

London Councils: Young People's Education and Skills Board

Indicative Budget 2012/13 – 2014/15

Item no: 7

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Summary This paper proposes a budget for the YPES for 2012/13 – 2014/15

Recommendations The Board is asked to recommend an indicative 2012/13 – 2014/15 budget for YPES, (outlined in Appendix 1) subject to annual approval, to be agreed by Leaders' Committee in December

1 **Background**

Role and remit

- 1.1 London Councils Young People's Education and Skills will require a budget to undertake its agreed functions, which were revised in the light of the independent review of the RPG (November 2010).
- 1.2 London Councils Young People's Education & Skills (YPES) is the lead strategic body for 14-19 education and training in the capital, providing a discreet focus on youth employment, education and skills and:
 - Pan-London leadership for young people's education and training provision in relation to the current and future needs of learners and employers;
 - Influence to local authorities and providers to operate in the collective interest of London, particularly in addressing the needs of vulnerable learners;
 - Support to local authorities in undertaking their statutory duties;
 - Assistance to other stakeholders in planning, policy and provision.
- 1.3 It is driven by the challenge to influence and shape sufficient diversity and quality of provision to promote full participation by 2015 and to meet the future skills needs of London.

Financial Position

- 1.4 The YPES budget is made up of three parts;
 - Staff Costs - funded through the Department for Education (DfE) transfer of a special purpose grant; recently confirmed to 2014/15.

- an Operational Budget - previously set at £1,500 per local authority; and
 - a Regional Activity Budget - to support pan-London 14-19 projects funded through pooled funding from local authorities.
- 1.5 Leaders Committee has agreed borough contributions for the past two years; £25,600 for 2009/10 and £14,060 for 2011/12 (for the operational and regional activity budget).
- 1.6 It was agreed that any regional activity for 2011/12 would be subject to detailed consideration by the Association of London Directors of Children's Services (ALDCS).

2 Current Financial Position

2010/11 Financial Year

- 2.1 Through careful management and planned under-spend (local authorities asked that we did not move to contract for the Young Enterprise Service due to mid-year funding cuts) the final outturn for 2010/11 was a total under-spend of £195,000.

2011/12 Financial Year

- 2.2 In December 2010 Members agreed for the 2011/12 financial year a borough contribution to regional YPES activities of £14,060 per borough; that forms part of the overall London Councils Joint Committee subscription. The current position is that £318,000 is uncommitted.

3 2012/13 - 2014/15 Budget Proposals

- 3.1 There is a reduction in the special purpose grant of almost 25% over the life of the budget planning period. This creates a funding shortfall on staffing costs (employee and running costs). It is proposed to meet this shortfall by:
- a reduction in staffing and operational costs;
 - utilising the 2010/11 planned under-spend (£195,000).
- 3.2 Leaders Executive on 25 October agreed to recommend a budget proposal suggesting a contribution to YPES of £4,000 per borough as part of the London Councils Joint Committee subscription. This would provide for a limited programme of regional activity; supplemented by the uncommitted funds of £318,000 from the 2011/12 budget. The proposed budget is dependent on YPES Board recommendation and Leaders Committee approval.

4 Staff Costs

- 4.1 The DfE provide direct funding to London Councils under s.14 of the Education Act 2002 by means of a special purpose grant which provides a funding envelope to cover the salary, employers' national insurance and pension contributions and ancillary costs such as premises, general office and central management support costs.
- 4.2 In June 2011 the DfE confirmed special purpose grant funding for London Councils to 2014/15, in line with the confirmation to local authorities by letter from the Secretary of State for Communities and Local Government, Eric Pickles, in October 2010.
- 4.3 The allocation is indicative of the funding settlement to other local authorities i.e. a reduction of approximately 10% year-on-year:

| Baseline 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|-----------------------------|----------------|----------------|----------------|----------------|
| £691,596 | £637,445 | £573,986 | £517,345 | £460,571 |

- 4.4 In order to achieve the level of reduction for 2011/12 the team complement was reduced to 6.5 through the retirement of one member of staff. Further reductions will be necessary year on year.
- 4.5 The current staffing complement of YPES is 6.5 FTE. 1.5 FTE are located within London Councils' Policy and Public Affairs directorate and have dual accountabilities.
- 4.6 Even with agreement to apply the under-spend from 2010/11 the funding shortfall will require a reduction in the staffing complement by a further 1 FTE. There is a reluctance to reduce the team capacity and the recommendation would be to seek to mitigate this reduction if possible. There is the likelihood of limited income generation; including attracting some ESF support towards staff costs (c£15k) and a potential secondment fee. There is a relatively small remaining deficit in funding forecast in 2014/15 (£10k) however; there is some further room to reduce costs in the budget for support costs. Both of these would only improve the cost basis of the service.
- 4.7 The service currently operates at a high level of borough confidence – this is largely based on the professional credibility of the staff team. If this is significantly depleted the service is at risk of becoming inadequate and failing to meet borough expectations. Similarly the DfE has committed the special purpose grant to London Councils in order for it to: “...ensure local authorities fulfil their strategic role...” and “welcomes London Councils commitment to the overall strategic challenge of raising the participation age, promoting participation and addressing and shaping gaps in provision to deliver best in the interests of young people”. Arguably a significantly depleted team would damage our ability to fulfil the conditions of the funding agreement and risk the continuation of the special purpose grant to 2014/15.

5 YPES Operational Budget

- 5.1 In 2011/12 Leaders agreed for a small amount of Borough funding (£1,500) to be pooled to support a minimal operational budget.
- 5.2 The operational budget needs to support the following activities:
- Consultation events and strategy publication
 - 14-19 network events
 - YPES meetings
 - Sub-group meetings
- 5.3 The current projected funding gap would require a reduction of £50k of operational budget. It is proposed that the 2011/12 budget for operational activities should be absorbed within the staffing and running costs and be subject to efficiency savings from 2012/13 onwards.

6 YPES Regional Activity

- 6.1 YPES (RPG) and Leaders have previously agreed to the principle that some local authority funding should be pooled to support regional 14-19 activity where there is a clear case for authorities to work together (e.g. to benefit from economies of scale; or

to support pan-London projects). They also agreed and a process for identifying the activity to be supported through work with ALDCS.

- 6.2 If £4k of the £14k which is currently within the membership fee could be maintained this would preserve the service and enable us to implement an annual work programme which includes a regional programme of activity, dictated by borough priorities.
- 6.3 Further, if we secure an on-going membership fee contribution then we can, subject to approval, utilise the uncommitted funds from 2011/12 for a further Young Parents To Be programme – this would complement regional strategies, have the support of boroughs and we may be able to match fund it with ESF through our work with the GLA and Skills Funding Agency. The Young Parents To Be programme would be in the region of half a million pounds over three years and if successful in attracting match ESF funding would take the investment in this area to £1m.
- 6.4 In addition it is proposed to supplement the intelligence and research functions of the service. As the Young People's Learning Agency (YPLA) transitions to the Education Funding Agency it is becoming apparent that there will be a greater need for YPES to assist boroughs in analysing data on young people's education and skills needs in order to assist in borough strategic planning.
- 6.5 Other areas of regional activity include work on Learners with Learning Difficulties and Disabilities – this will be incorporated within core activity and supported by future research as necessary. CHOICE, the London area-wide prospectus, has moved to UCAS Progress and will only require professional support after this financial year.

7 Summary

- 7.1 The indicative budget to 2014/15:
 - assumes the indicative notified SPG reduction of c10% year on year
 - plans a reduction in staffing and operational costs year on year
 - utilises the 2010/11 under-spend of £195,000 to cover the remaining shortfall on staffing costs
 - proposes a membership fee contribution of £4,000 per borough
 - proposes a programme of regional activity utilising the uncommitted funds from 2011/12 and the membership fee contribution

8 Recommendations

- 8.1 The Board is asked to recommend an indicative 2012/13 – 2014/15 budget for YPES, (outlined in Appendix 1) subject to annual approval, to be agreed by Leaders' Committee in December.

Item 7. Appendix 1.

YOUNG PEOPLE'S EDUCATION AND SKILLS

Forward Budget projection to 2014/15

| SPG Funded Activity | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|---|-----------------|-----------------|-----------------|-----------------|----------------|
| Employee Costs ((@100%)) | 6.5 fte | 6.0 fte | 6.0 fte | 5.5 fte | 5.5 fte |
| RPG Team | 388,668 | 385,561 | 402,257 | 379,851 | 385,000 |
| Policy & Promotions | 62,995 | 45,892 | 45,892 | 46,934 | 46,934 |
| Total Employees | 451,663 | 431,453 | 448,149 | 426,785 | 431,934 |
| Premises Recharge | 59,965 | 55,352 | 55,352 | 50,740 | 50,740 |
| Transport | 4,437 | 4,038 | 3,639 | 3,239 | 4,437 |
| Supplies and Services Budgets | 48,749 | 44,362 | 39,974 | 35,587 | 48,749 |
| Central Support Svs Recharge | 58,811 | 54,287 | 54,287 | 49,763 | 49,763 |
| Total Running Costs | 171,962 | 158,039 | 153,252 | 139,329 | 153,689 |
| Total | 623,626 | 589,492 | 601,401 | 566,114 | 585,623 |
| Government Grant (indicative) | -630,754 | -573,986 | -517,345 | -460,571 | 0 |
| Net Cost / Grant Shortfall | -7,128 | 15,506 | 84,056 | 105,543 | 585,623 |
| 2010/11 Planned Underspend balance applied to contribute to Grant Shortfall | | -15,506 | -84,056 | -95,438 | 0 |
| Residual unfunded Shortfall | 0 | 0 | 0 | 10,105 | 585,623 |
| Borough Funded Regional Activity | | | | | |
| CHOICE to end of 2011/12 Academic Year | 62,000 | 0 | 0 | 0 | 0 |
| LLDD Research | 24,500 | 0 | 0 | 0 | 0 |
| Operational Budget | 49,500 | 0 | 0 | 0 | 0 |
| LPUK Regional | 10,000 | 0 | 0 | 0 | 0 |
| Total Commitments | 146,000 | 0 | 0 | 0 | 0 |
| Total | 146,000 | 0 | 0 | 0 | 0 |
| Options For Member Consideration | | | | | |
| Young Parents To Be (new programme) | 318,000 | 112,000 | 112,000 | | |
| Data/Research | | 20,000 | 20,000 | 20,000 | |
| Future Priority Programmes/Services | | | | 101,895 | |
| SPG funding gap | | | | 10,105 | |
| Total | 318,000 | 132,000 | 132,000 | 132,000 | 0 |
| Funded By : | | | | | |
| Borough Contribution @ £14k | -464,000 | | | | |
| Borough Contributions @ £4k | | -132,000 | -132,000 | -132,000 | |
| Balance / Uncommitted Funds | -318,000 | -132,000 | -132,000 | -132,000 | 0 |