

**HERTFORDSHIRE COUNTY COUNCIL
CHILDREN, SCHOOLS & FAMILIES
SELECT COMMITTEE
24 January 2001 at 10.30 a.m.**

Agenda Item No:

9

**CHILDREN, SCHOOLS AND FAMILIES PROPOSED RESOURCE BUDGET
2001/02 – 2004/05**

Report of Director of Education

Author:- Martin Surtees

Executive Members:- Derrick Ashley and Keith Emsall

1. Purpose of the report

- 1.1 To consider proposals from the Cabinet for the revenue budget 2001/02 to 2004/05 and the Capital Programme 2001/02 to 2003/04 for the Children, Schools and Families portfolio and make recommendations as appropriate.

2. Summary

- 2.1 At its meeting on 18 December 2000 Cabinet made proposals on the revenue budget and capital programme for scrutiny by Select Committees in January 2001.
- 2.2 The proposals relating to the Children, Schools and Families portfolio are attached at Appendix 1A to 2G.
- 2.3 Recommendations made by this Select Committee will be considered by Cabinet on 29 January, along with the latest information on resources and the outstanding uncertainties. The County Council will agree the budget and council tax level on 15 February.

3. Cabinet Proposals

- 3.1 The recommendations made by Cabinet on 18 December 2000 which are relevant to this Committee are as follows:-
1. That the resources budget proposals detailed in the report, including the use of reserves, be approved.

2. That the Executive Member for Children, Schools and Families takes forward any implications arising in respect of the Education capital settlement and raises them for consideration by the Children, Schools and Families Select Committee.

4. Commentary

- 4.1 The budget report presented to the Cabinet on December 18th, 2000 highlighted in paragraph 9 that there were a number of uncertainties, the resolution of which was pertinent to the budget setting for both the Children, Schools and Families service and the Authority as a whole.
- 4.2 At this juncture, there is no further specific information to feedback on these uncertainties.
- 4.3 It should be noted that following the Cabinet meeting, we have received guidance from the DfEE stipulating that authorities are urged to ensure that all the extra provision made available for education by the Government is spent on education. The proposals contained within the Cabinet report would enable the Authority to meet this requirement.
- 4.4 The proposals contained in Appendix 1.1(E) detail an increase of £6.3million in School Budget Shares. The report on School Funding Arrangements 2001/02 (agenda item 5) provides details on how that resource could be allocated between schools.
- 4.5 The position in relation to the Authority's capital programme has altered as a result of recent DfEE announcements, following the Cabinet meeting. Thus the externally funded programme set out in Appendix 1 (1) G now includes a further allocation of devolved schools capital of £3.252m in the current year, as well as the 2001/2 Basic Need Allocation which totals £4.345m. The table also shows corrected cash flows for the 1999/2000 and 2000/2001 Basic Need Allocations (the totals across three years remain the same).

**CHILDREN, SCHOOLS AND FAMILIES
BUDGET PROPOSALS 2001/02**

The following budget proposals have been recommended to the Children, Schools and Families Select Committee following the Cabinet meeting on 18 December 2000.

Whilst the appendices have been renumbered, it should be emphasised that they are otherwise identical to those included in the Cabinet report.

APPENDIX 1(1)

**PORTFOLIO: CHILDREN, SCHOOLS AND FAMILIES
(EDUCATION SSA RELATED BUDGET)**

PROPOSED RESOURCE BUDGET 2001/02 – 2004/05

Chief Officer/Head of Function: Ray Shostak (01992 555700)
Contact for queries: Martin Surtees (01992 555710)

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COMMENTARY

- 1.1 This Appendix outlines details of the proposals for a revenue budget of £501.672 million.
- 1.2 The growth and savings included in the proposals are summarised below with fuller details provided in the following appendices:

	£'000
<u>Service Enhancements</u>	
Discontinuation of School Budget Support Grant	1,083
Additional LEA Contribution to the Standards Fund	2,528
Additional Adviser Input	275
Targeted Support for Under Achieving Secondaries	500
Hospital & Home Education Service	650
Home Tuition for Excluded Pupils	300
Teachers' recruitment and retention strategy	100
Schools' Budgets	<u>6,300</u>
Total	<u>11,736</u>
<u>Efficiency Savings</u>	
School Meals Service	(250)
Reduction in use of consultancy budgets	(100)
Traded Services Review	(97)
Accommodation Review of St Albans Office	(25)
Dual Use	(40)
Excluded pupil AWPU recovery	<u>(20)</u>
Total	<u>(532)</u>

Budget Priorities

The budget aims to achieve the following targets:

1. To pass on the increase in education standard spending assessment to education spending.
2. All age weighted pupil unit values in schools' delegated budgets to increase by at least 2.5% as required by the DfEE.
3. Delegated funding per pupil to increase by 5% as required by the DfEE.
4. 85% of the Local Schools Budget to be delegated to schools as required by the DfEE.
5. The targets in the Education Development Plan to be adequately resourced.

The meeting of these objectives is consistent with the promise that Hertfordshire will be one of the top five county education authorities.

COMMENTARY

Relationship to Education SSA

The proposed revenue budget for education of £501.672 results in total education related spend of £0.6m above SSA.

Specific Government Grants

The budget proposals in this report have been framed around the increase nationally in specific grant funding. Two grant areas in particular are increasing substantially.

1) **The Standards Fund**

A programme totalling £39.9m for Hertfordshire has been announced so far. The LEA contribution required to take up all of the estimated grant is £15m. Grants are either 100% or 53%, funded by the DfEE.

2) **School Standards Grant**

This comprises the extra lump sum payments direct to schools initiated by the DfEE in 2000/2001 following the March 2000 government budget statement. This funding is in effect a supplement to schools' budget shares and totalled £7.0m for Hertfordshire schools in 2000/2001. The grant is 100%, funded by the DfEE. In 2001/002 the grant for Hertfordshire is expected to total approximately £12.8m, with school allocations ranging from £6,000 for small primaries to £70,000 for the largest secondaries.

APPENDIX 1(1)B

**REVENUE BUDGET 2001/02 – 2004/05
AND MOVEMENT FROM CURRENT YEAR'S BUDGET**

	2001/02	2002/03	2003/04	2004/05
	£'000	£'000	£'000	£'000
2000/01 Original Budget	471,818	471,818	471,818	471,818
Technical Adjustments 2000/01	(32)	(32)	(32)	(32)
2000/01 Adjusted Budget	471,786	471,786	471,786	471,786
Technical Adjustments 2001/02	(85)	(85)	(87)	(87)
Inflation	13,476	13,476	13,476	13,476
Pressures for Change				
<i>Previous Policy Decisions</i>				
1. Workwise*	(71)	(71)	(71)	(71)
2. School Amalgamations*	(123)	(202)	(283)	(283)
3. Herts Gateway*	(275)	(275)	(275)	(275)
4. Early Years Curriculum Policy	983	1,233	1,233	1,233
5. Borehamwood	(786)	(1,047)	(1,098)	(1,115)
6. EMTAG Standards Fund Grant	200	200	200	200
7. Single Status*	(69)	(115)	(153)	(183)
<i>Demographic Change</i>				
8. Pupil Numbers	3,900	5,900	7,900	9,900
<i>Legislative Change</i>				
9. Superannuation - Teachers		1,925	1,925	1,925
10. Climate Change net cost	(104)	(104)	(104)	(104)
<i>Other Pressures</i>				
11. Business Rates - Revaluation	(19)	(122)	(212)	(328)
12. Superannuation – LGPS	564	1,128	1,692	2,256
13. Increments	108	162	188	201
14. Revenue Effects of Capital – (telecoms infrastructure)	33	37	39	39
15. Capital Payback (telecom)	21	33	33	33
16. Capital Payback	324	324	324	324
17. Home to School Transport	430	430	430	430
18. Speech Therapists' Regrading	175	175	175	175
Service Enhancements				
1. Discontinuation of School Budget Support Grant	1,083	1,083	1,083	1,083
2. Additional LEA Contribution to the Standards Fund	2,528	2,528	2,528	2,528
3. Additional Advisers	275	275	275	275
4. Targeted Support for Under achieving Secondary Schools	500	500	500	500
5. Home & Hospital Education	650	650	650	650
6. Home Tuition	300	478	478	478
7. Teachers' recruitment & retention strategy	100	100	100	100
8. Schools' Growth	6,300	6,122	6,122	6,122

* full year effect of previous efficiency savings

APPENDIX 1(1)B (cont'd)

**REVENUE BUDGET 2001/02 – 2004/05
AND MOVEMENT FROM CURRENT YEAR'S BUDGET**

	2001/02	2002/03	2003/04	2004/05
	£'000	£'000	£'000	£'000
Efficiency Savings				
1. School Meals Service	(250)	(250)	(250)	(250)
2. Reduction in use of consultancy budgets	(100)	(100)	(100)	(100)
3. Traded Services Review	(97)	(226)	(226)	(226)
4. Accommodation review of St Albans office	(25)	(25)	(25)	(25)
5. Dual Use	(40)	(40)	(40)	(40)
6. Excluded Pupils AWPU recovery	(20)	(20)	(20)	(20)
Resultant budget	501,672	505,863	508,193	510,607

APPENDIX 1(1)C

PRESSURES FOR CHANGE

Previous Policy Decisions

<u>1) Workwise</u>	-£71,000	2001/02
Savings resulting from the more efficient use of premises.	-£71,000	2002/03
(full year effect of previous efficiency saving)	-£71,000	2003/04
	-£71,000	2004/05
<u>2) School Amalgamations</u>	-£123,000	2001/02
Savings in lump sum funding within School Budget Shares	-£202,000	2002/03
resulting from school amalgamations	-£283,000	2003/04
(full year effect of previous efficiency saving)	-£283,000	2004/05
<u>3) Herts Gateway</u>	-£275,000	2001/02
Savings and recharges associated with the Gateway Project	-£275,000	2002/03
(full year effect of previous efficiency saving)	-£275,000	2003/04
	-£275,000	2004/05
<u>4) Early Years Curriculum Policy</u>	+£983,000	2001/02
The cost of rolling out Phase 3 of this policy taking into account	+£1,233,000	2002/03
projected pupil numbers and the level of the DfEE 3 year old grant	+£1,233,000	2003/04
In the longer term this increase in provision should be reflected	+£1,233,000	2004/05
in higher 4 year olds' SSA. This policy started in Sept 1999 so the		
increased provision in relation to phase 1 is reflected in the pupil		
numbers used to calculate the 2001/2002 Education SSA.		
<u>5) Borehamwood</u>	-£786,000	2001/02
The reduction largely relates to the reversal of transitional costs	-£1,047,000	2002/03
relating to transport, severance, funding closing schools, etc. that	-£1,098,000	2003/04
were incurred in 2000/2001.	-£1,115,000	2004/05
<u>6) EMTAG Standards Fund Grant</u>	+£200,000	2001/02
Reflects the impact of the loss of carry forward to support base	+£200,000	2002/03
expenditure, which arose due to the increase in the LEA's matched	+£200,000	2003/04
funding contribution.	+£200,000	2004/05
<u>7) Single Status</u>	-£69,000	2001/02
Costs and savings arising from the implementation of the single	-£115,000	2002/03
status package on 1 July 2000. (full year effect of previous	-£153,000	2003/04
efficiency saving)	-£183,000	2004/05

APPENDIX 1(1)C (cont'd)

PRESSURES FOR CHANGE

Demographic Changes

<u>8) Pupil Numbers</u>	+£3,900,000	2001/02
This reflects the cost of maintaining the Age Weighted Pupil Units in real terms at 2000/2001 levels given increases in pupil numbers. The estimate assumes a 1000 pupil increase between 2000/01 and 2001/02 plus a reduction in the sums clawed back from schools re over estimates in pupil numbers in 2000/2001. The percentage increase in pupil numbers is applied to the variable non age weighted pupil unit elements of the delegated budget and a limited number of non-delegated budgets.	+£5,900,000	2002/03
	+£7,900,000	2003/04
	+£9,900,000	2004/05

Legislative Change

<u>9) Superannuation – Teachers</u>	£0	2001/02
This reflects the increase in employer's rate from 7.4% to 8.25% which was deferred to 2002/03.	+£1,925,000	2002/03
	+£1,925,000	2003/04
	+£1,925,000	2004/05

<u>10) Climate Change Levy</u>	-£104,000	2001/02
From 1 st April 2001 a new climate change levy will be charged on business use of energy, which will increase fuel costs for the County Council. Nationally the revenue raised by the levy will be offset by a reduction in employers' national insurance contributions. The figures shown here are net of the NI reduction.	-£104,000	2002/03
	-£104,000	2003/04
	-£104,000	2004/05

Other Pressures

<u>11) Business Rates – Revaluation</u>	-£19,000	2001/02
Estimated additional savings arising from the 2000 revaluation of property for rating purposes.	-£122,000	2002/03
	-£212,000	2003/04
	-£328,000	2004/05

<u>12) Superannuation – LGPS</u>	+£564,000	2001/02
Estimated cost of the additional employer's contribution to the local government pension scheme following the 1998 actuarial valuation.	+£1,128,000	2002/03
	+£1,692,000	2003/04
	+£2,256,000	2004/05

<u>13) Increments</u>	+£108,000	2001/02
The cost of increments for Education Department staff	+£162,000	2002/03
	+£188,000	2003/04
	+£201,000	2004/05

APPENDIX 1(1)C (cont'd)

PRESSURES FOR CHANGE

<u>14) Revenue Effects of Capital (telecoms infrastructure)</u>	+£33,000	2001/02
Share of running costs associated with the countywide telecommunications infrastructure programme.	+£37,000	2002/03
	+£39,000	2003/04
	+£39,000	2004/05
<u>15) Capital Payback (telecom)</u>	+£21,000	2001/02
Payback associated with the countywide telecommunications infrastructure programme.	+£33,000	2002/03
	+£33,000	2003/04
	+£33,000	2004/05
<u>16) Capital Payback</u>	+£324,000	2001/02
Payback associated with the capital programme.	+£324,000	2002/03
	+£324,000	2003/04
	+£324,000	2004/05
<u>17) Home to School Transport</u>	+£430,000	2001/02
This is due to both cost and demand led pressures. Cost pressures relate to additional tender costs, higher than expected inflation and changes to routes and contracts due to increased take up, In addition there has been a need for new provision in relation to five schools.	+£430,000	2002/03
	+£430,000	2003/04
	+£430,000	2004/05
<u>18) Speech Therapists Regrading</u>	+£175,000	2001/02
This sum reflects the regrading following a European court case. The regrading will be backdated to April 2000.	+£175,000	2002/03
	+£175,000	2003/04
	+£175,000	2004/05

APPENDIX 1(1)D

SAVINGS

Efficiency Savings

1) School Meals Service

Income forecasts for 2001/02 are £250,000 higher than in 2000/01 due to a range of factors including improved efficiency of cash collection and the successful performance of the meals service.

-£250,000 2001/02
-£250,000 2002/03
-£250,000 2003/04
-£250,000 2004/05

2) Consultancy Budgets

Reduction in use of consultancy budgets, reflecting that operational practice has been to reduce demand in this area.

-£100,000 2001/02
-£100,000 2002/03
-£100,000 2003/04
-£100,000 2004/05

3) Traded Services Review

The efficiency savings reflect the outcomes of the Education Traded Services Best Value Review. This created the scope for greater economies of scale to be achieved by a review of marketing strategy to generate additional income and by working in partnership with other LEAs.

-£97,000 2001/02
-£226,000 2002/03
-£226,000 2003/04
-£226,000 2004/05

4) Accommodation Review of St Albans Offices

Estimated savings from reduced office running costs.

-£25,000 2001/02
-£25,000 2002/03
-£25,000 2003/04
-£25,000 2004/05

5) Dual Use

This budget funds contributions to joint use sports facilities. Following the re-integration of former grant maintained schools we reduced the contingency required to support this budget and it is now possible to make a further saving.

-£40,000 2001/02
-£40,000 2002/03
-£40,000 2003/04
-£40,000 2004/05

6) Excluded Pupils AWPU recovery

Adjust the income budget to reflect the amounts being recovered from schools when pupils are excluded following a review to align this budget to exclusion rates.

-£20,000 2001/02
-£20,000 2002/03
-£20,000 2003/04
-£20,000 2004/05

FEES AND CHARGES

All fees and charges will be increased by the average inflation rate for that service, so there are no proposals for discretionary increases in fees and charges above or below the level of service inflation.

SERVICE ENHANCEMENTS

All items are ongoing

<u>1) Discontinuation of School Budget Support Grant</u>	+£1,083,000	2001/02
This grant was introduced as a supplement to the Education SSA	+£1,083,000	2002/03
in 2000/2001, the value of the grant boosting school budget shares.	+£1,083,000	2003/04
The DfEE has determined that this grant will not continue in	+£1,083,000	2004/05
2001/02 and the sum needs to be incorporated into the budget if		
the level of school budget shares is effectively to be maintained.		
<u>2) Additional LEA contribution to The Standards Fund (TSF)</u>	+£2,528,000	2001/02
The DfEE has announced most of the Standards Fund allocations	+£2,528,000	2002/03
for Hertfordshire including those requiring a LEA contribution.	+£2,528,000	2003/04
The increase in the LEA's contribution is necessary in order to	+£2,528,000	2004/05
take up the grant allocation available.		
<u>3) Additional Adviser Input</u>	+£275,000	2001/02
Our analysis of Advisory Service staffing levels led us to	+£275,000	2002/03
conclude that the provision of School Development Advisers is	+£275,000	2003/04
relatively low. This resource would enable us to secure	+£275,000	2004/05
additional School Development Advisers with appropriate support,		
contributing to the promise to improve pupil achievement and to		
assist schools with the lowest levels of pupil achievement.		
<u>4) Targeted support for Under Achieving Secondaries</u>	+£500,000	2001/02
We have identified 15 secondary schools where the attainment of	+£500,000	2002/03
pupils at GCSE is in the lowest quartile nationally. Development	+£500,000	2003/04
activity has already taken place through the formation of the	+£500,000	2004/05
Hertfordshire Learning Partnership, with the objective of		
working in conjunction with Cambridge University to enhance the		
management and leadership of these schools. This additional		
resource would enable the programme to make accelerated		
progress, consistent with the promise to assist schools with the		
lowest levels of pupil attainment.		
<u>5) Home & Hospital Education Service</u>		
To provide for the increased number of children using the service	+£650,000	2001/02
(now up to 360) and increase the average amount of tuition offered	+£650,000	2002/03
to children whose education is disrupted due to illness or other	+£650,000	2003/04
medical reasons from the existing 3 hours per week to 5 hours per	+£650,000	2004/05
week. This will contribute to the promise to improve pupil		
achievement.		

APPENDIX 1(1)F (cont'd)

SERVICE ENHANCEMENTS

6) Home Tuition for Excluded Pupils

To provide for an increase in the provision for permanently excluded pupils in key stages 1 to 3 from 10 hours per week tuition to 20 hours per week from September 2001. It will be a DFEE requirement for LEAs to provide 25 hours per week education for excluded pupils from September 2002.	+£300,000 2001/02
	+£478,000 2002/03
	+£478,000 2003/04
	+£478,000 2004/05

7) Teachers' Recruitment and Retention Strategy

Developing a strategy for promoting the recruitment and retention of teaching staff in Hertfordshire	+£100,000 2001/02
	+£100,000 2002/03
	+£100,000 2003/04
	+£100,000 2004/05

8) Schools' Budgets

This increase equates to 1.6% growth in schools budgets. Overall a 5% increase in delegated funding per pupil (including devolved Standards Fund allocations) is required by the DFEE. This will contribute significantly to the promise of raising pupil achievement.	+£6,300,000 2001/02
	+£6,122,000 2002/03
	+£6,122,000 2003/04
	+£6,122,000 2004/05

APPENDIX 1(1) G

**PROPOSED CAPITAL PROGRAMME 2001/02 – 2003/04
CHILDREN, SCHOOLS AND FAMILIES (EDUCATION)**

Scheme	Total Scheme Cost	2001/02	2002/03	2003/04	Subsequent Years
	£'000	£'000	£'000	£'000	£'000
<u>County Funded Schemes</u>					
<u>1999/2000 Design Starts</u>					
SW Herts Secondary Places	3,990	2,150	1,235		
Marriotts	200	86			
Richard Hale	365	146			
Woolgrove MLD	315	126			
Woodfield SLD	250	99			
Amwell View SLD	311	125			
Barnwell	640	256			
Broxbourne	540	216			
Sandringham	331	142			
Cavendish	375	150			
Roundwood Park	294	126			
Thomas Alleyne	110	44			
<u>2000/01 Design Starts</u>					
Applecroft JMI	147	78	59		
Heathcote Secondary	126	68	50		
Millbrook JMI	289	154	116		
Prae Wood Primary	179	96	71		
Sheredes Secondary	473	252	189		
St Albans Girls Secondary	1,155	616	462		
William Ransom Primary	220	118	87		
Astley Cooper Secondary	367	171	171		
Broxbourne Secondary	126	68	50		
Edwinstree Middle	315	143	151		
Grove Road Primary	289	154	116		
Hemel Hempstead Secondary	184	98	74		
Kingsway Junior	110	59	44		
Roundwood Park	367	196	146		
Ashlyns Secondary	210	112	84		
<u>2001/02 Design Starts</u>					
Bushey Meads Secondary	1,575	110	819	646	
Bowmansgreen JMI	893	49	14	473	357
<u>2002/03 Design Starts</u>					
St Albans Primary Provision	367		26	194	147
Sub Total	15,113	6,208	3,964	1,313	504

APPENDIX 1(1) G (cont'd)

**PROPOSED CAPITAL PROGRAMME 2001/02 – 2003/04
CHILDREN, SCHOOLS AND FAMILIES (EDUCATION)**

Capital Challenge – County Council Contribution	538		270	268	-
Suitability Survey – Top Priorities	250	18	132	100	-
Collenswood	220	15	117	88	
John Warner (net cost)	500	35	240	225	
Woodfield	450	32	155	263	
Falconer	1,550	108	322	1,045	75
Knutsford	205	14	84	107	
Total A1 Bids	2,925	204	918	1,728	75
Professional Fees (project management)		100	50		
Temporary Classrooms	1,037	144	152	241	500
Suitability Survey – Further Priorities	750	52	248	450	300
Hitchin Boys	800		56	424	320
Lakeside	285		20	151	114
Sir John Lawes	420		29	223	168
Sheredes	150		10	80	60
Heathcote	700		49	371	280
Presdales	800		56	424	320
Verulam	800		50	376	284
Westbury	475		33	190	252
Total County Funded	25,043	6,726	6,037	6,339	3,177

APPENDIX 1(1) G (cont'd)

**PROPOSED CAPITAL PROGRAMME 2001/02 – 2003/04
CHILDREN, SCHOOLS AND FAMILIES (EDUCATION)**

<u>Self-financing Schemes</u>					
Welwyn Garden City	8,960	1,780	760		
Secondary Review					
Creswick Relocation	2,500	1,325	1,000		
Borehamwood	15,996	3,541			
Reorganisation					
Hillmead JMI Relocation	2,100	1,113			
Muriel Green Nursery	864	312			
Relocation					
N E St Albans Nursery Places	80				
Jenyns, Braughing	1,095	350			
Stevenage Primary Places	4,500		2,180	1,100	690
Meriden Nursery, Watford	180	72	13		
Oxhey Nursery	1,400	98	742	560	
Reorganisation					
Total Self Financing	37,675	8,591	4,695	1,660	690

APPENDIX 1(1) G (cont'd)

**PROPOSED CAPITAL PROGRAMME 2001/02 – 2003/04
CHILDREN, SCHOOLS AND FAMILIES (EDUCATION)**

Scheme	Total Scheme Cost	2001/02	2002/03	2003/04	Subsequent Years
	£'000	£'000	£'000	£'000	£'000
<u>Externally Funded Schemes</u>					
New Deal for Schools 1999/2000	5,333	(363)			
New Deal for Schools 2000/01	12,707	5,305			
Devolved Schools Capital 2000/01	3,617	518			
Devolved Schools Capital 2000/01 – further allocation	3,252	1,626			
Devolved Schools Capital 2001/02*	3,617	3,099	518		
Devolved Schools Capital 2002/03*	3,617		3,099	518	
Devolved Schools Capital 2003/04*	3,617			3,099	518
Seed Challenge 2001/02*	565	565			
Seed Challenge 2002/03*	565		565		
Seed Challenge 2003/04*	565			565	
<u>Basic Need 2001/02 Approvals</u>					
Basic Need 2000/01 Approvals	4,345	304	2,303	1,738	
Cheshunt Secondary	801	425	320		
Rickmansworth Secondary	2,873	1,522	1,150		
<u>Basic Need 1999/2000 Approvals</u>					
North Harpenden Primary	350	140			
Stevenage Secondary	1,429	572			
Hemel Hempstead Schools PFI Project (PFI Credit)	35,548	-	-	-	1,422
Total Externally Funded	82,801	13,713	7,955	5,920	1,940
Total Programme		29,030	18,687	13,919	5,807

* Devolved Schools Capital Funding for 2001/02 onwards has not yet been announced

Note: Business cases for the above schemes can be obtained from Mike Robinson (01992 555940)

APPENDIX 1(2)

**PORTFOLIO: CHILDREN, SCHOOLS AND FAMILIES (SOCIAL SERVICES)
PROPOSED RESOURCE BUDGET 2001/02 – 2004/05**

Chief Officer: Caroline Tapster, Director of Social Services
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(01992 556354)

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- G Proposed Capital Programme 2001/02 – 2003/04

COMMENTARY

- 1.1 This Appendix outlines details of the proposals for a revenue budget of £46.729 million for Children, Schools and Families (Social Services).
- 1.2 The efficiency savings included in the proposals are summarised below with fuller details provided in the following appendices:

	£'000
<u>Efficiency Savings</u>	
Increasing the budget by less than the number of children being supported	(100)
Increased use of kinship (extended family / friends)	(40)
Accommodation review and St Albans offices workwise	(20)
Reduce consultancy budget by 25%	<u>(7)</u>
	<u>(167)</u>

- 1.3 The budget as proposed for Children, Schools & Families includes a sum to reflect the impact of rising demand for services for children in need and the need to fund the full year effect of 2000/01 specific grants. The budget as presented makes the assumption that £2.511m worth of the pressures on the budget will be funded from specific grants. This reduces the room for manoeuvre in implementing new schemes and initiatives specifically in response to the Quality Protects requirements and limits the capacity for establishing preventative schemes.
- 1.4 Efficiency savings of £167,000 are proposed. This is in the context of substantial efficiency savings achieved in prior years, and the need to protect the budgets for children and family services, which have been under substantial pressure over the last 3 – 4 years.
- 1.5 The Administration also proposes that a one-off service enhancement of £50,000 be included in the 2001/02 budget for improving the life chances of looked after children. This represents an area where a real service difference can be made through an injection of resources on a one-off basis and further detail of this item is included at Appendix 2(2) F.

APPENDIX 1(2)B

**REVENUE BUDGET 2001/02 – 2004/05
AND MOVEMENTS FROM CURRENT YEAR'S BUDGET
CHILDREN, SCHOOLS AND FAMILIES (SOCIAL SERVICES)**

	2001/02 £'000	2002/03 £'000	2003/04 £'000	2004/05 £'000
2000/01 Original Budget	46,013	46,013	46,013	46,013
Technical Adjustments 2000/01	434	434	434	434
2000/01 Adjusted Budget	46,447	46,447	46,447	46,447
Technical Adjustments 2001/02	(1,712)	(1,712)	(1,712)	(1,712)
Inflation	1,390	1,390	1,390	1,390
	46,125	46,125	46,125	46,125
Pressures for Change				
<i>Previous Policy Decisions</i>				
1. Full year effect of 2000/01 specific grants	1,514	1,514	1,514	1,514
2. Herts Connect (Gateway)*	(256)	(256)	(256)	(256)
3. Single Status*	(53)	(88)	(115)	(136)
Total Previous Policy Decisions	1,205	1,170	1,143	1,122
<i>Demographic Change</i>				
4. Children & Families	1,100	2,200	3,300	4,400
Total Demography	1,100	2,200	3,300	4,400
<i>Legislative changes</i>				
5. Climate Change Levy	(13)	(13)	(13)	(13)
Total Legislative Changes	(13)	(13)	(13)	(13)
<i>Other Pressures</i>				
6. Business Rates – Revaluation	4	3	1	(1)
7. Superannuation – LGPS	148	296	444	592
8. Increments	50	117	163	170
9. Recruitment and retention of social work staff	500	618	651	686
10. Revenue Effects of Capital	170	170	170	170
11. Revenue Effects of Capital (Telecoms)	11	12	13	13
12. Capital Payback	(31)	(66)	(117)	(117)
13. Capital Payback (Telecoms)	7	11	11	11
14. Joint Financing Taper	7	14	14	14
15. Youth Offending Team's tapering grant	74	284	284	284
Total Other Service Pressures	940	1,459	1,634	1,822
Total Pressures for Change	3,232	4,816	6,064	7,331

* full year effect of previous efficiency savings

APPENDIX 1(2)B (cont'd)

**REVENUE BUDGET 2001/02 – 2004/05
AND MOVEMENTS FROM CURRENT YEAR'S BUDGET
CHILDREN, SCHOOLS AND FAMILIES (SOCIAL SERVICES)**

	2001/02 £'000	2002/03 £'000	2003/04 £'000	2004/05 £'000
Funded from Specific Grants	(2,511)	(2,511)	(2,511)	(2,511)
Efficiency Savings				
16. Increasing the budget by less than the percentage increase in the number of children being supported	(100)	(100)	(100)	(100)
17. Increased use of kinship (extended family / friends)	(40)	(40)	(40)	(40)
18. Accommodation review and St Albans offices workwise	(20)	(20)	(20)	(20)
19. Reduce consultancy budget by 25%	(7)	(7)	(7)	(7)
Total Efficiency Savings	(167)	(167)	(167)	(167)
Service Enhancements				
Improving life chances of looked after children	50			
Resultant Budget	46,729	48,263	49,511	50,778

PRESSURES FOR CHANGE**Previous Policy Decisions**

1. Full year effect of 2001/02 specific grants £1,514,000 2001/02
and subsequent years

The full year effects of projects funded from specific grants in 2000/01 amount to £1.514m in 2001/02.

2. Herts Connect (Gateway) (£256,000) 2001/02
(full year effect of previous efficiency saving) and subsequent years

These are the savings and recharges associated with the Gateway Project.

3. Single Status (£53,000) 2001/02
(full year effect of previous efficiency saving) (£88,000) 2002/03
(£115,000) 2003/04
(£136,000) 2004/05

These are the costs and savings arising from the implementation of the single status package on 1 July 2000.

- Demographic Changes** £1,100,000 2001/02
£2,200,000 2002/03
£3,300,000 2003/04
£4,400,000 2004/05

4. The increasing demands for services for children and families represent significant pressures on the Committee's budget. The number of Looked After Children is increasing by 5.5% per annum.

Legislative Changes

5. Climate Change Levy (£13,000) 2001/02
and subsequent years

From 1 April 2001 a new climate change levy will be charged on business use of energy which will increase fuel costs for the county council. Nationally the revenue raised by the levy will be offset by a reduction in employer's National Insurance Contributions. The figures shown here are net of the NI reduction.

APPENDIX 1(2)C (cont'd)

PRESSURES FOR CHANGE

Other Pressures

6. <u>Business Rates - Revaluation</u>	£4,000	2001/02
	£3,000	2002/03
	£1,000	2003/04
	(£1,000)	2004/05

These are the estimated additional costs arising from the 2000 revaluation of property for rating purposes.

7. <u>Superannuation - LGPS</u>	£148,000	2001/02
	£296,000	2002/03
	£444,000	2003/04
	£592,000	2004/05

This is the estimated cost of the additional employer's contribution to the local government pension scheme following the 1998 actuarial review.

8. <u>Increments</u>	£50,000	2001/02
	£117,000	2002/03
	£163,000	2003/04
	£170,000	2004/05

This is the impact of staff receiving increments on 1 April 2001 (net of estimated staff turnover).

9. <u>Recruitment and Retention of Social Work Staff</u>	£500,000	2001/02
	£618,000	2002/03
	£651,000	2003/04
	£686,000	2004/05

There is a national shortage of social workers. A recruitment and retention policy was introduced in February 2000 in response to recruitment difficulties. This policy included the regrading of Assistant Managers, starting newly qualified social workers on a higher grade, creating senior practitioner posts and increasing the salaries of professional assistants. The level of vacancies has reduced as a result of introducing these measures and the number of temporary and agency staff has also reduced.

10. <u>Revenue Effects of Capital</u>	£170,000	2001/02 and subsequent years
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These are the revenue consequences of undertaking capital works within the agreed capital programme.

APPENDIX 1(2)C (cont'd)

PRESSURES FOR CHANGE

11. <u>Revenue Effects of Capital (telecoms)</u>	£11,000	2001/02
	£12,000	2002/03
	£13,000	2003/04
	£13,000	2004/05

This is the Committee's share of running costs associated with the countywide telecommunications infrastructure programme.

12. <u>Capital Payback</u>	(£31,000)	2001/02
	(£66,000)	2002/03
	(£117,000)	2003/04
	(£117,000)	2004/05

This is payback associated with the Capital Programme.

13. <u>Capital Payback (telecoms)</u>	£7,000	2001/02
	£11,000	2002/03
	£11,000	2003/04
	£11,000	2004/05

This relates to the payback associated with the countywide telecommunications infrastructure programme.

14. <u>Joint Finance Taper</u>	£7,000	2001/02
	£14,000	2002/03
	£14,000	2003/04
	£14,000	2004/05

This is the impact on the revenue budget of schemes previously funded from joint finance where tapering arrangements have been agreed.

15. <u>Youth Offending Team's Tapering Grant</u>	£74,000	2001/02
	£284,000	2002/03
	£284,000	2003/04
	£284,000	2004/05

This is the impact on the revenue budget of schemes previously funded from Youth Offending Team's grant.

APPENDIX 1(2)D

SAVINGS

Efficiency Savings

16. Increasing the budget by less than the % increase in the number of children being supported (£100,000) 2001/02 and subsequent years

A greater proportion of children will be placed with foster carers than in agency placements / out county. This will result in an increase in the size of the fostering budget and a reduction in the agency / out county budget.

17. Increased use of kinship (extended family / friends) (£40,000) 2001/02 and subsequent years

Increasing the use of kinship (extended family / friends) as opposed to difficult to find fostering placements. Kinship placements tend to be more likely to be permanent than foster care placements. The estimated cashable saving is based on 10 families.

18. Accommodation review and St Albans offices (workwise) (£20,000) 2001/02 and subsequent years

Cashable savings from moving to Porters Wood in St Albans are estimated to be £20,000.

19. Reduce consultancy budget by 25% (£7,000) 2001/02 and subsequent years

Reduce the budget for consultancy within Children, Schools and Families by 25% from £29,000 to £22,000.

Non Cashable Efficiency Savings

20. An increase in the number of Looked After Children (LAC) (£180,000) 2001/02 and subsequent years

The number of looked after children (LAC) has increased by almost 24% from 1 April 1996 to 31 March 2000 - an average of almost 6% per year. In 1999/00 the number of LAC increased by over 7.5% from 757 as at 1 April 1999 to 814 as at 31 March 2000. The budget increased by a lower percentage than the percentage increase in client numbers.

21. Ripon Road Children's home (reducing the need to place out county) (£40,000) 2001/02 and subsequent years

A new home for children with learning disabilities is being built in Ripon Road, Stevenage. This will result in less need to place children out county. It will be easier to provide more timely social work support for an in county establishment than if the children were placed out county.

APPENDIX 1(2)D (cont'd)

SAVINGS

22. Wilbury Road Children's home (reducing the need to place out county) (£40,000) 2001/02 and subsequent years

A new residential home for children is being built in Wilbury Road, Letchworth. This will result in less need to place children out county. More timely and proactive social work support tends to be provided for in county establishments than for children placed out county.

23. Multi disciplinary teams (£40,000) 2001/02 and subsequent years

The increase in the number of multi-disciplinary teams will result in closer co-operation between the various professions and more timely and appropriate decision making.

APPENDIX 1(2)E

FEES AND CHARGES 2001/02

All fees and charges will be increased by the appropriate inflation factor.

SERVICE ENHANCEMENTS

1. Improving life chances of our looked after children

£50,000

One-off

Helping foster carers in Hertfordshire to improve life chances for children they care for by anticipating and reducing the likelihood of sudden crisis springing up within their foster-family relationships. This project would invest in one-off training for representatives of foster carers who would then be able to 'cascade' these new skills to the wider foster care community. Following the therapeutic Crisis Intervention model in Hertfordshire, this would involve training in the first place 16 staff who would then roll the training onto 300 carers and around 60 staff. This is a project of one-off investment to save. By investing now, we are considerably reducing the chances of having to become involved in crisis foster family situations which are very difficult and costly to resolve.

APPENDIX 1(2) G

**PROPOSED CAPITAL PROGRAMME 2001/02 – 2003/04
CHILDREN, SCHOOLS AND FAMILIES (SOCIAL SERVICES)**

Scheme	Total Scheme Cost £'000	2001/02 £'000	2002/03 £'000	2003/04 £'000	Subsequent years £'000
<u>County Funded Schemes</u>					
Ripon Road, Stevenage Home for Children with Disabilities	557	175			
Total County Funded	557	175			

Note: The supporting business case for the above scheme can be obtained from
Ralph Paddock (01992 556354)