



DERBY CITY COUNCIL

CHILDREN AND YOUNG PEOPLE COMMISSION 23 JANUARY 2007

Report of the Corporate Director, Corporate and Adult Social
Services and Deputy Chief Executive

Let's Talk Budget: Detailed Revenue Budget Consultation Document 2007/08 to 2009/10

RECOMMENDATIONS

- 1.1 That members consider those aspects of the Council's draft 2007/08 - 2009/10 Revenue Budget that fall within the remit of the Children and Young People Commission.

SUPPORTING INFORMATION

- 2.1 The Council's Detailed Revenue Budget Consultation Document, hereinafter the Document, was issued to Overview and Scrutiny Commission members on 9 January 2007, when a combined briefing was held for members of all five commissions. It is suggested that where appropriate this Commission makes recommendations on the proposals contained in the draft budget that fall within the portfolio of the Commission.
- 2.2 The Document is modelled on:
 - a council tax increase of 5% for 2007/08 and
 - the need to achieve 10% expenditure savings over three years, with 3.5% in 2007/08

Page 3 of the Document says the objectives of the consultation process include:

- a. To gain feedback on the savings totalling £5.091m
- b. To formulate views on the development proposals, some of which have an element of discretion over them totalling £6.095m
- c. Whether the additional pressures identified by departments should be funded or supported or whether to seek additional savings from these services. Total additional pressures £2.174m
- d. What level to set the council tax?

The achievement of a balanced budget requires net expenditure to be £1.7m less than set out in the Document.

- 2.3 A summary of the information from the draft Revenue Budget that relates to the Children and Young People Commission is contained within Appendix 2 of this report.

For more information contact: 01322 255596 e-mail rob.davison@derby.gov.uk

Background papers:

List of appendices: Appendix 1 – Implications
Appendix 2 - Children and Young People Commission – revenue budget proposals.

Appendix 1

IMPLICATIONS

Financial

1. Discussed throughout the report.

Legal

- 2 By law the Council is required to set a balanced budget. Under the Constitution the Commission is entitled to consider and comment on the budget proposals and the Council Cabinet must report to Council on how it has taken into account any recommendations from the Commission.

Personnel

- 3 In the all user e-mail of 9 January the Chief Executive wrote: Inevitably there will be a need for us to look at the way in which we do things. This will mean that some jobs may change and some may disappear. The council has a good record of dealing with these issues by not filling vacant posts and using the normal HR processes for restructuring and redeployment. We will work with individuals and the trade unions to manage the changes.

Equalities impact

- 4 There has not been time to evaluate these in relation to the budget proposals.

Corporate Priorities

- 5 Page 2 of the Document proposes six corporate priorities for 2007/08, two of which are new and the remaining four carried over from 2006/07 with some rewording.

Appendix 2

Children and Young People Commission – revenue budget proposals.

Introductory comment

This appendix needs to be read in conjunction with the Detailed Revenue Budget Consultation Document 2007/08 to 2009/10, to which the page numbers refer, previously circulated to all members. The entries below cover the services within the portfolio of the Council Cabinet Member for Children and Young People. The other Children Act 2004 functions of the Department were covered at the Adult Social Care and Health Commission on 22 January meeting.

Members may benefit by first reading paragraph 3.3.12, on page 86, as this gives a valuable overview about the difficulties facing the new Department and the approach taken to producing this budget.

Page Extract/comment

1	“At the present time the level of inflation [RPI] is 3.9%” but “costs of local government are generally rising above this level”. The budget has however been generally constructed on a 2.5% increase.
6	(Table) The 3.5% savings target is £1.091m for 2007/08. The proposed savings are £1.111m, exceeding the target by £20k. It needs to be remembered that beyond the savings target a council-wide reduction of £1.749m has to be found in 2007/08 to achieve the required, lawful budget. There is a shortfall against the targets in both the ensuing years.
6	(Table) Over 9 tenths of the savings for 2007/08 are to be achieved by the redesignation of a [children’s] unit. This is also envisaged as the source of almost two thirds of the 2008/09 savings requirement.
75	Start of the relevant portfolio section which runs through to page 91.
75	Excluding schools the new Department employs 1067 wte staff across five divisions.
77	Para 2.5 spells out the greatest financial challenges. “There are large overspends on budgets for both special educational needs placements in independent special schools and agency residential and foster placements in social care”. The aim is to contain the overspend through “planning the strategies to develop lower cost internal provision of at least equal quality and in improving preventative services” for which Cabinet has already approved the creation of a Contracts and Placements Manager post.
77	Paras 2.6 and 2.7 explain national drivers. 2.8 deals with Derby’s local

	initiative to “reorganise many of its services into locality teams ... A pilot in Area 1 (Derwent, Chaddesden, Oakwood and Spondon wards) is now under way. This will inevitably need additional resource requirements temporarily as it will be operating parallel with existing structures. The pilot has also been established without any provision for additional ongoing infrastructure costs”.
78	Para 2.9 refers to Derby’s successful inclusion in wave 5 of Building Schools for the Future. “Experience form other authorities involved in BSF is that more resourcing is required than for PFI projects, and there would need be corporate funding to achieve this”.
78	3 pages set out objectives, priorities, performance levels and an outline of the Joint Area Review and Comprehensive Performance Assessment process.
78	Para 3.4 shows that from 04/05 to 05/06 school exclusion rates more than halved from 87 to 40.
81	Paras 1.1 to 1.3 explain the legal constraints on the use of education funding.
81	Para 1.4 sets the scene for the proposal, flagged above re page 6, to re-designate a children’s unit.
82	Para 1.7 explains Derby’s funding of central education services is below the comparator average and the gap is widening: 8.6% below in 2003/04 but 17.4% below in 2006/07. “This makes it difficult to find administrative efficiencies when we are already delivering an ambitious agenda from a low resource base”. Para 1.8 adds that Derby has only two areas of spend significantly above the comparator average: <ul style="list-style-type: none"> • The pupil referral unit • Home-to-school not relating to special needs
82	Para 1.10 is a key paragraph members may wish to explore. The 2006/07 combined schools and non-schools overspend of £1.34m equates to pressures for 2007/08.
83	Above standard inflation has been applied to agency residential placement and – due to energy rises – to home- to-school transport.
84	Leading on from the comment re page 6, para 3.3.1 explains the main proposal to achieve both the 3.5% and 10% targets is to re-designate Moorfield Children’s Centre as pupil referral unit and re-designating part of the current PRU as a special school with a delegated budget. Para 3.3.2 explains that the overall effect for other schools would be to reduce the amount of growth available.
84	3.3.3 proposes mean-tested charging for transport to faith schools from September 2008 but applicable to children starting in September 2007. It therefore does not contribute to this year’s savings but ultimately is projected to save £582k per year at 2007 prices. The charges would cover the costs plus the administrative costs of assessing and collecting. “The proposal will impact on long standing arrangements for some schools which have shaped expectations for families”.
85	3.3.4 On a similar basis to the Moorfield proposal, it is hoped that from 2009/10 expenditure of £291k on educational psychologists can be re-categorised under the schools budgets. To do this independent

	special school fee increases will need to be contained.
85	Paras 3.3.5 to 3.3.9 comprise 18 areas of proposed savings [with the figures in table form on page 90] .
86	3.3.11 proposes using £273k [out of £346k] of grant increases to offset some of the pressures on current services, requiring consent and/or acceptance by the DCP/DfES.
86	3.3.12 gives a valuable summary overview about the difficulties facing the new Department in producing this budget.
87	4.1.1 shows the effect of high cost placements on controlling the budgets. Instead of reducing by ten, from 62 to a planned 52 by March 2007, the numbers have increased by ten to 72 placements. As mentioned at page 77, it is hoped the new contracts post will help deliver unit cost savings.
87	Paras 4.1.4 to 4.1.6 cover other budget pressures.
88	4.1.7 suggests that Schools Forum approval be sought to use £30k to replace the time-expired external funding of the Gatsby Project until July. Beyond that alternative funding would be needed if an adverse impact on support for the education of looked after children is to be avoided. The recent topic review on Looked After Children had said: [para 121] “ Everyone the Commission met who referred to education had praise for the Gatsby Project team”.
88	4.1.8 Lack of infrastructure costs are “presenting a real barrier to progress” with the Area 1 pilot of area and neighbourhood working.
88	The Schools Forum has taken a sympathetic approach to the Department’s difficulties, agreeing/indicating agreement to some breaching of the central expenditure limit, which the combined pressures would exceed by £500k.
-	<p>This was Recommendation 12 from the Looked After Children topic review: “The Council must complete the move to Fostering Network-recommended allowances”.</p> <p>The level of fostering fees is not referred to in the budget Document. However, for ease of reference here is an extract from the response to the topic review which is the next agenda item at today’s meeting:</p> <p>2.4 “One recommendation, 12, is partially accepted but is not achievable in the financial year 2007 – 08. This refers to our alignment of fostering allowances with fostering networks recommended levels. Currently our allowance levels are within the Governments indicative level for fostering allowances excepting our allowances for children under two years of age. Our allowance levels for teenagers are now slightly above these indicative rates. It is our intention to review again our allowance structure and use the increase planned for 2007 – 08 to address this. It remains a Council commitment to improve allowances and fees paid to our foster carers as resources permit”</p>