
Executive Member for Children & Young People's Services and Advisory Panel **19 January 2009**

Joint report of the Director of Learning, Culture and Children's Services and the Director of Resources

REVENUE & CAPITAL BUDGET ESTIMATES - 2009/10

Purpose of Report

- 1 This report presents the 2009/10 budget proposals for Children & Young People's Services. It includes:
 - The revenue budget for 2008/09 (Annex 1) to show the original budgets.
 - The base budget for 2009/10 including the 2008/09 budget rolled forward and adjusted.
 - The provisional allocation of pay and price increases for the portfolio.
 - Budget service pressure costs and savings proposals for the portfolio area (Annexes 2 and 3).
 - Fees and Charges proposals (Annex 4).
 - Other revenue budget options for consultation (Annex 5).
 - The existing approved capital programme (Annex 6).
 - Proposals for new capital schemes (Annex 7).
 - Residential Homes, Foster Carers, Sharing Care, Adoption and Residence Order Weekly Allowances (Annex 8).

- 2 Budget Council will be held on 26 February 2009 and will make decisions on the overall budget for the council. If approved, the proposals for savings/growth currently being considered by the individual EMAP meetings should result in a balanced budget, but the Executive Members may also wish to consider other options. Further options relating to this portfolio are shown in Annex 5. In order to facilitate the decision making process the Executive are meeting on 16 February 2009 to consider the preferences identified by the individual portfolio Executive Members and the results of the consultation exercise.

- 3 The Executive Member is therefore asked to consider the budget proposals included in this report and identify their preferences, including the proposals in Annexes 2, 3 and 7 which will be considered by the Executive as part of the intended budget. In particular Member advice is sought on the items listed for consultation in Annex 5, which at present do not form part of the intended budget. Members of EMAP are invited to provide comments on the budget proposals in this report.

Background

- 4 The Council's Financial Strategy was adopted by the Executive on 23 September 2008. This paper is the result of ongoing work against this agreed framework.

Local Government Finance Settlement

- 5 The provisional Local Government Finance settlement for 2008/09 was issued on 6 December 2007 and also included indicative figures for 2009/10 and 2010/11 that enabled the Council to consider future budget issues. The provisional settlement for 2009/10 gives an increase in formula grant of £1.159m (+2.74%).

Schools Funding Settlement

- 6 For schools funding through the Dedicated Schools Grant (DSG), 2009/10 is the second year of a DCSF three-year budget period. For 2009/10 therefore the DSG allocation for York will be based on the December 2007 announcement, updated for changes in pupil numbers.
- 7 The DSG is ring-fenced for funding the provision of education for pupils in schools (maintained, PRUs, PVI nurseries or externally purchased places). As such it covers funding delegated to individual council maintained schools through the LMS Funding Formula and funding for other pupil provision which is retained centrally by the council (e.g. SEN, Early Years, PRUs etc.). It is distributed according to a formula that guarantees a minimum per pupil increase for each authority (2.9% in 2009/10). Additional funding is then allocated based on Ministers' priorities. For 2009/10 personalised learning has been identified as a priority.
- 8 The council itself cannot use the DSG for any purpose other than schools block funding, although with the permission of the Schools Forum limited contributions can be made to the following areas:
 - Combined budgets supporting Every Child Matters objectives where there is a clear educational benefit.
 - Prudential borrowing, where overall net savings to the Schools Budget can be demonstrated.
 - Some SEN transport costs, again only when there is a net Schools Budget saving.
- 9 There are also strict limits (Central Expenditure Limits [CEL]) on the amount of the DSG that the council can retain to fund pupil costs outside mainstream schools e.g. SEN, Out of City Placements, Early Years, PRUs, Behavioural Support etc.
- 10 The headline figures from the DSG settlement show that for 2009/10 York's increase in DSG is estimated at £3.108m (+3.61%) giving a sum of £3,939 per pupil (+3.63%). For 2009/10 this includes additional funding (above the minimum 2.9% per pupil) of £879k that has been allocated to York for Personalised Learning at KS3 and in primary schools.
- 11 Despite these increases though, York's actual funding level is still at the lower end nationally, 23rd lowest (out of 149 LAs) by the end of the 3-year period. This means that if York received the national average funding in 2009/10 there would be an extra

£279 for every pupil or £6.306m in total. This would be enough to give an extra £278k to every secondary school and £59k extra to every primary school. This is also the equivalent of an additional 168 teachers or 306 additional classroom assistants.

Budget Proposals for Children & Young People's Services

- 12 A summary of the budget proposals is shown in table 1 below. Further details on individual elements are presented in the subsequent paragraphs. The annexes also contain other potential savings items, which at this stage are not being recommended to Members.

Table 1: Proposed Children & Young People's Services Budget 2009/10	Para Ref	Schools Budget (DSG) £000	General Fund £000	Children's Services Total £000
2008/09 Original Budget (see Annex 1)		86,389	29,179	115,568
2008/09 In Year Recurring Amendments:				
IT Support Transfer From HASS			+ 20	+20
Corporate Inflation (Electricity & Gas)			+ 8	+ 8
NNDR Adjustments			+ 1	+ 1
Stress Counselling Corporate Allocation			+ 1	+ 1
One-Off Growth in 2008/09 Budget:				
Fostering Costs			- 100	- 100
Home to School Transport			- 100	- 100
ICT Support Staff Increase			- 57	- 57
SACRE - 5 Year Curriculum Review			- 5	- 5
Full Year Effect of 2008/09 Growth:				
Personalised Learning in Schools		+ 879		+ 879
Behaviour Support Service		+ 50		+ 50
2009/10 Base Budget	13	87,318	28,947	116,265
Schools Minimum Funding Requirement	14-16	+ 1,662		+ 1,662
Provision for Pay Increases (not schools)	17	+ 108	+ 489	+ 597
Provision for Price Increases (not schools)	18	+ 175	- 14	+ 161
Fees & Charges Increases	19-20		- 80	- 80
Service Pressure Proposals (Annex 2)	21-23	+ 160	+ 210	+ 370
Savings Proposals (Annex 3)	24-25	- 451	- 929	- 1,380
2009/10 Total Proposed Budget		88,972	28,623	117,595
Funding Available within the DSG	26	88,943		
DSG Budget Gap	27	29		

2009/10 Base Budget (£116,265k)

- 13 This represents the latest 2008/09 budget approved by and reported to Members, updated for the full year effect of decisions taken in the 2008/09 budget and amendments during 2008/09, e.g. supplementary estimates.

Schools Minimum Funding Requirement (+£1,662k)

- 14 The DCSF have confirmed that the Minimum Funding Guarantee (MFG) will continue to deliver a minimum per pupil increase for all schools. They have estimated average school level pay and price inflation over the 2008-11 period at 3.1% per year. The DCSF have then assumed that each school can make an efficiency gain of 1% each year, reflecting the substantial improvement in efficiency they expect to be achieved across the schools sector and the public sector as a whole. The result is an MFG for all schools set at 2.1% for each year. This is significantly lower than the 3.7% guarantee in 2007/08. The estimated amount required to deliver the MFG for all York schools is £1,662k in 2009/10.
- 15 The minimum guarantee applies to the funding provided by the council to schools via the LMS Funding Formula. The actual way the guarantee is calculated for an individual school varies depending on the type of school (primary, secondary or special) and the size of the school (separate arrangements apply to schools with fewer than 75 pupils).
- 16 Central Expenditure Limit regulations determine the minimum total size of the Individual Schools Budget¹ (ISB). For 2009/10 an additional £879k will need to be allocated to schools over and above the £1,662k required to deliver the MFG in order to meet the CEL limit. In setting the 3-year Schools Budget strategy in 2008/09 it has already been agreed to target this additional sum at Personalised Learning in schools and the LMS Funding Formula for 2009/10 reflects this.

Provisional Pay Increases (excluding schools) (+£597k)

- 17 These calculations are based on a pay increase for APT&C staff of 2.25% (from 1 April 2009) and Teaching staff of 2.3% (from 1 September 2009) at a cost of £547k. The teaching staff increase has already been agreed but negotiations for the 2009/10 APT&C settlement have not yet started, although there is pressure from the Treasury that increases are kept under 2%. In addition, within the centrally retained Schools Budget (DSG), growth of £50k is included for the net costs of staff increments after allowing for new starters at the lower point of the grade.

Provisional Price Inflation (excluding schools) (+£161k)

- 18 The budget proposes a 2.5% increase on both controllable expenditure and income budgets and it will be left to directorates to manage within this net figure. The proposed budget specifically includes an allowance for a 2.3% increase in Nursery Education Funding that was agreed last year as part of the 3-year strategy and is funded from the DSG. Increases in Foster & Adoption allowances of between 2.5% and 3.1% are also proposed (see paragraphs 31-42 for more details).

¹ The ISB is the total amount of funding available to distribute to schools through the LMS Funding Formula

Fees & Charges and Traded Services (-£80k)

- 19 In line with the net inflation provision referred to above, Fees & Charges are increasing by at least 2.5% except where there are nationally set charges. These are then rounded up or down as appropriate to create sensible figures. The majority of internal services that trade with schools are increasing their charges by 5%. Where increases in charges (external or school traded services) are proposed in excess of 2.5% the additional income is either reflected in the savings totals offered or being used to address existing budget shortfalls.
- 20 A schedule of proposed Youth Service fees and charges is shown at Annex 4. For Adult Education and the Music & Performing Arts Service, charges are set for each academic year. The budgets for 2009/10 have been set based on a 2.5% increase plus any specific savings targets set out in Annex 3. Further details will be presented to EMAP prior to September 2009.

Service Pressure Proposals (+£370k)

- 21 A range of options for service pressure proposals has been considered and in view of the overall available resources it is proposed that only those proposals shown in Annexes 2a and 2b are included as the preferred options for Children & Young People's Services. The proposals put forward are the result of a rigorous assessment process, which included looking at the risk to customers, schools and staff, legislative requirements, proven customer demand and the Council's corporate objectives.
- 22 Members should note that even if all of the items identified at Annex 2a are funded the directorate will still need to manage some significant expenditure pressures in 2009/10, in particular:
- The size of the Looked After Children (LAC) population in the city continues to rise and put pressure on existing resources. This creates financial pressures on fostering (particularly through the greater use of independent fostering agency placements), out of city placements and other associated budgets such as legal fees, section 34 contact costs and guardianship orders.
 - Music service income, where pupil numbers have fallen significantly and the impact of the current financial climate appears to be being felt.
 - Resourcing the significant additional workload involved in handling the transfer of post 16 pupil funding from the LSC to the council.
 - Resourcing the potentially significant project management and associated revenue costs of a successful bid for Building Schools for the Future (BSF) capital funding.
 - Sourcing replacement funding for a number of grant streams that are ceasing and that currently support activities and staffing within the Young People's Service.
 - Funding the increased costs associated with the new requirements to register all staff working with children with the Independent Safeguarding Authority (ISA).
- 23 A number of these are occurring in 2008/09 and have been reported to EMAP during this year, with requests for contingency funding in 2008/09 currently pending

consideration by the Executive. Members will be kept up to date on these issues during 2009/10 through the regular budget monitoring reporting processes.

Savings Proposals (-£1,380k)

- 24 Members will be aware that the 2008/09 budget savings were significant and that all directorates are operating within a tight financial environment. In seeking to achieve savings for the 2009/10 budget, directorates have examined budgets with a view to identifying savings that have a minimum impact on the services provided to the public, schools, customers and the wider Council. They have therefore concentrated on initiatives that:
- reflect directorate priorities and plans;
 - improve quality and efficiency;
 - take advantage of ongoing service and/or Best Value reviews;
 - generate income;
 - address budgetary underspends;
 - improve cash flow and interest earnings;
 - generate savings from the technical and financial administration functions of the Council.
- 25 Annex 3a and 3b show the full list of savings proposals for Children & Young People's Services.

Funding Available within the DSG (£88,943k)

- 26 The funding available includes an initial estimate of the 2009/10 DSG allocation of £89,243k less an estimated deficit carry forward from 2008/09 of £300k (based on the 2nd budget monitor for 2008/09 reported to EMAP in December). This estimate will be updated once the provisional results of the annual schools and early years census are known later this month.

Balancing the Schools Budget & DSG

- 27 Table 1 at paragraph 12 shows that there is still a budget gap within the Schools Budget of £29k at the time of writing this report. Further work will be undertaken in conjunction with the Schools Forum at its meeting on 30 January to identify options for bridging this gap. At its budget meeting on 26 February the Executive will be updated on the outcome of the discussions with and decisions/comments of the Schools Forum.

Capital Programme

- 28 The Council's existing capital programme at portfolio level as approved at the time of the 2nd 2008/09 monitor is shown at Annex 6.
- 29 The existing programme for Children & Young People's Services is shown at Annex 7, with schemes currently approved up to 2013/14. The Council's own resources to fund new capital schemes are limited. Against this background Officers have prepared a list of possible capital schemes to be considered for each portfolio. No

new schemes funded from council resources are proposed for Children & Young People's Services.

- 30 The Children & Young People's Services Capital Programme is largely funded via resources made available by the DCSF for strategic programmes of investment in school buildings. As these schemes are funded by grant or supported borrowing there is no direct impact on the Council's capital resources from their inclusion in the capital programme. The programme already includes schemes funded through these allocations up to 2010/11, the last year of currently available information. There are therefore no additions to the programme to be considered in this budget.

Standard charges for the use of Residential Homes and Foster Carers, Sharing Care, Adoption and Residence Order Weekly Allowances

- 31 Annex 8 sets out the proposed level of charges to other local authorities for the use of services within the Children and Families portfolio for residential care homes. The annex also lists proposed foster care, sharing care, adoption, residence order and special guardianship weekly allowances for 2009/10.

Standard Weekly Charges For Residential Care Homes (Annex 8a)

- 32 A source of income for Children & Families is derived from charges to other local authorities for purchasing services e.g. North Yorkshire Social Services Department who purchase residential and day care places for individuals who continue to be their responsibility. Many of this group of people are either resident in, or regular users of, residential and non-residential services.
- 33 There is a requirement for the directorate to set these standard charges both to charge other authorities and to set the maximum charge payable by residents.

Minimum Payment For Foster Carers (Annex 8b)

- 34 A basic allowance is paid for each child/young person in a placement. Payments are calculated on a weekly basis according to the age of the child. The Government sets statutory minimum weekly allowances for foster carers. The weekly allowances set out at Annex 8b have all been increased by 2.5% or higher if necessary to match the national minimum levels. In practice this has led to rises of between 2.5% and 3.1%.
- 35 Foster carers are also paid a weekly carer's skill premium. These premiums are calculated with reference to an appraisal of the carer's skill level. It is proposed to increase these premiums by 2.5%.
- 36 The Placement Strategy for Looked After Children established a specialist scheme that enhances the recruitment and retention of foster carers, who look after young people with exceptional needs in relation to their emotional and behavioural difficulties or severe disability. Foster carers are specifically selected for the new scheme to be matched with specific young people. It is also proposed that the weekly carer fee for the care of the young people on this scheme be increased by 2.5%. This is incorporated into the shaded area at the foot of the lower table in Annex 8b.

Additional Foster Carers Weekly Allowances (Annex 8c)

- 37 In addition to the allowances detailed above further allowances are paid to foster carers. A further weeks allowance is payable for birthdays and Christmas, and a further three weeks allowance will be payable for holidays taken during the year. Additional allowances are shown in Annex 8c. Again it is proposed that the allowances are uplifted by 2.5%.

Weekly Adoption Allowances and Residence Order Allowances (Annex 8d)

- 38 A weekly allowance is not paid in all cases of adoption, only in certain financial circumstances, or when a disabled child is adopted or possibly to encourage the adopter to take a sibling of a child already adopted. To determine whether an allowance should be paid to an adopter a financial assessment is carried out, using the DCSF suggested assessment model.
- 39 A small number of children in our care are subject to residence orders that replaced custodianship in 1991. A residency order means that the birth parents retain parental responsibility but the carer gains parental rights. As with adoption, a financial assessment of the carer is undertaken to determine whether an allowance should be given.

Sharing Care & Sitting Service Allowances (Annex 8e)

- 40 Sharing care is provided for disabled children who attend a temporary carer on either a day care or overnight basis, in order to give the parent or regular carer a break. The sitting service provides for temporary carers to look after children in their own homes. It is proposed to increase sharing care and sitting service allowances by 2.5%. Annex 8e shows the revised allowances for 2009/10.

Special Guardianship Allowances (Annex 8f)

- 39 41 A Special Guardianship Order allows carers to gain parental responsibility and enables them to override the parental responsibility of others (such as the child's birth parent) in day-to-day matters. Under legislation, Special Guardians must be offered support services, including financial support, if requested, subject to the same financial assessment as adopters. The allowances for Special Guardians are set at the same rate as the Foster Care weekly allowances, however, an amount equivalent to the Child Benefit entitlement will be deducted from the allowance before it is paid. Annex 8f shows the revised allowances for 2009/10.

Rounding

- 42 The figures shown for all weekly allowances contained in Annex 8 have been rounded to the nearest figure in whole pence that can be divided exactly by 7. This is done so that the weekly allowances can easily be converted into daily amounts when processing payments.

Consultation

- 43 This paper forms part of the Council's budget consultation. The other streams being undertaken include a recently held public meeting where participants sat at tables

and tried to produce a balanced budget after considering growth and saving priorities, a leaflet circulated city wide with a fold-out return part and a web-based process.

- 44 In relation to the specific proposals within this report that affect schools, there have been regular reports to the Schools Forum and updates for headteachers as budget issues have developed. In addition the Schools Forum will meet on 30 January for a detailed consideration of the Schools Budget.

Options

- 45 As part of the consultation process Members of EMAP are asked for their comments or alternative suggestions on the proposals shown in Annexes 2, 3, 5 and 7.

Analysis

- 46 All the analysis is provided in the body of the report and the annexes.

Corporate Priorities

- 47 The budget represents the opportunity to reprioritise resources towards corporate priority areas. In formulating savings and growth proposals the directorate has paid particular attention to the impact that each proposal will have on the delivery of corporate priorities.

Implications

- 48 The implications are:
- Financial - The financial implications are dealt with in the body of the report.
 - Human Resources - Implications are identified against each of the individual savings and service pressure proposals listed in annexes 2 and 3 where appropriate. In summary though, the savings proposed in Annex 3 equate to the loss of 5.8 fte posts, although some of these are part time posts and a number are currently vacant. In addition some proposals may lead to reduced hours or changes to patterns of work. The service pressure proposals at Annex 2 include 0.5 fte of additional posts. Where requested HR has been involved in the development of the budget proposals and has worked with local managers to identify the HR implications of the proposals. HR implications will be managed in accordance with established council change management procedures.
 - Equalities - there are no equality implications to this report.
 - Legal - The standard weekly charges for residential care homes as shown in Annex 8a must be amended in line with the National Assistance Act 1948. The Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Information Service book shows that "residents in accommodation managed by the local authority are expected to pay at the maximum, the 'standard' charge fixed by the local authority (section 22(2) of the 1948 Act), or where the resident satisfies the authority that he/she is unable to pay the standard fixed rate, a lower rate based upon the resident's ability to pay." The relevant items of legislation regarding the allowances paid to carers as shown in Annexes 8b to 8e are The

Foster Placement (Children) Regulations 1991 and The Adoption Support Services Regulations 2005.”

- Crime and Disorder - there are no specific crime and disorder implications to this report.
- Information Technology - there are no information technology implications to this report.
- Property - there are no property implications to this report.

Risk Management

- 49 Key reporting mechanisms to Members on budget matters will continue to be through mid-year monitoring reports and the final Revenue Outturn report for the year. The format/timing of these reports has recently been considered by the Council's Management Team but as a minimum they will report on forecast out-turn compared to budgets and will also address the progress made on investments and savings included within the budgets.
- 50 The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. This year has demonstrated the difficulty of achieving this. As with any budget the key to mitigating risk is prompt monitoring and appropriate management control. As such updated figures and revised corrective actions will be monitored via Directorate Management Teams, Corporate Management Team and the monitor reports during the year.

Recommendations

- 51 The Executive Member Advisory Panel is invited to consider whether the budget proposals are in line with the Council's priorities.
- 52 The Executive Member Advisory Panel is invited to provide comments on the budget proposals for savings and growth which have been prepared by Officers and contained in this report, which are intended to form part of the Council's budget to be considered by the Budget Executive on 26 February 2009.
- 53 The Executive Member Advisory Panel is invited to provide comments on the areas for consultation for the revenue budget contained in this report, which may form part of the Council's budget to be considered by the Budget Executive on 26 February 2009.
- 54 The Executive Member Advisory Panel is invited to provide comments on the capital proposals which have been prepared by Officers and contained in this report, which are intended to form part of the Council's budget to be considered by the Budget Executive on 26 February 2009.
- 55 The Executive Member is invited to consider whether the budget proposals are in line with the Council's priorities.

56 The Executive Member is asked to consider the budget proposals for consultation for Children & Young People's Services for 2009/10 contained in this report and listed below and provide comments to be submitted to the Budget Executive on 26 February 2009.

- 2009/10 Base Budget as set out in paragraphs 12 to 18
- Service Pressure Proposals as set out in Annex 2
- Savings Proposals as set out in Annex 3
- Fees and Charges as set out in Annex 4
- Other Revenue Budget Options for Consultation as set out in Annex 5
- Proposals for New Capital Schemes in Annex 7
- Residential Homes and Foster Carers, Sharing Care, Adoption and Residence Order Weekly Allowances as set out at Annex 8

Reason: As part of the consultation on the Children & Young People's Services budget for 2009/10.

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Wards Affected:		All	√
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Annex 1 - 2008/09 Original Budgets

Annex 2 - Service Pressure Proposals

Annex 3 - Savings Proposals

Annex 4 - Fees & Charges Schedules

Annex 5 - Other Revenue Budget Options For Consultation

Annex 6 - The Existing Approved Capital Programme

Annex 7 - Options For New Capital Schemes

Annex 8 - Residential Homes, Foster Carers, Sharing Care, Adoption and Residence Order Weekly Allowances

Background Papers

2009/10 Budget Files

Provisional Local Government Finance Settlement - December 2007

Dedicated Schools Grant Settlement 2008-11 – December 2007