

Overview and Scrutiny Committee**On 30 November 2005**

Report title:	Budget scrutiny - Pre business plan review documents
Report of:	The Director of the Children's Service and the Director of Finance
Wards affected:	All
1. Purpose	
1.1	To update Members on the financial planning process and to consider the pre business plan reviews for the following business units: <ul style="list-style-type: none">• Children and Families• School Standards and Inclusion• Community and Resources• Delivery and Performance• Business Support and Development
2. Recommendations	
2.1	To note the latest financial planning position as set out in the report.
2.2	To consider the pre-business plan review documents, in particular the new savings and investment proposals, for the purposes of the budget process.
Report authorised by:	
	Sharon Shoesmith Director of the Children's Service
	Andrew Travers Director of Finance

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3. Executive summary		
3.1 The report provides an update on the financial planning process and pre-business planning documentation for scrutiny.		
4. Reasons for any change in policy or for new policy development		
4.1 None		
5. Access to information: Local Government (Access to Information) Act 1985		
5.1 The following background papers were used in the preparation of this report:		
<ul style="list-style-type: none"> • Report of the Director of Finance to the Executive 5 July 2005 – Financial planning 2006/7 to 2008/9 • Report of the Director of Finance to the Overview & Scrutiny Committee 25 July 2005 – Budget Scrutiny • Report of the Director of Finance to the Executive 1 November – Financial planning 2006/7 to 2008/9 (including the detailed PBPR documents) 		
For access to the background papers or any further information please contact Gerald Almeroth on 020 8489 3743.		

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6 Background

6.1 The Council has an agreed five-year financial strategy covering the period to 2008/09. The issues to be considered as that strategy is updated leading up to budget-setting for 2006/07 were set out in a paper to the Executive on 5 July 2005. For the most part, this confirmed the decisions already taken as part of the existing strategy. A further report was considered by the Executive on 1 November 2005 to release the pre-business plan reviews for scrutiny and a number of national and local updates were considered.

6.2 The overall position at 1 November 2005 is as follows:

	2006/07	2007/08	2008/09
	£m	£m	£m
Budget gap/(surplus) b/fwd	0	0	0
Inclusion of 2008/09 in financial planning – inflation, capital financing and estimated resources	0	0	2.25
Increase in waste disposal costs	0	0	0.50
Revenue implications of investment fund items in 2005/06	0.24	0.25	0
Increase in pension contributions	0	0	1.05
Position at 5 July 2005	0.24	0.25	3.80
Other changes and variations	0	0	0
Budget gap 1 November 2005	0.24	0.25	3.80
LBH council tax £	1,095	1,122	1,150
LBH increase %	2.5	2.5	2.5
GLA council tax £	274	295	317
GLA increase %	7.5	7.5	7.5
Total council tax £	1,369	1,416	1,467
Total increase %	3.5	3.5	3.5

6.3 The above position does not at this stage reflect any budget savings or investment proposals beyond those already agreed. The overall funding gap over the three-year planning period is £4.3m.

6.4 As part of the pre-business planning review process, targets were set for individual business units to identify potential savings opportunities. The targets took account of the level of savings already identified in current financial plans and previous years. These savings targets were aligned to the governments Gershon efficiency targets of 2.5% per annum. Ring-fenced funded services were excluded from this process. These savings

opportunities will be needed to fund any budget gap resulting from the level of Council Tax increase that is eventually agreed, 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 will be announced in early December.

7 Pre business plan reviews

7.1 Members will recall that the purpose of the pre-business 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 efficiency 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.

7.2 The process for the 2006/07 budget was improved in respect of two key areas:

- Value for money – the documents make specific reference to demonstrating value for money in services, which is a new key part of the CPA process;
- a new section to capture ‘non-cashable’ efficiency savings;
- a section to review the impact of previous years investment proposals.

7.3 The reviews have now been prepared in conjunction with Executive Members and are released for scrutiny.

7.4 To assist members in the scrutiny process we have attached to this report in appendix 1 extracts of the PBPRs by business unit in respect of new proposals:

- section 13 – new capital investment proposals;
- section 14 – new revenue investment proposals;
- section 15 – new cashable efficiency savings.

7.5 Members are asked to consider these proposals in relation to 7.1 above.

7.6 Appendix 2 provides an overview of the 2005/06 budget by business unit across the Council and shows the existing and new proposals to give members a view of the overall scale of the proposals.

7.7 The following section in the report summarises the key service issues and objectives by business unit over the planning period.

8 Children's Service Issues

8.1 Children and Families Service

Key Strategic Issues/Objectives

8.1.1 We will be continuing with our strategy to increase the numbers of Haringey foster carers, this will contribute to our performance as it will increase the numbers of looked after children living locally. This was an area of focus in our Annual Performance Assessment. This objective will also deliver the pre agreed efficiency savings of £50,000.

8.1.2 We will be seeking to further improve our performance in relation to the number of children placed for adoption. This is a performance indicator and contributes to the pre agreed savings to be delivered through the commissioning strategy.

8.1.3 We are planning to integrate services to children with disabilities and their families; this will result in improved service delivery and contribute to the pre agreed efficiency savings of £212,000.

8.1.4 The leaving care service will continue their successful strategies to reduce the proportion of young people over the age of 16 who are not in education training or employment.

8.1.5 We are working jointly with the YOS to reduce the offending of looked after children and improve performance in this area.

8.1.6 The placements commissioning strategy will be extended across the whole of the service and an integrated commissioning strategy developed.

8.1.7 The Children and Families service will be introducing phase two of Framework I, this forms part of the investment proposals prepared by Adult Social Services and submitted separately.

8.1.8 Children and Families will be reviewing our recruitment and retention strategy as part of our focus on the recruitment and retention of an appropriately qualified and permanent workforce, which will improve service delivery and contribute to the pre agreed efficiency savings.

Savings and Investments

8.1.9 Increase in the number of local in house fostering placements this objective will deliver the pre agreed efficiency savings of £50k

8.1.10 The improvement in adoption performance contributes to the pre agreed savings to be delivered via the commissioning strategy.

- 8.1.11 Integration of services to children with disabilities will contribute to the pre agreed savings to be achieved through the greater integration of services. - £212k.
- 8.1.12 Implementation of the commissioning strategy.
- 8.1.13 The implementation of 'Framework I' Phase 2 forms part of the investment proposals prepared by Social Services.
- 8.1.14 The targeted use of grant funding will enable savings to be made without adversely affecting performance.

8.2 School Standards and Inclusion

Key Strategic Issues/Objectives

- 8.2.1 School Standards and Inclusion faces a number of key issues in 2006-7 and these all focus on the need to continue to improve educational attainment at all Key Stages and especially the performance of groups who are identified as underachieving and those who have special educational needs. The central link between educational attainment and future job prospects and life chances are key to addressing issues of poverty and disadvantage. We have done much to improve attainment across each Key Stage and the attainment of pupils in Haringey overall has improved over the last three years with improvement at Key Stage 4 in GCSE being particularly notable. However there is still much to do to continue to improve standards across each Key Stage.
- 8.2.2 At the same time there are a number of interrelated issues that are directly linked with the educational attainment, this includes improving school attendance and reducing exclusions and ensuring that the curriculum is broad and balanced and offers a differentiated and relevant curriculum to all children and young people. In order to deliver on these issues we have a number of key areas that are being addressed amongst these is the opening of the new sixth form centre in September 2007 and the work that is going into ensuring a successful and effective transition. Alongside the sixth form centre we have a comprehensive 11-19 strategy Bright Futures to further improve educational outcomes and a once in a lifetime opportunity to renew the secondary estate through Building Schools for the Future. There is also a review of service provision now that we are a Children's Service to consider opportunities for improved outcomes through greater integration especially in special educational needs and support for particular vulnerable groups of children and young people.

Savings and Investments

- 8.2.3 The recommended investments in the service are to support the implementation of the 11-19 strategy Bright Futures and the transition to the new sixth form centre. These are key developments to deliver the transformation in 11-19 education to which we aspire. Both of these investments are pivotal to the future improvement of life chances for our

young people. The transition arrangements for the sixth form centre were acknowledged in the original proposal as incurring a cost but there was also recognition in the proposal that where the resources would come from was still to be identified. The time has come to identify that resource. The £60k will be used to fund a post to ensure capacity to implement the planned 11-19 developments.

- 8.2.4 The proposed savings are from across the service but in particular from the greater integration as part of the Children's Service and through the development of the Children's Networks. Current service reviews of extended schools and SEN transport are anticipated to result in savings, as well as the development of the hard to place protocol and reduced management and administration costs at the Pupil Support Centre.
- 8.2.5 The SEN Transport budget is currently overspending because of the need to cover additional routes and additional coach escorts for the current cohort of children with special needs. The 2005/06 year-end outturn is predicted to be £100,000 overspent. The service is however currently carrying a vacancy within its management team which will help reduce this anticipated overspend to £75,000.
- 8.2.6 In September and October of this year, a review was undertaken into the provision to ascertain the possibility of introducing a new staffing and management structure, negotiating new contracts from external providers, including taxi companies, and introducing new working arrangements for staff. It is predicted that these changes would result in savings of around £100,000 from 2006/07.

8.3 Business Support and Development

- 8.3.1 The continuing trend of transferring resources directly to schools means that more services must be developed by schools (including through partnership arrangements). This will be reinforced further if the current White Paper is passed into law. To support this and to enable the service more effectively to maintain services that must be traded with schools, section 14 of Appendix 1 shows an investment of £60k for a Business Support Manager post, with the intent that this post should become self-financing over two years.
- 8.3.2 The previous decision to discontinue the Bursary Support Team to schools has left the Council with no schools financial compliance team to ensure schools comply with Haringey's Scheme for Financing Schools and the new Financial Management Standard for schools commencing in March 2007. The Council is currently at risk of schools not complying with statutory returns, e.g. VAT, and the addition of two new Schools Financial Advisers, who will work on behalf of the Children's Service and the Director of Finance, will go a long way to mitigate this risk. The £65k investment is shown in Appendix 1.
- 8.3.3 The revenue savings in BSD reflect efficiency work within this branch.

8.4 Service Delivery and Performance

Key Strategic Issues/Objectives

- 8.4.1 The Delivery and Performance branch is responsible for the strategic development of the Children's Service, delivery of the national Change for Children programme in Haringey and for performance monitoring across the Service. Key deliverables in 2006/07 will include roll-out of Children's Networks as a new and more integrated delivery vehicle for the Children's Service, implementation and monitoring of our new Children and Young People's Plan 2006/09 (this will be finalised by March 2006) and development of extended schools across the borough.

Savings and Investments

- 8.4.2 No proposals.

8.5 Community and Resources

Key Strategic Issues/Objectives

- 8.5.1 Through utilising the resources of the Children's Service, the wider services of the authority and the support of the voluntary sector, the Community and Resources Branch supports work with local communities to enable the social and economic inclusion of children and young people and their families.

- 8.5.2 Community and Resources contains four sections:

1. Property and Contracts,
2. Community Services and Regeneration,
3. The Youth Service,
4. Early Years and the Play Service.

- 8.5.3 The branch represents the Children's Service on the support and development of the following areas;

Youth Offending Partnership Board,
Strategic Sites CEMB,
Asset Stream Board,
Community Safety,
Connexions Board and Local Management Committee,
BSF Board and Project Team,
Regeneration and the Sustainable Communities Steering Group,
Drug and Alcohol Action Team,
Legal Support Client Role,
Out of School Activities-Holiday Programmes,
Sport Development,
Youth Inclusion Programme,
Youth Parliament and Youth Consultation and
the Safer Communities Executive.

Savings and Investments

8.5.3 Previous investments within the branch included:

- a) £90k to support the Nursery Education Grant. This budget is dependent on the number of childcare places required and is calculated on a count of places required in January. This estimation may not match the actual budget required in the following September, it may be greater or smaller than the number of places required. The borough has benefited in the past with this calculation, however this year the number of places grew and this required this additional investment.
- b) £200k to support the preparation of the submission of OBC and SBC for the BSF and 6th form centre. The actual costs for the preparation for the BSF submission of the SBC however are far greater than the budget identified. The required budget is estimated at over £1.25M.
- c) £100k for a salary review for staff within the under 5 centres, this has been undertaken and as a result the service has been able to secure these positions and there is a much reduced risk of vacancies occurring and the subsequent reduction in difficulty in attracting new staff.
- d) £180k to support the increased cost of borrowing which has now been achieved.

8.5.4 Previous savings agreed within the branch included:

- a) £20k to be saved in 05/06 through the transfer of Play Service Centres to the Extended School provision.
- b) £15k to be saved within the allocation of funds to the voluntary sector from the Children's Service.
- c) A further target saving of £34k for the branch was offered within the administrative costs of the Transport Service. This service has been carrying a vacancy within the manager's position, which will support this saving.

9 Consultation

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

10 Summary and conclusions

10.1 The conclusions will be for the committee to decide before agreeing a report back to Executive as part of the budget process.

11 Comments of the Head of Legal Services

11.1 The Head of Legal Services has been consulted on this report and has no specific comment to make.

12 Equalities implications

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

13 Use of appendices

13.1 Appendix 1 – extracts from the pre-business plan review documents showing:

- section 13 – new capital investment proposals;
- section 14 – new revenue investment proposals;
- section 15 – new cashable efficiency savings.

13.2 Appendix 2 – summary budget analysis document (2005/06 to 2008/09)

13.3 Pre-business plan review documents (circulated separately).