



Haringey Council

Agenda item:

[No.]

Overview and Scrutiny Committee

5<sup>th</sup> January 2009

**Budget Scrutiny – Review of Pre Business Plan Review 2009/10 to 2011/12 – Children and Young People**

Report of the **Chief Financial Officer and Director of Corporate Resources**

Report authorised by : **Gerald Almeroth, Chief Financial Officer**

Contact Officer : Kevin Bartle, Head of Corporate Finance

020 8489 3743

kevin.bartle@haringey.gov.uk

Wards(s) affected: **ALL**

Report for: **Non key decision**

**1. Purpose of the report**

- 1.1. To update Members on the financial planning position and to consider the Pre Business Plan Reviews (PBPR) 2009/10 to 2011/12 in respect of the portfolio for Children and Young People.

**2. Recommendations**

- 2.1. To note the latest financial planning position as set out in the report.
- 2.2. To consider and make recommendations to the Cabinet on the Pre-Business Plan Review documents, in particular the new savings and investment proposals. The recommendations of the Overview and Scrutiny Committee will be considered by the Cabinet in agreeing the Council's final budget for 2009/10 to 2011/12.

### **3. Reason for recommendation(s)**

3.1. This is part of the statutory budget making process.

### **4. Summary**

4.1. The report provides an update on the financial planning process and Pre-Business Planning documentation for scrutiny.

### **5. Background**

5.1. The Cabinet on 15 July 2008 considered a comprehensive report on financial strategy for the period 2009/10 to 2011/12 and agreed a business planning and budget-setting process. At that time an overall budget gap of £7.6m was reported over the full three year planning period. This assumes the achievement of pre-agreed savings proposals of £14.8m in the first two years. The previous planning assumption for council tax was an increase of 3.0% in each of the three years. The Local Government grant settlement figures for the first two years are known (1.75% and 1.5%) as part of the multi-year settlement.

5.2. A further report was considered by the Cabinet on 18 November 2008 to release the pre-business plan reviews for scrutiny and a number of national and local updates were considered. Attached at Appendix 1 is the budget trail as reported to Cabinet in November.

5.3. As part of the pre-business plan review process, targets were set for directorates to identify potential savings opportunities. The targets took account of the level of savings already identified in current financial plans and previous years. The savings proposals will be required to fund the budget gap identified above and any additional investments that are agreed as part of this budget setting process. The final budget proposals will depend on the level of formula grant received from government, which is expected to be in line with the stated three-year settlement.

### **6. Pre Business Plan Reviews**

6.1. Members will recall that the purpose of the Pre-Business Plan Review process is to :

- Ensure that the financial planning process is clearly linked with, and reflects, the full strategic agenda of the Council;
- Ensure that all budget options support the achievement of community strategy objectives;
- Ensure that proposals are considered in conjunction with the impact on service performance;
- Ensure that budget options enhance the achievement of value for money;
- Identify savings and investment opportunities both within and between business units;
- Support consultation activity with key stakeholders;

- Support the budget scrutiny process;
- Gather information to support a number of planning processes.

- 6.2. The reviews have been prepared in conjunction with relevant Cabinet Members and have been released for scrutiny.
- 6.3. Attached to this report at Appendices 2 and 3 are high level summaries of the savings and investments proposed analysed in Portfolios and Business Units respectively. Appendix 4s list relevant pre-agreed investments and Appendix 5s are extracts from the PBPRs summarising all new revenue investment and savings proposals and pre-agreed savings. The summaries show the proposals over the three year planning period to give Members a view of the overall scale of the proposals.
- 6.4. Members are asked to consider all revenue proposals in relation to 6.1 above.
- 6.5. The following sections of the report summarise the key service issues and objectives and highlight key revenue PBPR proposals over the planning period.

## **7. CHILDREN AND YOUNG PEOPLE**

### **Issues and Budget Proposals**

- 7.1 The CYP Service continues to face wide ranging issues across both capital and revenue aspects of its operation as it strives to meet its vision and objectives.
- 7.2 This report focuses on revenue and a report later on this agenda will deal with capital. This includes progress to implementation phase of the secondary schools Building Schools for the Future programme and the Primary School Capital Programme.
- 7.3 In the light of the recent inspection report on Children's Services within the Borough, the Council's immediate priority is to ensure that robust safeguarding arrangements are in place.
- 7.4 A number of actions are already in place and the incoming Director will amongst other things be reviewing the allocation of resources in the Children and Families Business Unit.
- 7.5 A decision has been taken therefore to remove the previously presented savings from the Children and Families Business Unit until the overall resource assessment has been completed. The other savings and investment proposals for the department are still going forward as planned.
- 7.6 A key area for priority investment is in the area of placements budgets for Looked After Children where budget pressures in 2008-09 are being seen and where, given

the inspection report findings, it is to be expected that further additional resources may be necessary. The original investment bid has been retained at this stage although further consideration of the likely pressures in this area is also likely to be a key part of the incoming Director's review.

- 7.7 A number of proposals for the use of the Dedicated Schools Grant (DSG) were considered by the Schools Forum as part of their budget strategy meeting on the 11 December 2008; these included the pre-opening costs associated with the new Heartlands High School; demographic and inflationary pressures in the provision of SEN placements; the creation of additional Autism places at Moselle School and the devolution of resources to schools as part of the Keys to Wellbeing project which is designed to reduce exclusion. The paper considered by the Schools Forum is attached as Appendix 6.
- 7.8 It should be noted that the Schools Forum largely supported the recommendations in the DSG budget report with the exception of the pre-opening costs associated with the new Heartlands High School. The Forum asked for officers to reconsider this bid with a view to making a significant reduction to it. The result of any reduction to be used to enhance 'headroom' in the delegated schools budgets.
- 7.9 More generally across the Children and Young People's Service they will continue to seek efficiencies through optimising grant resources, through the integration of services through the Children's Network proposals and by the outsourcing of transport services.

## **8. Head of Legal Services Comments**

- 8.1. The Council is under a statutory duty to set a balanced budget having regard to the report of its Chief Financial Officer as to the robustness of the estimates and the adequacy of proposed financial reserves. This must be preceded by robust and comprehensive financial planning.

## **9. Equalities & Community Cohesion Comments**

- 9.1. This is considered as part of the individual pre-business plan review documents.

## **10. Consultation**

- 10.1. This is part of the consultation of the business and financial planning process.

## **11. Use of appendices /Tables and photographs**

- Appendix 1 – Budget trail
- Appendix 2 – Portfolio summary
- Appendix 3 – Business Unit summary

Appendix 4 – Pre-agreed investments

Appendix 5 – Pre-agreed savings, new savings and investments

Appendix 6 – DSG paper to Schools Forum on 11<sup>th</sup> December 2008

## **12. Local Government (Access to Information) Act 1985**

12.1. The following background papers were used in the preparation of this report:

Report of the Chief Financial Officer and Director of Corporate Resources to the Cabinet on 15 July 2008 – Financial Planning 2009/10 to 2011/12;

Report of the Chief Financial Officer and Director of Corporate Resources to the Cabinet on 18 November 2008 – Financial Planning 2009/10 to 2011/12 (including the detailed PBPR documents).

<b>Gross Budget Trail</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>
<b>Budget brought forward</b>	<b>399,578</b>	<b>410,511</b>	<b>422,208</b>
<u>Changes and variations</u>			
Inflation	8,090	8,510	8,900
Changes agreed in previous years budget process	(1,402)	4,495	0
Changes and variations agreed 15 July 2008	0	0	1,000
<u>Investments</u>			
2007/08 process	0	40	0
2008/09 process	1,030	530	0
Proposed investment fund	1,500	1,500	0
	<u>2,530</u>	<u>2,070</u>	<u>0</u>
<u>Savings</u>			
2007/08 process	(3,847)	(2,745)	0
2008/09 process	(4,512)	(3,722)	0
	<u>(8,359)</u>	<u>(6,467)</u>	<u>0</u>
<u>Dedicated schools grant (DSG)</u>			
Passporting of DSG	5,603	6,538	6,047
Prior year adjustment for actual pupil numbers			
	<u>5,603</u>	<u>6,538</u>	<u>6,047</u>
<u>Balances</u>			
Contribution to / (from) balances 2007/08 process	5,725	(2,645)	
Contribution to / (from) balances 2008/09 process	246	696	
<b>Gross Council budget requirement</b>	<b>412,011</b>	<b>423,708</b>	<b>438,155</b>
Less dedicated schools grant (specific grant)	(166,220)	(172,758)	(178,805)
<b>Net Council budget requirement</b>	<b>245,791</b>	<b>250,950</b>	<b>259,350</b>
<b>Funding</b>			
Council tax (see below)	101,771	104,825	107,968
Government support - formula grant and NNDR	142,520	144,625	146,795
	<b>244,291</b>	<b>249,450</b>	<b>254,763</b>
<b>Resource shortfall/(excess)</b>	<b>1,500</b>	<b>1,500</b>	<b>4,587</b>
<b>Council tax</b>			
	<b>£</b>	<b>£</b>	<b>£</b>
Council tax (LBH)	1,196.51	1,232.41	1,269.38
Council tax base (after provision for non-recovery)	85,056	85,056	85,056
<b>Precept</b>	<b>101,770,355</b>	<b>104,823,865</b>	<b>107,968,385</b>
Rate of council tax increase (Haringey element)	3.0%	3.0%	3.0%
GLA rate of council tax increase	n/a	n/a	n/a
Combined council tax increase	n/a	n/a	n/a
£ per week increase (Haringey element)	£0.67	£0.69	£0.71

<b>Resource Shortfall Tracker</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>Total £'000</b>
<b>Position at end of 2008/09 process</b>	0	0	0	0
<u>Update for 2009/10 process</u>				
- inflation			8,900	8,900
- increase assumption in formula grant at 1.5%			(2,169)	(2,169)
- increase assumption in council tax at 3%			(3,144)	(3,144)
			<u>3,587</u>	<u>3,587</u>
<u>Changes and variations 15 July 2008</u>				
- pension fund employers contributions			1,000	1,000
	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>1,000</u>
Proposed investment fund	1,500	1,500	0	3,000
<b>Position as at 18 November 2008</b>	<b>1,500</b>	<b>1,500</b>	<b>4,587</b>	<b>7,587</b>
Net savings target	(1,500)	(1,500)	(4,587)	(7,587)
<b>Projected balanced position</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

London Borough of Haringey  
2009-10 PBPR Revenue Savings and Investments  
Portfolio Summary

Appendix 2

Portfolio	Councillor	Pre-Agreed		Total New Revenue Savings Proposals £'000	Total Savings Submitted £'000	Pre-Agreed		Total New Revenue Investment Bids £'000
		Submitted Savings 2009/10 - 2011/12 £'000				Revenue Investments £'000		
Leader	Cllr. Kober	456		205	661	300		424
Community Cohesion and Involvement	Cllr. Cooke	1,169		142	1,311	0		0
Enforcement and Safer Communities	Cllr. Canver	272		65	337	0		150
* Children and Young People	Cllr. Reith	1,060		932	1,992	160		1,240
Environment and Conservation	Cllr. Haley	2,979		581	3,560	(105)		574
Resources	Cllr. Adje	2,244		1,152	3,396	(55)		(100)
Housing Services	Cllr. Bevan	536		165	701	(100)		0
Leisure, Culture and Lifelong Learning	Cllr. Basu	746		636	1,382	0		265
Enterprise and Regeneration	Cllr. Amin	225		286	511	0		60
Adult Social Care and Wellbeing	Cllr. Harris	1,940		982	2,922	1,400		922
<b>Total Portfolio</b>		<b>11,627</b>		<b>5,146</b>	<b>16,773</b>	<b>1,600</b>		<b>3,535</b>

\* Portfolio to be discussed at the Overview & Scrutiny meeting on 5th January 2009

London Borough of Haringey  
Summary of Savings and Investments by Business Unit  
2009/10 - 2011/12

London Borough of Haringey - 2009/10 to 2011/12 PBPR Revenue Savings and Investments				
Business Unit	Pre-Agreed Submitted Savings	Total Proposed Savings Submitted	Pre-Agreed Investments	Total Proposed Revenue Investments
	£'000	£'000	£'000	£'000
<b>CORPORATE RESOURCES</b>				
CR01 Director of Corporate Resources	0	0	0	0
CR02 Benefit & Local Taxation	292	239	0	0
CR03 Corporate Finance (inc. IA)	217	70	0	0
CR04 Corporate Procurement	115	20	0	0
CR05 Property	702	460	(55)	0
CR06 Legal Services	353	95	0	300
CR07 Access & Customer Focus	1,070	325	0	(100)
<b>Total for Corporate Resources</b>	<b>2,749</b>	<b>1,209</b>	<b>(55)</b>	<b>200</b>
<b>PEOPLE &amp; ORGANISATIONAL DEVELOPMENT</b>				
PD01 Director of People & Organisational Development	0	0	0	0
PD02 Human Resources	228	68	0	0
PD03 Organisational Development & Learning	68	45	0	0
PD04 Local Democracy	65	17	0	0
<b>Total for People &amp; Organisational Development</b>	<b>361</b>	<b>130</b>	<b>0</b>	<b>0</b>
<b>ADULTS CULTURE &amp; COMMUNITY SERVICE</b>				
AC01 Director of Adults Culture & Community Service	0	0	0	0
AC02 Adult Social Care	1,762	365	1,400	922
AC03 Recreation Services	660	400	0	265
AC04 Adult Learning, Libraries & Culture	86	236	0	0
AC05 Strategic Services	178	617	0	0
<b>Total for Adults Culture &amp; Community Service</b>	<b>2,686</b>	<b>1,618</b>	<b>1,400</b>	<b>1,187</b>
<b>POLICY PERFORMANCE PARTNERSHIP &amp; COMMS.</b>				
PP01 Policy Performance & Partners	0	0	0	0
PP02 Community Safety	10	0	0	150
PP03 Partnerships	413	0	0	0
PP04 Performance & Policy	87	107	0	110
PP05 Communications	242	50	0	0
<b>Total for Policy Performance Partnership &amp; Comms.</b>	<b>752</b>	<b>157</b>	<b>0</b>	<b>260</b>

<b>London Borough of Haringey - 2009/10 to 2011/12 PBPR Revenue Savings and Investments</b>				
Business Unit	Pre-Agreed Savings Submitted £'000	Total Proposed Savings Submitted £'000	Pre-Agreed Investments £'000	Total Proposed Revenue Investments £'000
<b>CHILDREN &amp; YOUNG PEOPLE'S SERVICE</b>				
CY01 Director of Children & Young People's Service	117	62	0	0
CY02 Children & Families	21	608	160	1,240
CY03 School Standards & Inclusion	477	125	0	0
CY04 Business Support & Development	445	137	0	0
<b>Total for Children &amp; Young People's Service</b>	<b>1,060</b>	<b>932</b>	<b>160</b>	<b>1,240</b>
<b>URBAN ENVIRONMENT</b>				
UE01 Director of Urban Environment	0	0	0	0
UE02 Planning Policy & Development	141	120	0	0
UE03 Economic Regeneration	84	166	0	60
UE06 Housing Services	536	165	(100)	0
UE08 Frontline Services	3,241	646	(105)	574
<b>Total for Urban Environment</b>	<b>4,002</b>	<b>1,097</b>	<b>(205)</b>	<b>634</b>
<b>CHIEF EXECUTIVE</b>				
CE01 Chief Executive	17	3	300	14
CE02 Electoral Services	0	0	0	0
<b>Total for Chief Executive</b>	<b>17</b>	<b>3</b>	<b>300</b>	<b>14</b>
<b>SUB-TOTAL OF BUSINESS UNITS</b>	<b>11,627</b>	<b>5,146</b>	<b>1,600</b>	<b>3,535</b>

# Children and Young People

B PRE-AGREED INVESTMENTS		As Agreed by Council			Revised (if required)		Total	Variance (Agreed - Revised)
		2009/10 over 2008/09 £'000	2010/11 over 2009/10 £'000	Total £'000	2009/10 over 2009/10 £'000	2011/12 over 2010/11 £'000		
Directorate	Business Unit	Item	Area / Service	Planned Impact	Progress			
Children & Young People Families	CY02 Children & Families	B-1	Increase investment in direct payments	APA indicator, Haringey were judged to have a low level of DP in the JAR. By supporting families DP reduces the need for residential placements of children. Budget constraints have hindered progress of the year.	Good progress is being made in this area the number of DP has increased and is projected to continue to do so by the end of the year.	80	80	160
						80	80	160
						0	0	0

**Children and Young People**

<b>C PRE-AGREED SAVINGS</b>													
Directorate	Business Unit	Details of Efficiency	As Agreed by Council			Revised (if required)			Total £'000	Variance 2009/10 over 2008/09 £'000	Variance 2010/11 over 2009/10 £'000	Variance 2011/12 over 2010/11 £'000	Cumulative Variance (Agreed - Revised)
			2009/10 over 2008/09 £'000	2010/11 over 2009/10 £'000	Total £'000	2009/10 over 2008/09 £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000					
Children & Young People's Service	CY01 Children's Networks	Play Service	62	62	62	29	33	0	29	(29)	0	0	
Children & Young People's Service	CY01 Children's Networks	Review of staffing levels in the policy & performance team	55	55	55	55	0	0	0	0	0	0	
Children & Young People's Service	CY01 Children's Networks	Some initial cost of setting up children's networks relate to high levels of statutory training, awareness raising, & external evaluation of newly integrated services. The need for this reduces as practice becomes embedded	29	45	74	0	0	0	(29)	(45)	0	(74)	
Children & Young People's Service	CY02 Children & Families	Relocation of staff from Pulford Rd and sale of building to release capital.	21	21	21	21	21	0	0	0	0	0	
Children & Young People's Service	CY03 Schools Standards and Inclusion	Professional Development Centre (PDC) training income target to be increased	20	20	20	20	20	0	0	0	0	0	
Children & Young People's Service	CY03 Schools Standards and Inclusion	Voluntary grants to playgroups reviewed and to be funded via General Sure Start Grant	100	100	100	100	100	0	0	0	0	0	
Children & Young People's Service	CY03 Schools Standards and Inclusion	Integration of services as Children's Networks develop	216	141	357	216	141	0	0	0	0	0	
Children & Young People's Service	CY04 Business Support & Development	Premature Retirement Costs for Schools - no new commitments	10	10	20	10	10	0	0	0	0	0	
Children & Young People's Service	CY04 Business Support & Development	PRC Residual Further Education - (i.e. ex-College of North East London employees) historical year on year reduction	7	7	14	7	7	0	0	0	0	0	
Children & Young People's Service	CY04 Business Support & Development	Student Support Serv Mgt - Administration. Further reduction of SF staff (SO1) as front line services are nationalised.	60	110	170	17	70	83	(43)	(40)	83	0	
Children & Young People's Service	CY04 Business Support & Development	Outsourcing or efficiency saving within the Transport Service	150	150	150	150	0	0	0	0	0	0	
Children & Young People's Service	CY04 Business Support & Development	Redundancies / retirement on the grounds of efficiency	33	58	91	33	58	0	0	0	0	0	
		<b>Grand Total</b>	<b>923</b>	<b>1,211</b>	<b>2,134</b>	<b>880</b>	<b>955</b>	<b>83</b>	<b>(43)</b>	<b>(256)</b>	<b>83</b>	<b>(216)</b>	

**Children and Young People**

<b>D - NEW INVESTMENTS</b>										
Directorate	Business Unit	Proposed Use of Investment	Which Council priority does this support?	2009/10 over 2008/09 £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Total £'000	No. of Staff Affected	Posts Affected (FTE)	Impact on Service / Performance
Children & Young People's Service	CY02 Children & Families	Commissioning budget for Looked After Children - demand above original assumptions	Encouraging lifetime well-being	1,240	0	0	1,240	0	0	If agreed this growth will relieve the current budget pressures on the children's commissioning budget brought about by the number of children in care increasing rather than decreasing.
<b>Grand Total</b>				<b>1,240</b>	<b>0</b>	<b>0</b>	<b>1,240</b>	<b>0</b>	<b>0</b>	

## Children and Young People

E - NEW SAVINGS PROPOSALS											
Directorate	Business Unit	Proposed Efficiency Saving	2009/10 over 2008/09 £'000	2010/11 over 2009/10 £'000	2011/12 over 2010/11 £'000	Total £'000	No. of Staff Affected	Posts Affected (FTE)	Impact on Performance (Service Delivery)	Impact on other Services	Dependent on Capital Investment?
Children & Young People's Service	CY01 Children's Networks	Review of staffing levels and service efficiency within Change for Children	0	0	62	62			This reduces the resources available for change for children	Reduction in services which affect change for children, thus impacting on progress made	No
Children & Young People's Service	CY02 Children & Families	Charge 'short break' costs against Aiming High for disabled children grant		75		75			May impact on service delivery	Reduction of expansion in an area of shortage and government priority	No
Children & Young People's Service	CY02 Children & Families	Externalisation of passenger transport routes	217	6		223	17	17	At the time of writing, we anticipate achieving this from November 2008.	Potential impact on SEN, school swimming and one or two other services.	No
Children & Young People's Service	CY02 Children & Families	SEN Transport 'Savings' against DSG			300	300	0	0			No
Children & Young People's Service	CY02 Children & Families	Income generation opportunities at Red Gables		10		10			None		No
Children & Young People's Service	CY03 Schools Standards and Inclusion	Establishment of the multi-disciplinary teams is anticipated as providing additional capacity to support children and their families - thereby releasing some of the need for some specialist posts e.g. EWO's (Scales PO1)	0	50	0	50	1.25	1.25	None	None	No
Children & Young People's Service	CY03 Schools Standards and Inclusion	Grant funding to replace a core funded post in School Standards & Inclusion, therefore reducing the additionality of the grant and reducing services	0	75	0	75	1	1	This reduces the resources available for school improvement, and gives less flexibility for service delivery as grant requirements have to be met rather than service priorities. Puts improving standards in jeopardy.	Reduction in services which effect school improvement, and will impact on the progress made on school improvement.	No
Children & Young People's Service	CY04 Business Support & Development	Efficiencies in Personnel staffing; increased income generation within the Personnel and ICT Service and further efficiency gains in Publications print and promotional items budgets	86	5	0	91	0	1	Possible implications on service delivery with a staffing review. Some competitor pressure with increased service charges. Publications print savings achievable with online alternatives	No impact on other services	No
Children & Young People's Service	CY04 Business Support & Development	Property & Contracts: staff restructure.		31		31	0	1	Minimal since post is currently vacant and workload is covered by existing staff	No impact on other services	No
Children & Young People's Service	CY04 Business Support & Development	Increase in vacancy factor across Business Support & Development		15		15	0	0	Saving of £142k met by vacancy factor increase across the directorate with BSD contributing £15k. Medium risk in terms of service delivery due to part year vacant posts being held to achieve this target	No impact on other services	No
<b>Grand Total</b>			<b>522</b>	<b>682</b>	<b>362</b>	<b>1,566</b>	<b>25.05</b>	<b>27.05</b>			



**Haringey** Council

APPENDIX 6

**The Children and Young People's Service**

**Report to Haringey Schools Forum – 11<sup>th</sup> December 2008.**

**Report Title: Dedicated Schools Budget Strategy 2009-10.**

**Authors:**

**Neville Murton, Head of Finance for the Children's Service**

Telephone: 020 8489 3176      Email: [neville.murton@haringey.gov.uk](mailto:neville.murton@haringey.gov.uk)

**Steve Worth, School Funding & Policy Manager**

Telephone: 020 8489 3708      Email: [stephen.worth@haringey.gov.uk](mailto:stephen.worth@haringey.gov.uk)

**1. Executive Summary.**

This report considers the Dedicated Schools Budget (DSB) Strategy for 2009-10 including the proposed distribution of DSG in that year. It forms part of the Authority's formal consultation process with Schools.

**2. Recommendations:**

- a) That the estimated increase in DSG be noted together with the factors that might change it. (Paragraphs 9-14 )
- b) That the estimated cost of the MFG of £2.160m be noted (Paragraph 16)
- c) That the estimated effect of the formula changes (£0.2 -£0.4m be noted as a call against available headroom (Paragraph 17)
- d) That the additional requirement for pre-opening costs of £0.4m be agreed (Paragraph 19)
- e) That inflationary pressures in Central Expenditure of £0.5m be

agreed (Paragraph 20)

- f) That the increased cost of SEN Placements of £0.2m be agreed (Paragraph 21)
- g) That the transfer of resources to the ISB in recognition of new autism places at Moselle School (£0.3m) be agreed together with the associated transport costs (£0.1m) being a charge against DSG (Paragraph 22).
- h) That the Forum notes the proposed devolution of resources to schools as part of the Keys to Wellbeing project.
- i) The Forum makes recommendations on the above proposals to Cabinet.

## **Background**

1. The Dedicated Schools Grant (DSG) is a government grant that must be used fully in support of an authority's Dedicated Schools Budget (DSB).
2. The School Forum has a key advisory role in setting the strategy for the DSB. The Forum is reminded that, in 2008, a multi-year settlement for DSG was announced by the government covering the period 2008-11.
3. The first consideration is determining the size of the DSG, after which there are five main components relating to the distribution of the DSG:
  - 3.1. The Minimum Funding Guarantee (MFG).
  - 3.2. Effects of Formula Changes on the ISB
  - 3.3. Budget Pressures in 'Central Expenditure'.
  - 3.4. Headroom.
  - 3.5. Other Issues.
4. These items are considered further below following a review of the overall strategy set in 2008. A summary is set out at Appendix A.

## **Overall Strategy**

5. The School Forum agreed its strategy for 2008-09 and, subject to changes in pupil numbers, this strategy remains broadly unchanged for 2009-10 although the paragraph below describes the effect of changes to the behaviour support project.

6. In particular there is a continuation of the policy, agreed by the Forum and endorsed at Cabinet on 18 December 2007, of allocating any residual headroom towards AEN/ Deprivation factors within the Haringey Formula for Financing Schools.
7. In the previous budget strategy for 2009-10 it was assumed that resources in respect of the behaviour teams and the Pupil Support Centre (PSC) would be delegated to schools as part of the headroom and consequently through mechanisms allied to the AEN/ Deprivation formula proposals. For a number of reasons including the outcomes of the recent JAR report, the increasing number of children who are identified as having very complex mental health, social and other needs requiring targeted and specialist intervention, in the first instance it is proposed that resources will be devolved.
8. Schools will need to be made aware that previous budget exemplifications have included these resources as delegated and that, therefore, in order to undertake a like for like comparison delegated and devolved resources would need to be aggregated.

#### **Estimated DSG 2009-10**

9. In November 2007 the government announced the latest multi-year settlement information for the DSG covering the period 2008-11. This information set out a Guaranteed Unit of Funding together with an estimate of pupil numbers for each of the three years covered by the settlement to give indicative amounts of DSG.
10. The final cash amount of DSG is set by reference to the actual pupil numbers recorded at the January census immediately prior to the financial year in question i.e. for 2009-10 the January 2009 Pupil Level Annual School Census (PLASC) data.
11. Because of concerns over the accuracy of estimated numbers produced by the Department for Children's Schools and Families (DCSF), the authority has adopted a more prudent view of pupil numbers in budgeting for DSG and is therefore predicting no growth in numbers above 2008-09.
12. Final confirmation of the DSG is received in June, three months after the start of the financial year, to allow for a 'data cleansing' exercise. To the extent that the actual pupil numbers differ from that used to set the DSG there will be corresponding adjustments, generally to schools' individual budgets, with a provision within regulations to accommodate any residual variance in later years' allocations.
13. The final pupil numbers for 2008-09 were lower than predicted at 32,084 and, in continuing to adopt a conservative approach to the setting of the DSG; this lower number has been reflected in setting the 2009-10 DSB.

**Table 1. 2008/09 DSG and Predicted DSG for 2009/10.**

<b>Year</b>	<b>Per Pupil £</b>	<b>Increase over prev. year %</b>	<b>Pupil Numbers</b>	<b>DSG/ DSB £m</b>
2008-09 (Actual)	4,987	4.1	32,084	159.997
2009-10 (est.)	5,161	3.5	32,084	165.575

14. It should be noted that Haringey's per pupil increases for 2009-10 is below the London average of 3.8% and also below the England average increase of 3.7%.

### **The Minimum Funding Guarantee (MFG)**

15. Schools are guaranteed a minimum funding increase based upon the government's assessment of inflationary pressures, although for each of the years covered by the multi-year funding settlement a 1% efficiency was also assumed. The Minimum Funding Guarantee (MFG) has been set at 2.1% per pupil for 2009-10 and forms the first call against any increase in the DSG.

16. The estimated cost of the MFG, in respect of schools' delegated budgets (The ISB) has been determined at £2.960m. This cost can vary depending on a number of factors such as:

- 16.1. Changes in pupil numbers at individual schools;
- 16.2. The per pupil funding unit at individual schools determined in accordance with the Guarantee; and
- 16.3. Changes affecting the formula budget of individual schools e.g. formula changes.

### **Effects of Formula Changes on the ISB**

17. Schools are currently being consulted on a small number of changes to the Formula for Financing Schools. One of the proposals, changing the value of the Minimum Basic Allocation for 1 FE primary schools, is estimated to require additional resources of between £0.2 and £0.4m. This cost will form a further call on the remaining headroom although may, depending on the particular schools affected, also affect the cost of the MFG.

### **Budget Pressures in Central Expenditure**

18. There are a number of pressures in the Central Expenditure block that form a call against those resources available following the application of the Minimum Funding Guarantee. These are described further below.

19. The Forum received a report at its meeting held on 18 September 2008 from the Deputy Director School Standards and Inclusion in connection with the pre-opening costs associated with the new Heartlands High School. That report considered that a further £0.4m was necessary in 2009-10, together with additional sums in later years. The Forum at the time it considered the report was inquorate so was not able to vote on the specific proposals but agreed to consider this item as part of its budget strategy in the light of the overall resources available.
20. Inflationary pressures within central expenditure budgets have been recognised both in respect of general inflation pressures and specifically in respect of SEN placements. Estimated inflationary pressures amount to £0.5m.
21. The existing Special Needs budget is insufficient to meet the costs of out-borough day placements in independent and voluntary Special Schools. A bid of £0.2m has been made for increased resources in 2009-10 to address this shortfall.

#### **Other Issues**

22. It is proposed to transfer £0.3m to the ISB to enable increased autism provision to be created at Moselle school, allied to this proposal it is permissible, with the approval of the Schools Forum, to charge the corresponding transport costs for these pupils against central expenditure within the DSG; this recognises the efficiency of using in-house provision.
23. It is possible to charge the costs for increasing the availability of 3 & 4 year provision against the pathfinder grant where schools are currently being funded through the DSG for comparable services. This equates to the additional 2.5hours of provision for certain schools and would release in the order of £0.2m of DSG resources into the available headroom. Ultimately the pathfinder grant will be subsumed into the DSG.
24. As set out above it is proposed to proceed with proposals in respect of the 'Keys to Wellbeing' project which seeks to promote inclusive activities within schools and reduce exclusions. In 2009-10 it is proposed to devolve resources, which will therefore continue to count as Central Expenditure. In the past these resources have been included as part of headroom resources.
25. Whilst not an issue for 2009-10 the Authority wishes to draw the Forum's attention to the implications of creating Inclusive Learning Campuses (ILC) for Primary and Secondary provision. During 2009-10 a working group will be set up to consider the impact of this development and in particular the impact upon and need to consider Special Schools Placed Funding mechanisms.

26. A further final consideration before the strategy can be agreed is the calculation of the Central Expenditure Limit (CEL) which limits by regulation the increase in Central Expenditure to no more, in percentage terms, than the increase in the ISB (Schools' delegated budgets). This calculation cannot be done until the final DSG is known and, should a breach of the limit be indicated, the specific approval of the Forum will need to be sought.

**Recommendation.**

27. That the estimated increase in DSG be noted together with the factors that might change it. (Paragraphs 9-14 )
28. That the estimated cost of the MFG of £2.160m be noted (Paragraph 16 )
29. That the estimated effect of the formula changes (£0.2 -£0.4m be noted as a call against available headroom (Paragraph 17)
30. That the additional requirement for pre-opening costs of £0.4m be agreed (Paragraph 19)
31. That inflationary pressures in Central Expenditure of £0.5m be agreed (Paragraph 20)
32. That the increased cost of SEN Placements of £0.2m be agreed (Paragraph 21)
33. That the transfer of resources to the ISB in recognition of new autism places at Moselle School (£0.3m) be agreed together with the associated transport costs (£0.1m) being a charge against DSG (Paragraph 22).
34. That the Forum notes the proposed devolution of resources to schools as part of the Keys to Wellbeing project.

		2009/10		
Children's Service Budget Analysis	2009/10 Uplift	Dedicated Schools Grant		
		ISB	Non ISB	Total
	%	£	£	£
Pupil Numbers 32,084				
<b>Prior Year Reported DSG</b>		<b>141,955,013</b>	<b>18,661,883</b>	<b>160,616,896</b>
Adjustment for Final Pupil Numbers for 2008/09		(1,011,276)	391,380	(619,896)
<b>Prior Year Final DSG</b>		<b>140,943,737</b>	<b>19,053,263</b>	<b>159,997,000</b>
<b>Increase in DSG</b>				
Personalised Learning and other earmarked funding	0.6	950,000	31,000	981,000
Basic Uplift	2.9	4,049,227	547,389	4,596,615
<b>Indicative DSG for Year</b>	<b>3.5</b>	<b>145,942,964</b>	<b>19,631,652</b>	<b>165,574,615</b>
<b>Budget Changes for year</b>	<b>3.5</b>	<b>4,999,227</b>	<b>578,389</b>	<b>5,577,615</b>
Inflation and uplift to Minimum Funding Guarantee	2.1	2,959,818	400,119	3,359,937
Estimated Inflation above the level of the MFG			70,000	70,000
Increased resources for earmarked funding incl. personalised learning		950,000	31,000	981,000
<b>New Revenue Investments</b>				
New School Opening/Formula Costs		394,000		394,000
Increased numbers of Out Borough/ Independent Special Needs Placements.			150,000	150,000
Increased inflation attributable to Independent / Out borough placements			75,000	75,000
Transport costs attributable to Autism Places at Moselle School			116,000	116,000
<b>New Delegations</b>				
Autism Places at Moselle School		264,000	(264,000)	0
<b>Headroom</b>		<b>431,678</b>		<b>431,678</b>
<b>Additional DSG/Budget Requirement</b>		<b>4,999,496</b>	<b>578,119</b>	<b>5,577,615</b>
<b>Summary</b>				
DSG 2008-09		140,943,737	19,053,263	159,997,000
Increase in Resources		4,735,496	842,119	5,577,615
Transfer from Non ISB to ISB		264,000	(264,000)	0
<b>Indicative DSG 2008/09</b>		<b>145,943,233</b>	<b>19,631,382</b>	<b>165,574,615</b>
<b>Percentage Increase</b>		<b>3.5</b>	<b>3.0</b>	<b>3.5</b>