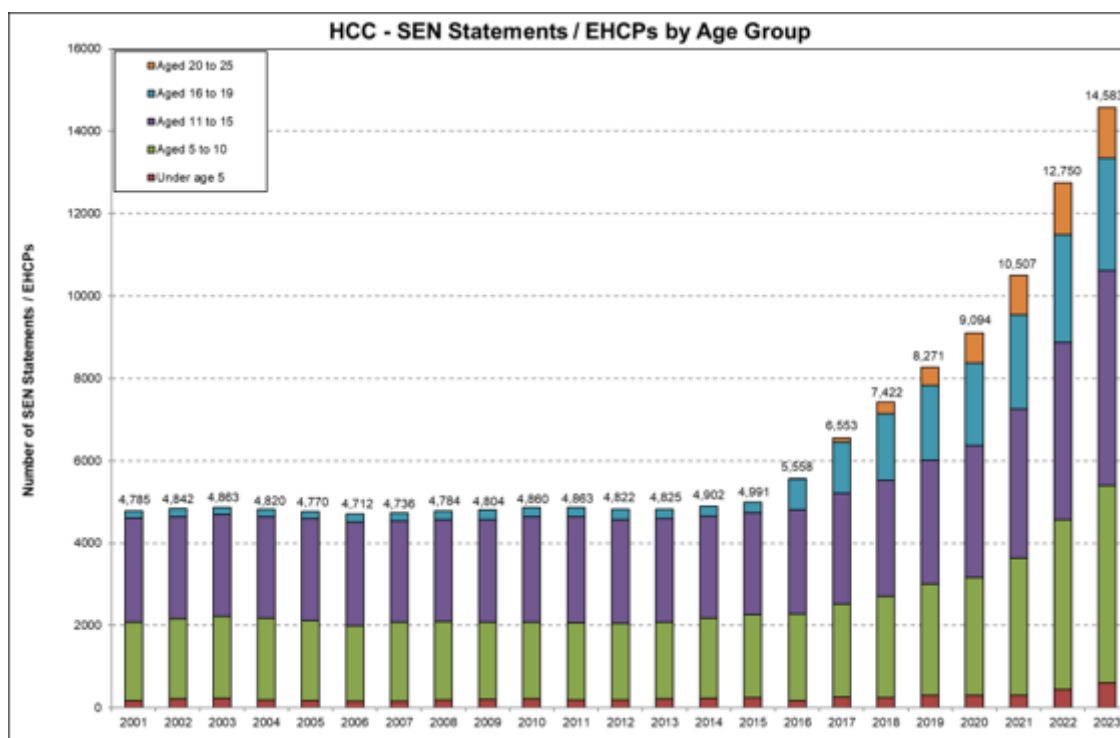
52. SEN remains under considerable pressure as a result in the significant increase in Education, Health and Care (EHC) plans. This growth is not anticipated to reduce going forward. It is the statutory responsibility of the local authority to process, review and maintain all EHC Plans, and the local authority is also responsible for ensuring that all provisions named on the plan is received by the child or young person whose plan it is. Work is in progress to review again ways of working and the resource required to meet this statutory responsibility.

Schools

53. 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 will 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 £130m at the end of 2023/24. 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. This statutory override has been extended to 2025/26.
54. 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 EHC Plans and the result of extending this support for young people up to the age of 25. Management actions are continually being developed and implemented to reduce this pressure and create efficiencies and Hampshire is working closely with DfE consultants as part of the DfE's Delivering Better Value programme which is intended to support the further identification of savings. Longer term reform to both funding and policy is required to achieve long term sustainability with the outcome of the DfE's SEND and Alternative

Provision Improvement plan offering little in terms of material opportunities to drive changes that are likely to lead to a reduction in pressures.

55. The following show the increases in EHC Plans since 2001, and the annual movements by age range.



56. Hampshire schools collectively are one of the lowest funded in the country on a per pupil basis. Significant variation in the financial health of schools is now a feature with the distribution of funding through the national funding formula offering less support to some schools, in particular those with few pupils or those supporting a greater proportion of pupils with additional educational needs. Whilst increases to funding has been welcomed and further increases expected there are significant inflationary pressures, particularly on pay. This coupled with the ongoing impact of the pandemic and changes to pupil demographics indicates growing financial challenges a great deal of uncertainty which schools will need to continue to actively manage.

Section F: 2023/24 Revenue Budget

57. 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.

- 58. The anticipated non-schools business as usual outturn forecast for 2023/24 is a budget pressure of £10.4m after corporate support. This pressure will be met from a draw from reserves.
- 59. The Directorate continues to develop social workers through GETS and overseas recruitment although there is still a significant reliance on agency staff.
- 60. School transport and SEN costs have continued to increase and required corporate support for the 2023/24 budget.
- 61. The budget for Children's Services non schools has been updated throughout the year and the revised budget is shown in Appendix 1. The revised budget shows an increase of £22.4m primarily relating to corporate growth funding for school transport and services supporting EHC Plans.

Schools Budget

- 62. The expected forecast for 2023/24 on the school's budget is an overspend of £43.8m, as reported to School's Forum in October, with the majority relating to the high needs pressure of £45.8m.
- 63. 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. Hampshire, along with many other authorities are working with the DfE around high needs pressures.
- 64. The overspend will be added to the DSG deficit reserve at the end of the year, increasing the balance to £130m.
- 65. There has been an increase in the number of schools in deficit this year as a result of growing demand and financial pressures. Where individual schools remain in or at risk of deficit, tailored support is being provided along with appropriate challenge and intervention where required.
- 66. The budget for schools has been updated throughout the year and the revised budget is shown in Appendix 1. The revised budget shows a decrease of £22.9m from the original budget primarily relating to updated grant allocations.

Section G: 2024/25 Revenue Budget Pressures and Initiatives

- 67. The areas of pressure within the Children's Services budget noted above are likely to continue to be a risk for 2024/25 and beyond and will be closely monitored.
- 68. One off funding is being utilised to meet some of these pressures but a longer term solution is required and currently being considered.

69. The cost of change within Children's Services will be exhausted before the end of 2024/25.

Section H: Revenue Savings Proposals

70. The County Council's financial strategy is continuing with a two year approach to planning for savings. Consequently, no new savings are proposed for 2024/25 and savings proposals for 2024/5 and 2025/26 have been developed through the Savings Programme to 2025 and were approved by Executive Members in September 2023, and by Cabinet and County Council in October and November 2023. In recognition of the size of the financial challenge which the Council faces, directorates were not issued with savings targets as per previous savings programmes but were instead instructed to review what savings might be achievable if we were to move towards a 'legal minimum' provision of services.
71. The total Savings Programme to 2025 is insufficient to meet the forecast budget gap for 2025/26 and taking account of the planned timing of savings delivery, a significant budget gap of £56.9m remains for 2025/26. Given the shortfall within the Budget Bridging Reserve beyond 2024/25, SP2025 savings delivered in 2024/25 will be transferred to the BBR at the end of the financial year.
72. Since transfers to the BBR will reflect actual savings delivered, the 2024/25 cash limits have not been adjusted in line with planned savings. For Children's Services directorate total savings for 2025/26 are £11.095m of which £2.390m are currently anticipated to be delivered during 2024/25.
73. Delivery of these savings presents a significant challenge for the directorate, particularly against a backdrop of continued high inflation and rising demand. Rigorous monitoring of the implementation of the programme will begin during 2024/25, to ensure that the Directorate is able to deliver its SP2025 savings in line with planned timescales.
74. This early action in developing and implementing the Savings Programme to 2025 means that the County Council is in the best possible position for setting a balanced budget in 2024/25 and that no new savings proposals will be considered as part of the budget setting process for the forthcoming financial year.

Section I: Budget Summary 2024/25

75. The budget update report presented to Cabinet on 12 December 2023 included provisional cash limit guidelines for each Directorate. The cash limit for Children's Services in that report was £1,408.1m, a £19.3m increase on the previous year. The increase comprised:

- Base budget changes relating to schools supplementary grant adjustment (£9.0m) and academy conversions (£11.3m) and the anticipated ending of Household Support Fund Grant (£14.2m).
 - Inflation, growth and pressures covering the 2024/25 non-pay inflation, School Transport (£24.9m), growth in Children Looked After (£13.8m), Special Educational Needs and Educational Psychologists (£3.8m).
76. At that stage, the cash limit guidelines did not include the final DSG and schools grants allocations which were confirmed within the December DSG announcement. These have now been added (and will be included in the February budget report), increasing the cash limit to £1,499.9m.
77. Appendix 2 sets out a summary of the proposed budgets for the service activities provided by Children's Services for 2024/25 and show that these are within the cash limit set out above.
78. 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:

	2024/25	
	£'000	£'000
Cash Limited Expenditure	1,646,577	
Less Income (Other than Government Grants)	(146,685)	
Net Cash Limited Expenditure		1,499,892
Trading Units Net Deficit		230
Less Government Grants:		
• DSG	(1,059,576)	
• Pupil Premium & Other Schools Grants	(83,012)	
• Music Grant	(1,734)	
• KS2 Moderation & KS1 Phonics Grant	(45)	
• Extended Rights to Free Travel Grant	(1,112)	
• Step Up to Social Work Grant	(612)	
• Staying Put Grant	(806)	
• Personal Advisor support for Care Leavers	(232)	
• New Remand Framework Funding	(144)	
• Secure Welfare Co-Ordination Unit Grant	(404)	
• Supporting Families Programme	(2,829)	
• Unaccompanied Asylum Seeking Children	(16,039)	
• Holiday Activities and Food Programme Grant	(3,484)	

• Young Women and Girls' Fund	(42)	
• Sector-Led Improvement Programme Grant	(664)	
• PA Intensive Support Grant for Care Leavers	(137)	
• Leaving Care Allowance Grant	(256)	
• Sector Led Improvement Covid Recovery Fund	(106)	
• Virtual School Heads Grant	(162)	
• Supported Internships Grant	(60)	
• Bikeability Training	(611)	
• Social Worker Apprenticeship Programme	(160)	
Total Government Grants		(1,172,227)
Total Net Expenditure		327,895

Schools Budget 2024/25

79. The Government committed as part of the 2021 Autumn Budget and Spending Review that the core schools' budget will increase by £4.7 billion nationally by 2024/25 compared to the original plan for 2022/23. This included an increase of £1.5bn in 2023/24 and a further £1.5bn in 2024/25.
80. The DfE confirmed the details of the overall allocation for 2024/25 which included a 4.3% increase to the national High Needs budget and an increase of 1.9% to mainstream schools funding allocated through the national funding formula.
81. Further announcements were made by the government regarding additional funding to support the teachers pay award on 13th July 2023. Schools, early years and post-16 settings will receive an additional £525m in the 2023/24 financial year and £900m in the 2024/25 financial year.
82. A local funding formula is used to allocate funding to mainstream schools. This is based on the DfE's national funding formula, with a proportional adjustment applied to factor values to ensure the cost of the overall formula meets the available budget. The proportional adjustment reflects the difference between the DfE funded pupil characteristics and actual pupil characteristics used to allocate funding to schools. The difference in the coming year is primarily due to an increase in free school meal eligibility and increases to the number of pupils with English as an additional language.
83. The additional allocation for the High Needs Block will be used to fund additional places along with a 1.4% increase to the top-up funding values for early years SEN places, special schools, mainstream schools, education centres and resourced provisions to support with inflationary pressures. Funding will also be used to support a range of support and service

improvement activities delivered through the Transforming SEND Hampshire programme. All remaining increases to the High Needs Block will be set against current and anticipated pressures.

84. The final impact of additional funding announced in the 2021 Spending Review and the reforms to childcare announced in the 2023 Spring Budget have resulted in changes to funding rates to early years providers in 2024/25. Following the DfE announced changes to early years entitlements, a local consultation with providers will be undertaken in the spring term along with working through the cost implications to central services which will allow the local funding formula to be amended and allow provider rates to be confirmed by 31 March.

Section K: Climate Change Impact

85. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
86. This report deals with the revenue budget preparation for 2024/25 for the Children's Services Directorate. Climate change impact assessments for individual services and projects will be undertaken as part of the approval to spend process. There are no further climate change impacts as part of this report which is concerned with revenue budget preparation for 2024/25 for the Children's Services Directorate.

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:					
<p><u>Title</u> Savings Programme to 2025 – Revenue Savings Proposals (Executive Member for Children’s Services) Decision Report - Savings Programme to 2025 Revenue Savings Proposals.pdf (hants.gov.uk) Medium Term Financial Strategy Update and Savings Programme to 2025 Savings Proposals https://democracy.hants.gov.uk/mgAi.aspx?ID=63758#mgDocuments Budget Setting and Provisional Cash Limits 2024/25(Public Pack)Agenda Document for Cabinet, 12/12/2023 14:00 (hants.gov.uk)</p>	<p><u>Date</u> 22 September 2023 Cabinet – 10 October 2023 / County Council – 9 November 2023 Cabinet – 12 December 2023</p>				
Direct links to specific legislation or Government Directives					
<u>Title</u>	<u>Date</u>				
<p>Section 100 D - Local Government Act 1972 - background documents</p> <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> <table> <tr> <td><u>Document</u></td><td><u>Location</u></td></tr> <tr> <td>None</td><td></td></tr> </table>		<u>Document</u>	<u>Location</u>	None	
<u>Document</u>	<u>Location</u>				
None					

EQUALITIES IMPACT ASSESSMENT:

87. 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.

88. Equalities Impact Assessment:

The budget setting process for 2024/25 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and services changes which are part of the Savings Programme to 2025 Programme were considered in detail as part of the approval process undertaken in September, October and November 2023 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 3 to 7 of the October Cabinet report linked below:

<https://democracy.hants.gov.uk/mgAi.aspx?ID=62985#mgDocuments>

For proposals where a Stage 2 consultation is required, the EIAs are preliminary and will be updated and developed following this further consultation when the impact of the proposals can be better understood. The results of these consultations and any changes to equality impacts will be reported to the relevant Executive Member as the savings proposals are further developed and implemented.

Budget Summary 2023/24 – Children's Services

Service Activity	Original Adjusted Budget 2023/24 £'000	Revised Budget 2023/24 £'000
Early Years	90,035	88,803
Schools Block		
Schools Budget Shares	679,252	666,873
Schools De delegated	2,310	2,289
Central Provision funded by Maintained Schools	5,191	5,110
Growth Fund	4,845	4,845
	691,598	679,117
High Needs		
High Needs Block Budget Shares	43,203	43,046
Central Provision funded by Maintained Schools	126	126
High Needs Top-Up Funding	128,124	127,873
SEN Support Services	7,903	8,570
High Needs Support for Inclusion	3,315	3,315
Hospital Education Service	1,710	1,710
	184,381	184,640
Central School Services	7,967	7,967
Other Schools Grants	101,695	92,270
Schools	1,075,676	1,052,797

Social Care

Residential & Supported Accommodation	73,024	73,323
Fostering & Adoption	52,473	50,978
Leaving care	8,727	9,160
Special Guardianship Support	7,312	8,248
Asylum Seekers	14,198	14,957
Children Looked After	155,734	156,666
Safeguarding Children & Early Help	48,302	51,211
Targeted and Universal Services for Families	21,205	21,503
Children with Disabilities	6,738	6,738
Management & Business Support Services	10,278	13,969
Social Care Total	242,257	250,087

Education, Learning & Business Support

School Transport	39,941	50,650
Inclusion	6,508	11,760
Participation & Lifelong Learning	2,034	2,270
Standards & Improvement	99	99
Early Years Education & Childcare	1,505	1,525
Library Service	10,482	10,704
Management & Business Support Services	6,798	8,660
Education, Learning & Business Support Total	67,367	85,668

Net Contribution Cost of Change	0	(5,556)
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Partnerships	3,421	5,229
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Non-Schools	313,045	335,428
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Children's Services	1,388,721	1,388,225
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Children's Services Trading Units	(289)	(342)
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Children's Services Total	1,388,432	1,387,883
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Budget Summary 2024/25 – Children's Services

Service Activity	Original Adjusted Budget 2023/24 £'000	Proposed Budget 2024/25 £'000
Early Years	90,035	147,969
Schools Block		
Schools Budget Shares	679,252	697,347
Schools De delegated	2,310	2,539
Central Provision funded by Maintained Schools	5,191	6,352
Growth Fund	4,845	3,590
	691,598	709,828
High Needs		
High Needs Block Budget Shares	43,203	43,636
Central Provision funded by Maintained Schools	126	158
High Needs Top-Up Funding	128,124	136,919
SEN Support Services	7,903	7,801
High Needs Support for Inclusion	3,315	3,607
Hospital Education Service	1,710	1,699
	184,381	193,820
Central School Services	7,967	7,959
Other Schools Grants	101,695	84,746
Schools	1,075,676	1,144,322

Social Care

Residential & Supported Accommodation	73,024	87,591
Fostering & Adoption	52,473	56,947
Leaving care	8,727	9,851
Special Guardianship Support	7,312	8,495
Asylum Seekers	14,198	14,957
Children Looked After	155,734	177,841
Safeguarding Children & Early Help	48,302	50,545
Targeted and Universal Services for Families	21,205	7,432
Children with Disabilities	6,738	7,071
Management & Business Support Services	10,278	10,126
Social Care Total	242,257	253,015

Education, Learning & Business Support

School Transport	39,941	65,205
Inclusion	6,508	10,512
Participation & Lifelong Learning	2,034	2,225
Standards & Improvement	99	100
Early Years Education & Childcare	1,505	1,500
Library Service	10,482	10,537
Management & Business Support Services	6,798	7,851
Education, Learning & Business Support Total	67,367	97,930

Partnerships	3,421	4,625
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Non-Schools	313,045	355,570
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Children's Services	1,388,721	1,499,892
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Children's Services Trading Units	(289)	230
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Children's Services Total	1,388,432	1,500,122
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