

**CHILDREN'S SERVICES DEPARTMENT BUDGET REVIEW
MEDIUM TERM FINANCIAL PLAN 2008/09**

Purpose of Report

1. To review the Medium Term Financial Plan for the Children's Services Department.

Service Outline

2. To assist Members the following section explains the services provided by the department and shows the proposed budget for 2008/09 for each area. Detailed estimates for 2007/08 and 2008/09 are shown in **Appendix 13**.

Service Description	Proposed Budget 2008/09 £000
<p>Individual Schools Budget (net of devolved specific grant income) The aggregate amount of budgets delegated to schools through Darlington Borough Council's Scheme for Financing Schools, funded through the ring-fenced Dedicated Schools Grant (DSG). The DSG and other funding changes are explained in more detail later in this report.</p>	50,771
<p>Partnerships: Pupil Support Services This budget covers the staffing, management and running costs of Pupil Support Services, Key Stage 4 Engagement, Targeted Support Team and Locality Development.</p>	1,516
<p>Partnerships: Early Years Early Years Team: this budget covers the staffing and management of the team who work with schools, settings, providers and parents in order to ensure high quality teaching and learning in the Foundation Stage and to ensure enough places for three and four year olds are resourced efficiently. Also included is the staffing, management and running costs of the Council's own provision of childcare and early education (Kids & Co).</p>	1,861
<p>Partnerships: Children's Centres Grant-funded budget which covers the staffing, management and running costs associated with the Children's Centres. Children's Centres bring together early education, childcare, health and family support to children under five years old and offer both a universal and targeted service.</p>	1,770
<p>Partnerships: Libraries and Community Learning This budget covers the staffing, management and running costs of the libraries and community learning service within Darlington.</p>	2,286
<p>Partnerships: Youth Service & Connexions This budget covers the staffing, management and running costs of the youth service and Connexions service within Darlington. The youth service works with young people aged 11-25, providing a wide programme of personal development activities.</p>	2,030

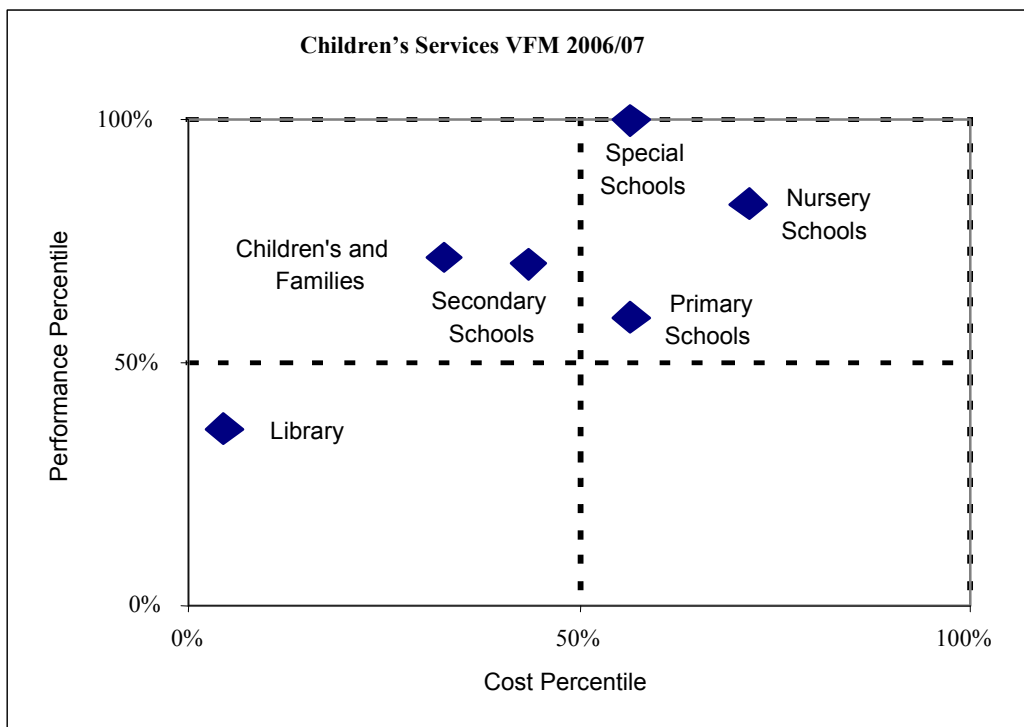
Connexions is a service for 13-19 year olds that provides confidential advice, information and support to young people on their decisions and choices.	
Partnerships: Children's Fund The Children's Fund allows a responsive approach to developing services that address the difficulties faced by some children and their families. It encourages voluntary organisations, community and faith groups to work in partnership with local statutory agencies, and children, young people and their families, to deliver high-quality preventative services to meet the needs of communities. Services will be directly commissioned by the Children's Trust Board.	328
School Improvement & Development This budget covers the staffing, management and running costs of the teams whose prime function is to challenge and support schools in achieving high standards. The budget also includes expenditure funded by Standards Fund grants which is targeted grant towards achieving developments and improvements in teaching, learning and educational attainment. The budget also includes the staffing, management and running costs of the Pupil Referral Unit.	4,061
Children & Families: Safeguarding & Specialist Support Children's Accommodation: this budget covers the staffing, management and running costs of the children's residential service and the costs of the fostering, adoption and intensive support teams. Also included is the provision of in-house foster care and the cost of placing children in agency placements e.g. residential, fostering, secure accommodation and special residential schools. Children's Commissioning: this budget covers the staffing and running costs of Harewood Lodge, a short break centre for physically disabled children, and Harewood House, a joint base with Barnardos for family support. Also covered are the children and families teams including leaving care and children with a disability.	7,410
Children & Families: Special Educational Needs Inclusion Services This budget covers the staffing, management and running costs of the SEN service. In addition to the costs associated with running these services are costs of SEN placements, e.g. in other local authorities and special residential schools.	2,332
Children & Families: Youth Offending Service This budget covers the staffing, management and running costs of the Youth Offending Service.	1,039
Planning & Resources This budget represents the management of support services within the department – directorate support, finance, administrative support services, performance management, policy development, workforce development, capital project management, admissions and home to school transport. This budget also includes costs such as printing, telephones, postages, equipment and stationery that relate to the function of the department as a whole and which are not charged to individual services for internal budget management purposes.	5,946
Specific Grant Income (excluding specific grant income devolved to schools)	(11,130)
Total	70,220

Service Planning

3. The Department has undertaken an extensive review of its service plan and MTFP. This has involved the determination of priorities through the service planning process and linkage to required improvement in performance. Earlier in 2007 the Department led a review of the Children & Young People's Plan. Senior managers met in October 2007 and identified the vision and objectives of the department and within those, specific challenges for the coming years. Resources have been directed towards key improvement priorities where necessary.
4. The priorities reflect the summary of improvement recommendations included in the annual performance assessment (APA) report of the Office for Standards in Education, Children Services and Skills (Ofsted).
5. The department's key areas for development from the APA are:-
 - (a) Being healthy: Accelerate plans to reduce further the number of decayed, missing and filled teeth in children aged 5 to 14
 - (b) Staying safe: Closely monitor child protection activity to bring about improvement in deficit areas
 - (c) Staying safe: Closely monitor progress on looked after children and young people's long-term stability to ensure improvement
 - (d) Enjoying and achieving: Raise standards in Key Stage 1 and in secondary schools
 - (e) Enjoying and achieving: Reduce the absence and exclusion rates
 - (f) Enjoying and achieving: Help more schools to provide an outstanding education
 - (g) Achieving economic well-being: Accelerate progress with all aspects of the 14–19 strategy
 - (h) Achieving economic well-being: Agree and implement arrangements to assure the quality of education and workplace provision
 - (i) Capacity to improve, including the management of children's services: Increase secondary schools' confidence in the authority's capacity to support them effectively

Value for Money

6. Providing value for money (VFM) is a core value for the Department. Data published by the Audit Commission comparing cost and performance has been used to provide indications of VFM across the Council's services, primarily with regard to 'front-line' services that are delivered direct to the public. A model has been developed within the Council that presents the published data graphically and which is shown in the charts below.
7. Comparison is made with all unitary councils and Darlington's position relative to others is expressed as a percentile. In some cases the measures of performance that are available do not provide a rounded balanced view and need further development over time. Additionally, while the latest cost and performance data available for all authorities is used in the charts, it represents 2006/07 out-turn and is therefore out of date. Consequently any new initiatives or changes that have been introduced within the last year to improve Darlington's relative position will not be reflected in the charts.
8. The charts should therefore be regarded as indicators, prompting questions that may lead to management action, rather than providing definitive answers. The top left-hand corner of the chart is the optimum position indicating high performance at low cost.



9. The School position shows above average performance in all phases at average or below average cost. The cost position in relation to Nursery schools appears high but this is possibly skewed because of the relatively small number of Nursery schools as Darlington only has two.
10. The Children's and Families indicator demonstrates high performance and low cost in comparison to other authorities. The service has maintained this high level of performance this year and it is anticipated that this will continue for next year.
11. Whilst the low cost of the Library service has been maintained, performance has dipped for 2006/07. This indicator reflects usage of the library facilities and was adversely affected by the temporary closure of the town centre library during refurbishment that took place during this period. It is anticipated that the performance will improve in 2007/08.
12. VFM will be continuously scrutinised and reviewed throughout the ongoing integration of the Children's Services department by embedding it into the management and culture of the department. This enables a holistic and consistent approach to service management across the department, increase accountability and lead to improvements in service delivery and efficiency.

Efficiency gains to stay within existing resources

13. To improve efficiency, deliver a budget within the proposed resource allocation, offset pressures and enable reallocation of resources to areas of increased demand within the Department, the following reductions in budgeted net expenditure have been made through management action.

Action	Financial effect £000
Allowance for staff turnover *	150
Efficiency savings – centralised procurement processing*	20
Cash limit supplies and services budgets where no contractual information*	20
Total	190
<i>* £190,000 meet 'Gershon' definition of Efficiency Gains</i>	

14. In addition to the savings above the following reductions in budgeted net expenditure are also proposed. These savings will also deliver a budget within the proposed resource allocation. CMT has considered and supported these savings.

Action	Financial effect £000
Locality working strategy*	100
More efficient services - to make budget sustainable*	280
Total	380
<i>* £380,000 meet 'Gershon' definition of Efficiency Gains</i>	

15. High level proposals for the locality working strategy were approved by the Children's Trust in Autumn 2008. The ensuing ongoing project will, ultimately, produce new staffing structures for localities with the aim of delivering local authority and health functions in an integrated and more efficient way. This will also cover the mainstreaming, if applicable, of temporary posts funded through the Local Area Agreement and, for instance, the integration of Connexions and the Youth Service.
16. More efficient services means delivering more for less or, at the least, the same. This will be delivered via an ongoing programme of reduced spending in non-priority areas and corresponding investment in priority areas, de-commissioning and re-commissioning of posts or services, smarter and more efficient procurement, enhanced contracting procedures and business process re-engineering.
17. The Department faces a significant challenge in meeting the 'more efficient services' target as services are already well managed, and it is necessary for the Department to make additional corporate savings as detailed below in this report.

Efficiency gains to assist with corporate financial pressures

18. To assist with corporate financial pressures CMT has considered and supported the following proposed additional savings. These savings will reduce the Department's existing resource allocation thereby freeing up resources corporately. All of the savings result from staffing re-organisation within the named service areas with nil impact on service delivery.

Action	Financial effect £000
Partnerships*	40
School Improvement & Development*	152
Children & Families*	74
Planning & Resources*	137
Total	403
* £403,000 meet 'Gershon' definition of Efficiency Gains	

Risk Management

19. Through the service planning process, risks are identified and assessed in terms of probability and potential consequence. Arrangements are made to manage risks within acceptable levels of tolerance with the aims of minimising losses and maximising opportunities. None of the proposed savings present risk to service users.

School Funding

20. Schools are funded through the Dedicated Schools Grant (DSG) which is a ring-fenced grant and can only be used in support of the Schools Budget. The Schools Budget contains elements of retained central departmental expenditure on pupils, as well as the amount that is delegated to schools, otherwise known as the Individual Schools' Budget (ISB). Local authorities are responsible for determining the split of the DSG between the centrally retained expenditure and the ISB, and then allocating the ISB to individual schools in accordance with the Authority's Scheme for Financing Schools.
21. The DCSF announced the school funding settlement for 2008-09 to 2010-11 on 12th November 2007. Some of the key points to absorb are:-
- (a) The overall school funding increase of 2% in real terms, although substantially smaller than the increases over the last spending review period, compares with that of 1% in real terms for councils for their non-schools' services
 - (b) Indicative allocations for DSG for 08/09, 09/10 and 10/11 for all authorities have been announced and schools will receive three year budgets in February/March 2008
 - (c) School budgets for 2008/09 will be based on the January 2008 pupil count
 - (d) A basic per pupil increase of 3.1% for all authorities (this compares with 5% in 2007/08)
 - (e) This represents headroom of 1% in 2008/09 over the Minimum Funding Guarantee (MFG) of 2.1%
 - (f) The MFG reflects a 1% assumption on schools' efficiencies and is therefore lower than cost pressures
22. The DSG is calculated by multiplying the number of full-time equivalent pupils aged 3-15 by an amount per pupil. Darlington will receive DSG for 2008/09 at £3,943 per pupil. This equates to an overall 4.3% increase in the amount per pupil. However 1.2% of this increase relates to targeted funding reflecting specific Government priorities around personalisation of learning. The table below shows increases in DSG for the next three years.

	2007/08	2008/09	2009/10	2010/11
DSG amount per pupil	£3,782	£3,943	£4,085	£4,255
DSG annual increase per pupil	6.6%	4.3%	3.6%	4.1%
<i>Of which:-</i>				
Basic increase	5.0%	3.1%	2.9%	2.9%
Top-up for personalisation		1.2%	0.7%	1.2%
Top-up for personalisation		£627,000	£390,000	£717,000
Indicative total DSG		£56.571m	£58.175m	£60.309m

23. The total DSG used to calculate budgets shown elsewhere in this report is based upon the indicative Department for Children, Schools & Families (DCSF) allocation. The final DSG will be based upon the January 2008 pupil count that will not be finalised by the DCSF until June 2008 at the earliest. Therefore all local authorities have to set school budgets prior to knowing the final DSG allocation.
24. The latest information suggests that actual pupil numbers in the January 2007 count will be marginally higher. This is subject to change. Therefore, to be prudent, the Department assumes DSG at this level rather than over-estimate the level of resources available to schools.
25. The Department, in consultation with the schools and Schools Forum, will decide on the distribution of the whole of the DSG locally, subject to meeting the minimum funding guarantee, and taking into account local circumstances as well as the government's priorities.

Departmental Budget

26. Detailed estimates have been prepared for the next four years, based on current service levels and in accordance with corporate guidelines. Detailed estimates include: -
- (a) Provision for annual pay awards of 2.5% and general price inflation 2%;
 - (b) Unavoidable pressures;
 - (c) Reductions in net expenditure resulting from management actions to improve efficiency, cost reductions and increased income;
 - (d) Service planning implications, specifically additional resources that have been approved;
 - (e) Additional income generated by proposed increases in charges (these require Member approval)
27. Employee costs account for approximately 70% of the Department's gross expenditure budget. These are projected to rise more quickly than increases in resources as a result of increments and grant allocations, particularly Standards Fund, frozen at the same level as 2007/08.
28. The Department receives approximately £11m of funding from central government via specific grants. There is a degree of uncertainty around the level of these specific grants that

the Department will receive. To be prudent, where grant allocations have not yet been received these grants have been included within the net budget for 2008/09 and future years at the same level as the grant received in 2007/08, adjusted for known changes. Budget pressures could arise if the actual grant allocations differ to the amounts currently included within the budget.

29. The Department expects to manage any additional pressures within existing resources. For instance, the cost of external placements for children looked after, or those with a high degree of special educational needs remains a pressure area mainly because of the size, volatility and demand-led nature of this budget. To put this in context, one new case could cost in the region of £200k per year.

30. The proposed resource allocation and Departmental MTFP is shown in the following table.

	2008/09	2009/10	2010/11	2011/12
	£000	£000	£000	£000
Resources				
Planned resources brought forward from previous year	0	0	0	0
Resource allocation for this year *	70,220	72,158	74,664	77,130
CMT supported bids for additional resources	0	0	0	0
Planned resources carried forward to following year	0	0	0	0
Total resources available	70,220	72,158	74,664	77,130
Budgets				
Draft detailed estimates	70,220	72,158	74,664	77,130
Total planned use of resources	70,220	72,158	74,664	77,130
* 'Gershon' efficiency savings made in order to achieve agreed resources level	(973)	(973)	(973)	(973)

Proposed Charges

31. The schedule of charges for services provided by the Department has been reviewed, taking account of strategic objectives, efficiency, the cost of services and income generation. The proposed charges for 2008/09 are listed in **Annex 1**.

Recommendations

32. Members are requested to approve:

- (a) The detailed estimates for Children's Services department for 2008/09.
- (b) The proposed schedule of charges for Children's Services department for 2007/08 at Annex 1.

Murray Rose
Director of Children's Services

CHILDREN'S SERVICES DEPARTMENT - SCHEDULE OF CHARGES 2008/09

Description	Existing Charge £	New Charge £	Financial Effect £
LIBRARIES			
<u>Fines On Overdue Books & Spoken Word</u>			
Adults – per day	0.12	0.12	
Maximum charge per book	5.76	4.00	
Senior Citizens – per day	0.06	0.06	
Maximum charge per book	2.88	2.00	
Children – per day	No charge	No charge	
<u>Fines On Overdue CDs, DVDs, DAB</u>			
Adults – per day	0.12	0.15	
Senior Citizens – per day	0.06	0.08	
Children – per day	No charge	No charge	
<u>Reservation Fees for books and Audio Materials</u>			
Adults	0.80	0.80	
Senior Citizens	0.40	0.40	
Children/Unemployed	No charge	No charge	
<u>Reservation Fees for Books Obtained from Outside the Authority</u>			
Adults (<i>single charge for all books obtained from other libraries</i>)	4.00	4.00	
Senior Citizens	4.00	4.00	
Children/Unemployed	4.00	4.00	
<u>Repeat Fee for Renewal of Books from Outside the Authority</u>			
Adults (<i>for all books obtained from other libraries</i>)	2.00	2.00	
Senior Citizens	2.00	2.00	
Children/Unemployed	2.00	2.00	
<u>Replacement Tickets</u>			
Adults	1.00	1.00	
Senior Citizens	0.50	1.00	
Children/Unemployed	No charge	0.50	
<u>Loan Charges for Audio Materials (1 week)</u>			
CDs	0.85	0.75	
DVDs	2.00	1.50	

Description	Existing Charge £	New Charge £	Financial Effect £
<u>Spoken Word and Language Courses</u>			
Cassettes & CDs (3 Week Loan)			
Adults (<i>who are not exempt</i>) each	1.20	1.25	
Children each	No charge	No charge	
DAB (1 Week Loan)			
Adults	N/a	1.50	
Language Courses per element (<i>subscription for whole course to be paid in advance</i>)	1.20	1.20	
<u>Spoken Word and Language Courses</u>			
<u>Local History Research</u>			
Standard charge	2.00	2.00	
Specialist Research – per hour (<i>new service</i>)	20.00	22.00	
<u>Photocopies</u>			
A4 B&W	0.10	0.10	
A3 B&W	0.20	0.20	
A4 colour (<i>new service</i>)	0.30	0.30	
A3 colour (<i>new service</i>)	0.60	0.60	
<u>Printing</u>			
Text Printouts			
A4 B&W	0.10	0.10	
A3 B&W (<i>new service</i>)	0.20	0.20	
A4 colour	0.30	0.30	
A3 colour (<i>new service</i>)	0.60	0.60	
Image Printouts			
A4 B&W	0.50	0.50	
A3 B&W	1.00	1.00	
A4 colour	1.00	1.00	
<u>Reproduction of Images from Stock</u>			
Photographic copies for Private/Study purposes	Cost + VAT + 12%	Cost + VAT + 12%	
Photographic copies for commercial use	Cost + VAT + 12% (+ £20 per photo + copy of publication)	Cost + VAT + 12% (+ £20 per photo + copy of publication)	
Digital copies for Private/Study purposes - per photo (<i>new service</i>)	5.00	5.00	
Digital copies for commercial use – per photo (<i>new service</i>)	15.00	15.00 + copy of book	
Copies of oral recordings	5.00	5.00	

Description	Existing Charge £	New Charge £	Financial Effect £
<u>Hire of Locker</u>	0.20	0.50	
<u>Internet Use</u>			
First half hour free within one day – per hour 50% discount for Leisuresaver	2.00	2.00	
<u>Computer Consumables</u>			
Floppy disk	0.30	N/a	
CD	0.50	Current price	
CD RW	1.00	Current price	
Memory sticks	N/a	Current price	
<u>Lost & Damaged Items</u>	Full current Replacement Cost (non-refundable)	Full current Replacement Cost (non-refundable)	
<u>Fax</u>			
Outgoing Transmission			
United Kingdom – per sheet	1.30	1.40	
Europe – per sheet	2.10	2.20	
USA/Canada – per sheet	2.60	2.70	
Rest of the World – per sheet	3.60	3.70	
Incoming Transmission – per sheet	0.35	0.40	
<u>Fax by Satellite</u>			
Atlantic Ocean/Indian Ocean/Pacific Ocean – per sheet	11.50	12.00	
General (<i>Any postage costs to be recovered in full</i>)			
Total financial effect for Libraries			Nil

N.B. There has been no increase in library charges as Darlington currently charges at the top of the range within Tees Valley Authorities

Description	Existing Charge £	New Charge £	Financial Effect £
WORKPLACE NURSERY			
Full-time place – All Users, charges per week			
Children aged under 2	154.00	162.00	9,000
Children aged 2-4	140.00	147.50	24,000
Full-time place – extended users, charge per day			
Children aged under 2	N/A	N/A	
Children aged 2	N/A	N/A	
Children aged 3 to school age	N/A	N/A	
Provision of mid-day meal (i.e. morning sessions)	1.40	1.40	
Provision of mid-day meal for staff	1.40	1.40	
Provision of mid-day dessert for staff	0.30	0.30	
Total financial effect for Workplace Nursery			33,000
LIFELONG LEARNING			
Adult and Community Learning			
Adult per hour	2.00	2.00	
OAP per hour	1.00	1.00	
Reduced rates for the following applies			
Under 18	2.00	2.00	
Income Support	2.00	2.00	
Student over 19	2.00	2.00	
Council Tax Benefit	2.00	2.00	
YTS	2.00	2.00	
Over 60	2.00	2.00	
Invalidity/Incapacity	2.00	2.00	
Housing benefit	2.00	2.00	
WF tax credit	2.00	2.00	
Disability Tax Credit	2.00	2.00	
Job Seekers Allowance	2.00	2.00	
Hire of Community Room – per hour	10.00	10.00	
Total financial effect for Lifelong Learning			Nil

NB There has been no increase for adult learning courses as all courses are delivered within deprived wards with a specific objective of assisting adults into further learning and employment.