



**CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE - 19 JANUARY  
2015**

**JOINT REPORT OF THE DIRECTOR OF CHILDREN AND FAMILY SERVICES AND THE  
DIRECTOR OF CORPORATE RESOURCES**

**MEDIUM TERM FINANCIAL STRATEGY 2015/16 TO 2018/19**

**Purpose of Report**

1. The purpose of this report is to:
  - a) provide information on the proposed 2015/16 to 2018/19 Medium Term Financial Strategy (MTFS) as it relates to Children and Family Services; and
  - b) ask the Committee to consider any issues as part of the consultation process and make any recommendations to the Cabinet accordingly.

**Policy Framework and Previous Decisions**

2. The County Council agreed the current MTFS in February 2014. The draft MTFS for 2015/16 – 2018/19 was considered by the Cabinet on 11<sup>th</sup> December 2014.

**Background**

3. Reports such as this one are being presented to the Overview and Scrutiny bodies. The views of this Committee will be reported to the Scrutiny Commission at its meeting on 28 January. The Cabinet will consider the results of the scrutiny process before recommending a MTFS, including a budget and capital programme for 2015/16, to the County Council on the 18th February 2015

**Financial Strategy**

4. The MTFS was set out in the report to Cabinet on 11<sup>th</sup> December 2014, a copy of which has been circulated to all members of the County Council. This report highlights the implications for Children and Family Services.

**Service Transformation**

5. National policy changes continue to affect the department, notably the Children and Families Act 2014, which is a significant driver for change. These changes are being delivered by the departmental transformation agenda which is delivering significant whole system changes such as adoption reform and reform of services for children and young people with special educational needs and disabilities (SEND).

The report to the Committee on 1<sup>st</sup> September 2014 described fully the department's Transformation programme, including:

- the vision, mission and strategic approach;
  - the 20 discrete savings areas; and
  - the 4 major Transformation Projects:
    - a) T3 – remodelling children's social care and specifically to:
      - reorganise locality social care teams;
      - review provision of placements for children with complex needs and behaviours
      - commissioning placements for children in care.
    - b) T8 – remodelling early help services to enable individuals to access appropriate support to help them maintain quality of life and address problems at earlier points.
    - c) T16 – remodelling Special Educational Needs & Disability services to improve educational outcomes for children with special educational needs and disabilities through an integrated single assessment and joint commissioning of services combined with personal budgets.
    - d) T20 – remodelling education services to establish appropriate planning and delivery functions to respond to the ever changing educational landscape including the provision of additional school places and ensuring educational quality.
6. Transformation of services is a key priority for the department over the period of the MTFs, the scale of the financial challenge will mean that some services are delivered differently. Ensuring that children are safe, supported and able to thrive through providing the right help at the right time remains the department's priority. Service redesign will reduce duplication and achieve better value from contracts whilst increasing choice for children and families.

### **Proposed Revenue Budget**

7. The table below summarises the proposed 2015/16 revenue budget and provisional budgets for the next three years.

	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>
Updated original budget	59,281	55,333	51,393	50,533
Other changes;				
Budget Transfers and Adjustments	1,357	0	0	0
<b>Sub Total</b>	<b>60,638</b>	<b>55,333</b>	<b>51,393</b>	<b>50,533</b>
Add proposed growth	2,115	0	0	0
Less proposed savings	-7,520	-3,840	-860	-1,160
<b>Proposed/Provisional budget</b>	<b>55,233</b>	<b>51,393</b>	<b>50,533</b>	<b>49,373</b>

8. Detailed budgets for 2015/16 have been compiled on the basis of no pay or price inflation, a central contingency will be held which will be allocated to services as necessary.

9. The proposed net budget for 2015/16 totals £55,233,486 is set out below:

	£000
Employees	37,067,458
Running Costs	222,669,571
<b>Gross Costs</b>	<b>259,737,029</b>
Income	204,503,542
<b>Net Budget</b>	<b>55,233,486</b>

10. For a number of years the department has managed a recurrent overspend in the budgets for children in care placements by maintaining underspending budgets to offset that overspend. For 2015/16 the department has undertaken a 'zero based budgeting' approach to reassess the financial needs of all services, as a result of this change a number of budgets have been realigned.

### **Other Changes and Transfers**

11. A number of budget transfers (£1.357m) were affected through the 2014/15 financial year that are now adjusted for in the updated 2015/16 original budget. These occur as a result of budget transfers enacted during the year largely arising from the transfer of the Youth Justice budget into the department.

12. Growth is categorised in the appendices under the following classification;

*	Item unchanged from the 2014/15 MTFS
**	Item included in the 2014/15 MTFS but amendments have been made
No Star	New item

13. Savings are categorised in the appendices under the following classification;

*	Item unchanged from the 2014/15 MTFS
**	Item included in the 2014/15 MTFS but amendments have been made
TDEI	References for Transformation Project, Departmental saving, Emerging savings and income items
Eff	Efficiency saving
SR	Service reduction
Inc	Income

### **Growth**

14. Details of proposed growth are set out in Appendix B and total £2.1m. These are detailed in the following table;

Ref		2015/16 £,000
G1	<b><u>Removal of time limited Growth – Children in care and Child Protection Plans</u></b> – 2014/15 saw the final element of time limited growth approved in the 2012/13 MTFS which funded an increase in internal capacity to respond to	-45

	increased case loads, this final adjustment relates to a reduction in salary costs.	
G2	<p><b>Placements – Independent Fostering Agency –</b>  Placements for children in care are commissioned from a range of providers. The cost of placements varies significantly from an average of £364 per week with an in-house foster carer to £3,800 per week for a secure placement for children with complex needs. Leicestershire has seen a net reduction in the number of in house foster carers through factors such as retirement, alongside this the number of mother &amp; baby and sibling groups has increased by 33% and required the local authority to commission additional placements with independent fostering agencies (IFA's). Whilst IFA placements have a lower cost than for example a secure placement the average cost per week is £364 and higher than an in-house foster placement.</p> <p>Local authorities are also required to secure a permanent family placements for children in care where it is appropriate to do so, currently 33 children within IFA placements have been granted permanency, these children account for the current IFA budget leaving no flexibility to fund any new placements that may arise resulting in the need for growth.</p> <p>The placements budgets have seen a recurrent overspend in previous years and the 2015/16 MTFS realigns some areas of the Children and Family Services budget to partially address that. Additionally the Remodelling of Social Care transformation project is considering the commissioning arrangements for placements as one of the key strategies in reducing future costs.</p>	1,500
G3	<p><b>Child Sexual Exploitation –</b> Nationally a number of high profile child sexual exploitation (SCE) cases have been identified which have led to a review of how cases in Leicestershire, Leicester and Rutland are identified, managed and addressed through the establishment of a multi- disciplinary team located and working with Leicestershire Police and other agencies / services.</p> <p>The national profile CSE has increased the number of referrals from 54 in 2012/13 to 99 to date (24 November 2014), it is now necessary to strengthen and make permanent arrangements to co-ordinate the local response to CSE, trafficking and missing children. The objectives of the team is to be proactive in identifying and tackling cases, improving the understanding of the nature and scope of CSE, increase the number of prosecutions and reduce the number of children repeatedly going missing.</p>	560

G4	<b>Young Carers</b> – Legislation introduced through the Children and Families Act 2014 conveyed a duty on local authorities to assess the needs of children and young people that undertake caring responsibilities to ensure that they have the same access to education, career choices and wider opportunities as other children without caring responsibilities and that they and their families are identified and supported.	100
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### Savings

15. Savings of £3.4m were delivered in the 2014/15 MTFS. Details of future savings are set out in Appendix B and total £7.52m in 2015/16 rising to £13.38m in 2018/19. These are detailed below:

Ref		
	<b><u>Transformation</u></b>	
* / T3 / Eff	<b><u>Reduced Demand Arising From the Supporting Leicestershire Families Programme</u></b> – It is expected that the success of the programme will reduce demand across services. Analysis of a benefits realisation has identified that the programme is delivering savings across public services, this exercise will inform the approach to the future of the service and how costs and savings may be realigned across partners in order to inform the delivery of this saving scheduled in 2016/17.	-1,000
** / T3 / SR	<p><b><u>Remodelling Social Care</u></b> – A number of savings identified within the 2014/15 MTFS (S6, part S9 &amp; S17) are now combined and will be delivered under this transformation project. The project will deliver system change across three key service areas;</p> <ul style="list-style-type: none"> <li>• the structure of locality social care services</li> <li>• provision of placements for children with complex needs and behaviours</li> <li>• commissioning and use of Independent fostering agencies</li> </ul> <p>The project is complex and is being delivered given it is redesigning services supporting vulnerable children in Leicestershire, £1m of the original 2015/16 MTFS target has been re-profiled to 2016/17 and is off set against the new departmental saving of D9 – Release of Early Help Budget.</p> <p>Phase 1 of the remodelling project has been completed which delivers savings for 2015/16, further savings will be achieved through the introduction of a commissioning strategy which will reduce the cost of placements for children in care. For 2015/16 savings total £1.2m, phase two of the remodelling project will deliver further savings of £1m in 2016/17.</p>	-2,200

<p>** / T8 / SR</p>	<p><b><u>Remodelling Early Help</u></b> – This transformation project combines a number of 2014/15 MTFS savings (S3, part S9, S16, S18 &amp; S80), saving of £1.89m are scheduled to be delivered in 2015/16 rising to £3.09m in 2017/18.</p> <p>A service restructure delivers the 2015/16 savings requirement, phase 2 of transformation will be undertaken during 2015/16 in order to deliver further savings in 2016/17 through the development of co-commissioning and service integration. Re-profiling £1m of savings from 2015/16 to 2016/17 allows for a measured and structured approach to the redesign of these services and will allow further time to develop co-commissioning and service integration as well as time to build community capacity and resilience.</p> <p>All stakeholders have been, and continue to be, fully engaged in discussions on potential new service delivery options and include Health, Schools, District Councils, Voluntary Sector, Community Safety, Youth Service and Youth Offending Service.</p> <p>A review of early help across the Council is to be undertaken and will also inform the way in which and extent of which early help services will be delivered in the future.</p>	<p>-3,090</p>
<p>* / D1 / SR</p>	<p><b><u>Departmental</u></b></p> <p><b><u>Review and Consolidation – Voluntary Sector Support</u></b> – Extensive consultation has been undertaken with all voluntary organisations that may be affected by this saving. Commissioning across the voluntary sector has historically been through a mixture of locality and countywide arrangements over a number of years. This had led to significant duplication and inefficiency in the system which now has 128 separate contracts with 71 organisations.</p> <p>Future commissioning arrangements will focus on improving outcomes for children, young people and their families within a commissioning framework based on need and the knowledge about which services have the most positive impact. In order to support this new approach to commissioning services, an assessment tool has been developed and will be used to prioritise the services currently provided by voluntary and community sector organisations. De-commissioning proposals will be presented to Cabinet for agreement at its meeting on 14 January 2015 and an update will be presented at this meeting.</p>	<p>-800</p>
<p>* / D2 / SR</p>	<p><b><u>Careers Advice &amp; Guidance</u></b> – This is the full year impact of 2014/15 agreed savings. Schools are now responsible for providing careers information, advice and guidance and</p>	<p>-360</p>

	the local authority for vulnerable young people aged 16-19, to reflect this change in legislation the contract for the services was reduced in October 2014 from £2m to £1.4m. Emerging savings for 2018/19 are proposed under E2.	
* / D3 / SR	<b><u>Non Replacement of Posts</u></b> – Posts that have become vacant during 2014/15 have not been subject to recruitment and have been permanently removed from the departments staffing establishment.	-120
** / D4 / SR	<b><u>Reduction in Early Learning &amp; Childcare Service</u></b> - Reduced training within the service in 2015/16 will deliver savings of £0.1m.  The department's strategy for funding the early learning service has been to move costs fully from the local authority budget to Dedicated Schools Grant (DSG) in 2015/16. However changes to the DSG allocation methodology for funding the two year old early education offer has reduced the level of grant which is insufficient to meet these costs. The department is considering the short and medium term options for the service which is scheduled to be funded from DSG reserves to allow time for effective planning for the change. The local authority budget will be withdrawn in 2017/18.	-850
* / D5 / SR	<b><u>Departmental Structure Changes</u></b> – This is the full year impact of savings delivered through 2014/15 and relates to the final year of savings through corporate changes in staff terms and conditions and the non –replacement of temporary contracts.	-60
** / D6 / SR	<b><u>Educational Psychology</u></b> – A service review has been undertaken within the service and a restructured service will be in place in September 2015. The 2015/16 saving of £240k has a full year impact in 2016/17 and will increase to £390k.	-390
* / D7 / SR	<b><u>Family Information Service</u></b> – The statutory duty to provide a family information service has been removed from local authorities and the budget has been removed. The function has been incorporated into the work of the 'First Response' team.	-120
** / D8 / SR	<b><u>Redesign Services for Disabled Children</u></b> – The authority is committed to the design of an all age disability service through the integration of services within Children and Family Services and Adults and Communities. Integration of these services will deliver savings of £0.4m in 2015/16 rising to £1m in 2016/17 as efficiencies are achieved by aligning assessment and commissioning of services	-1,000
D9 / SR	<b><u>Early Help Budget</u></b> –This is a new saving proposed for 2015/16. The 2014/15 MTFS made provision for £3.2m in order to provide financial support for services to respond to reductions in funding arising from the cessation of the Early Intervention Grant. It was anticipated that the expansion of the early education offer to the 40% most deprived 2 year	-2,100

	olds would be unfunded, this was subsequently funded by the Department for Education. The department has exercised extreme prudence on the allocation of this budget as a result of the financial position of the local authority and £2.1m is unallocated within the department's budget. This could be released in 2015/16 as an additional saving with no impact upon service delivery and allows for the re-profiling of savings within the remodelling of early help and social care transformation programmes.	
D10 / Eff	<b><u>Inflation Contingency</u></b> – This is a new saving proposed for 2015/16. The department has maintained a budget in order to fund any unexpected inflation increases within service budgets, this budget can be released in 2015/16 with no impact on current service budgets.	-130
	<b><u>Emerging</u></b>	
E1 / Eff	<b><u>Management Costs</u></b> – As the department delivers savings in services it will be possible to deliver a reduction in management costs. This saving is scheduled for 2018/19 but the department will consider if savings can be made in management costs as the transformation programmes are delivered.	-150
E2 / SR	<b><u>Careers Advice and Guidance</u></b> – Leicestershire has one of the lowest numbers in England of young people not in education, employment and training and with schools now responsible for careers advice and guidance this proposed reduction in budget for 2018/19 takes account of the reduced current role and potential future changes as the department moves to a model targeting services on the most vulnerable children and young people	-700
E3 / Eff	<b><u>Administration Support</u></b> – As services and management costs reduce it will be possible to reduce administration support.	-310

### **Specific Grants**

16. The specific grants for the departments are;
- Dedicated Schools Grant (DSG) (£439m). The purpose of this grant is detailed in the following section of this report.
  - Maintained School sixth forms (£4.7m). This funding is paid to the local authority by the Education Funding Agency for maintained school sixth forms. The allocations are made according to a national formula and paid over to maintained schools with sixth forms in full. Academies receive this funding directly from the EFA.
  - Asylum Seekers (£0.4m). This supports the cost of supporting unaccompanied asylum seeking children. The grant is variable and dependent upon the number and age of children supported.
  - Remand Reform (£0.6m). Local authorities became responsible for remands to youth detention in April 2013. The grant has not been confirmed but is assumed to be at the same level of that for 2014/15.



- SEND Reform Grant (£0.34m). The Children and Families Act 2014 introduced significant changes in respect of supporting children and young people with special educational needs and disabilities (SEND) including the introduction of Education, Health and Care Plans, publication of the local offer of support services and the introduction of personal budgets. Changes have been supported by specific grant allocations by the DfE and a further grant for 2015/16 has been confirmed.

### **Dedicated Schools Grant**

17. The Dedicated Schools Grant (DSG) settlement retains a settlement in three separate blocks for 2014/15, the DSG allocation for the offer of early education to the 40% most deprived 2 year olds will not be confirmed until June and has been estimated. Overall the Schools Budget remains set at the level of the grant received. A summary of the grant elements is detailed below:

<b>Funding Block</b>	<b>Areas Funded</b>	<b>Basis for Settlement</b>
Schools Block £364.6m	<p>This block funds delegated budgets for all Leicestershire primary and secondary schools and academies and for the first time the three studio schools in Leicestershire.</p> <p>Some budgets e.g. school copyright licences, school related premature retirement costs are centrally retained by the local authority with the approval of the Schools Forum.</p> <p>Funding for academies is recouped from the settlement and paid directly to the academy by the EFA.</p> <p>This block of funding is increased as a result of the 'Fairer Funding' announcement by the Department of Education (DfE) in July 2014. Cabinet approved the allocation of the additional funding on 13 October 2014 following extensive consultation with schools.</p>	<p>The Schools Block Unit of Funding (SBUF) is £4,229.29 and based upon the pupil characteristics recorded in the October 2014 schools census. The figure is a reduction of £7.51 per pupil from the figure published by the DfE in July 2014 as a result of a reduction of funding in respect of carbon reduction commitment changes which are funded on a national rather than local basis.</p> <p>Leicestershire is the 11<sup>th</sup> lowest funded for this element of the settlement out of 151 authorities (3<sup>rd</sup> lowest 2014/15) and compares to an England average of £4,612.11</p>
High Needs Block £52.9m	Funds special schools and other specialist providers for high needs pupils and students, the	The settlement remains based upon expenditure for 2012/13, adjusted for changes in the

	pupil referral unit and support services for high needs pupils including high needs students in further education provision.	number of high needs places commissioned with an element of national growth in funding.  As the settlement is not based upon pupil / student numbers there is no national comparator against which to measure relative funding. However converting the settlement to a per pupil basis using pupil data in the other elements of the DSG settlement places Leicestershire 17 <sup>th</sup> lowest funded at £579.60 against an England average of £775.68
Early Years £18.7m ( 3 & 4 year olds)  2 year old disadvantaged places £2.8m (est)	Funds the Free Entitlement to Early Education (FEEE) for 3 and 4 year olds and an element of the early learning and childcare service.  This allocation includes a provisional allocation of £0.3m for the early years pupil premium which will be adjusted in future years for actual take up	The settlement is based upon January 2014 pupil numbers and will be adjusted for January 2015 and 2016 pupil data  The FEEE funding rate of £3,363.36 of is unchanged from 2014/15 and Leicestershire remains 10 <sup>th</sup> lowest funded against an England average of £4,282.60 including the early years pupil premium.  This settlement no longer includes funding for FEEE for 2 year olds. Whilst the settlement for this element of DSG will not be confirmed in June 2015 the rate of funding has been confirmed at £4.85 per hour, Leicestershire is one of 52 authorities that receive the lowest rate of funding, the funding level is equal to the rate paid to Leicestershire providers.
£439.07m	<b>Total DSG (including 2 year old estimate)</b>	

18. The DfE has stated that it wishes to move to a formulaic distribution for the High Needs Block and are currently undertaking a research project to determine how that may be achieved. Leicestershire was approached by the DfE to be one of the authorities participating in this research and a number of officers and schools have taken part in the initial information gathering stage of the project, further workshops are planned early

in 2015 to continue the work. It is unclear when the outcome of the research and any potential changes to the funding system will be known.

19. It is also anticipated that a single funding formula for the Early Years block and early education providers will be introduced at some point in the future.

### **School Budgets**

20. The government has confirmed that it remains its intention to implement a national funding formula for local authorities and schools. No timescale has been given for the introduction of the national fair funding formula, but that it will happen at 'the right time' and at a point at which there are multi-year funding settlements in order that schools are able to plan for the changes.
21. The additional funding within the Schools Block DSG is generated by a change in the methodology for calculating DSG which, for the 69 local authorities receiving additional funding, has changed from that of replicating historic expenditure, to a basis where Minimum Funding Levels (MFL) are given to a number of pupil characteristics to generate local authorities grant allocations.
22. The framework for local authorities to calculate individual school budget is largely unchanged for 2015/16, albeit there are some national changes to the definitions of some of the factors. The School Funding Task and Finish Group considered these changes and recommended that the 2015 /16 school funding formula should remain unchanged. The funding values within the formula are however increased as a result of the additional funding for the authority and were agreed by the Cabinet on 13 October 2014.
23. The Education Funding Agency (EFA) has confirmed that the proposed 2015/16 school funding formula is compliant with the school funding regulations. School budgets have been remodelled to reflect the most recent pupil data from the October 2014 school census and will be issued to individual schools following consideration by the Schools Forum on 23 February 2015. Whilst the Schools Forum is unable to make changes to the funding formula for schools, the Forum is vested with some decisions on the budgets that are centrally retained by the local authority which may impact on the funding available to be delegated to schools.
24. The Minimum Funding Guarantee (MFG) remains nationally set at minus 1.5% per pupil. Whilst the approach to the allocation of the additional school funding was to minimise the number of schools receiving MFG, 23 schools remain on minimum funding, the funding released from this change has been recirculated across the school funding formula. As MFG is a per-pupil reduction schools with falling rolls may see their budgets reduce by more than 1.5% overall. Additionally some items funded within the formula i.e. rent and rates are not considered within the MFG calculation.
25. The methodology remains unchanged for funding schools undertaking or affected by age range changes and the pupil number count continues to include an adjustment for estimated changes in roll for September 2015 which will be adjusted in 2016/17 budgets when actual numbers will be confirmed. Schools unaffected by age range change remain on the national pupil number count and are funded on pupil numbers from the October 2014 school census as required by the school finance regulations.

26. Local authorities are required to construct school budgets using a dataset and pro-forma issued by the DfE which is based upon the October 2013 school census, in Leicestershire this is then adjusted for the pupil number changes arising from schools undertaking age range changes. The school budgets shown within this report are draft budgets which will be updated for this new data, this is a result of the late issue of the dataset by the EFA and the complexity of pupil movement arising from September 2015 age range changes.
27. Local authorities are required to fund start-up costs for new schools and for diseconomies of scale there may be until they have a full contingent of year groups. The 2014 School Funding Regulations also require that new schools be funded on estimated pupil numbers from the point of opening. It is planned for the Braunstone school to be open for a September 2016 intake. It is therefore necessary to establish a growth fund and for the Schools Forum to agree the criteria for its allocation. £1m is notionally set aside within the DSG reserve for this purpose, however with further new schools expected as a result of the future development of Sustainable Urban Extensions (SUE's) it is necessary to establish funding on an on-going basis. With no local authority budget to contribute this must be funded from within the Schools Block DSG and may require future changes to the values within the school funding formula.

### **Two Year Old Early Education Offer**

28. From September 2014 local authorities were required to extend the offer of FEEE to the 40% most deprived two year olds. Local authorities were funded through DSG based upon the number of two year olds eligible for the offer, for 2015/16 the basis of this funding changes from the numbers eligible for the offer to the numbers participating.
29. Nationally participation rates have been lower than eligibility rates, this has resulted in 'headroom' within the funding settlement. In Leicestershire this has allowed for a substantial proportion of the early learning and childcare service to be DSG funded and has contributed to CFS savings targets. Whilst the DSG allocation is not expected until June 2015 it is estimated to be £2.8m, this is £2.6m lower than the grant for 2014/15.
30. Initial allocations of funding for two year olds will not be announced until June 2015 but the DfE released funding rates for this provision in October 2014 following a consultation regarding the implementation of the early years pupil premium. This confirms that the funding rate for Leicestershire will be £4.85 per hour, the minimum rate payable to both local authorities and early years providers, and will remove the 'headroom'. Additionally the 2014/15 MTFS included a final budget switch for the remaining local authority funding for the service to be funded from DSG.
31. The planned local authority / DSG budget switch agreed within the 2014/15 MTFS has been postponed until 2017/18 but there is an immediate need for the service to be reconfigured to respond to a significant reduction in funding in the immediate and medium term. The service was reconfigured in April 2014 as a result of changes to local authority's statutory duties, and a further review will be undertaken. In the immediate term the service will be funded from the DSG reserve.
32. The Early Learning and Childcare (0-5 Learning) service has identified significant savings by reviewing key statutory duties and functions.

- All project work has been stopped as there have been operational savings identified across the service. Support to the sector is focused on those who are judged less than good by Ofsted, and is not universally available.
- Funding available for holiday play schemes has been halved and there has been a reduction in the budget for those children who have SEND and attend out of school clubs.
- The training programme available to those providers judged less than good by Ofsted has been reduced and funding for professional qualifications has also been limited.

The impact of these operational savings will be closely monitored over the year, particularly in relation to Ofsted grades being sustained and the LA's sufficiency duty.

### **Pupil Premium**

33. The DfE have not formally issued a full pupil premium settlement for 2015/16 and expect to make a January announcement, this is expected to be based upon pupil numbers from the October 2014 school census which will be updated for the January census. Confirmed allocations are not expected until June 2015. The amounts are expected to be increased for primary pupils and remain on the current basis of eligibility as detailed in the following table;

<b>Pupil Premium Payable for;</b>	<b>2015/16 £</b>	<b>2014/15 £</b>
Primary Free School Meals Ever 6 (any pupil eligible for free school meals in the last 6 years)	1,320	1,300
Secondary Free School Meals Ever 6 (any pupil eligible for free school meals in the last 6 years)	935	935
Children from service families	300	300
Looked after children	1,900	1,900
Children adopted from care, left care under a special guardianship or residence order	1,900	1,900

### **Universal Infant Free School Meals**

34. Schools were required to provide a free school meal for all pupils in reception, year 1 and year 2 from September 2014 and have received a revenue grant to meet the costs of implementation. There is no information from the DfE on how this will be funded from September 2015, however there is no transfer of funding into DSG and the assumption is that the grant will continue.
35. Nationally there remains concern of the impact of the implementation of the offer of universal infant free school meals on the numbers of children being registered as

eligible for a free school meal and therefore the amount of pupil premium received by schools. Leicestershire primary schools were recently surveyed to ascertain the impact of this initiative including any pupil premium impact. Only a few schools responded none of which identified any adverse impact on the number of children registered as eligible for a free school meal.

### **Academies**

36. Currently in Leicestershire 142 schools have converted to academy status, 7 schools are in the conversion process and 2 are known to have expressed an interest in conversion.
37. Where schools are required to enter a sponsored academy arrangement as a result of an OfSTED judgement of special measures any budget deficit reverts to the local authority on conversion. 4 schools are in this position, £2.5m of the DSG reserve is set aside to meet these costs and is expected to be fully spent from these conversions. Further funding will need to be set aside to meet any future costs
38. The Education Services Grant (ESG) provides funding to authorities for;
- a) the services it provides to all schools and academies such as strategic planning of the education service, development and maintenance of the school funding formula and strategic capital planning
  - b) the services it provides only to maintained schools such as ICT infrastructure, finance & HR

Academies receive the general rate direct from the EFA and a 'top-up' rate for the responsibilities transferred to them from local authorities

39. A reduction of 20% in ESG has been confirmed for 2015/16 and reduces the general rate paid to local authorities and academies. The rates for both 2015/16 are;

	<b>2015/16 £ per pupil</b>	<b>2014/15 £ per pupil</b>
Retained Duties (paid to local authorities for every pupil at maintained schools and academies)	£15	£15
General Funding Rate (paid to local authorities for pupils in maintained schools and to academies for their pupils)	£87	£113
Academies top-up (paid to academies for their pupils)	£0	£34

40. No funding protection is given to local authorities, however tapered protection will be paid to academies for the reduction in ESG, academies with low levels of ESG will not see a fall of more than 1% of their total funding, for academies currently receiving high levels of ESG may encounter a reduction of up to 3% of their total funding. The level of

protection will be individual to each academy but the DfE expect that most academies will see a reduction in their total funding in the region of 1.5%.

41. ESG is not a specific grant into Children and Family Services but accounted for as corporate income. Overall the level of grant is affected by the number of pupil in academies and by pupil numbers in schools that convert during the financial year. 2015/16 ESG is estimated to be £4m (£5m 2014/15) the reduction is factored into the MTFS and is a result of reducing numbers of maintained school pupils as schools convert to academy status.

### **Capital Programme**

42. The capital settlement for Children and Family Services for 2015/16 continues to be provided by DfE grant, some of which are yet to be confirmed. The proposed capital programme is shown at Appendix C.
43. The capital programme is aligned to the school place planning strategy 'In the Right Place' which was approved by the Cabinet on 19 November 2015 and informs the allocation of capital funding for 2015/16 onwards. The capital programme has been developed to target the priorities as set out in the strategy. The Cabinet agreed on 11 December 2014 that early design and feasibility works to enable the 2015/16 programme to be developed can be undertaken with the approval of the Director of Corporate Resources to ensure that the authority can meet the need for additional primary school places in September 2015.

### **Basic Need**

44. Basic Need grant funds growth in the number of school places in maintained schools, academies and free schools and the establishment of new schools. Local authorities are required to consider the need for additional school places across all providers equally and based on local needs and priorities. Any new school established must become an academy and local authorities are required to enter into a competitive process that determines its operator. The grant allocation is based upon information collected through the annual School Capacity Survey (SCAP) which collects information on school capacity and pupil number forecasts within clusters of schools.
45. The EFA announced the grant for 2015/16 and 2016/17 in December 2014, a further announcement for 2017/18 is expected in January. The confirmed allocations are;

	<b>2015/16 £,000</b>	<b>2016/17 £,000</b>	<b>Total £,000</b>
Allocation	25,140	26,397	51,537

46. The draft programme has been developed on a priority basis and within that schemes are at different stages of development, for some contractors prices have been obtained for others costs are indicative and based on exemplar and / or similar schemes. In order to minimise risk where contractors prices have not yet been obtained contingency is held to mitigate against any increase in cost, as prices are confirmed schemes will be re-evaluated and re-prioritised as necessary.
47. The proposed programme is based on predicted future pupil numbers for each individual school and academy based on the historic pattern of pupil admissions,

schemes may need to be revised should future school admission patterns and / or the expectations of housing growth change. This is particularly relevant to the proposed programme for 2016/17 onwards.

48. For schools entering into sponsored academy arrangements sponsors seek to minimise any financial risk and this includes expectations that any immediate capital works are completed, the capital programme makes provision for campus redevelopment works on academy sites where to do so allows the local authority to meet its priorities as set out within the place planning strategy.
49. In order that the capital programme is sufficiently flexible to respond to changes in pupil projections, demographic growth and sponsored academy requirements the MTFS will seek joint delegated responsibility for the Director of Resources and the Director of Children and Family Services to approve the inclusion of new schemes to the capital programme where to do so will enable the local authority to meet its statutory responsibility for the delivery of sufficient school places.
50. The draft schemes are grouped under the following priorities within the place planning strategy;

<b>Place Planning Priority</b>	<b>Proposed Schemes</b>	<b>2015/16 £,000</b>	<b>2016/17 £,000</b>
Key Priority 1 - To provide the additional primary schools required	Additional places at a number of primary schools, the proposed will deliver 37 new classrooms including: <ul style="list-style-type: none"> <li>• 4 classroom blocks at Coalville All Saints, Kibworth, Robert Bakewell, Loughborough, Groby Martinshaw</li> <li>• 3 classroom blocks at Bottesford CE, Hinckley Westfield Junior</li> <li>• 2 classroom blocks at Anstey Latimer, Ashby Willesley, Burbage Sketchley Hill, Great Glen St Cuthberts</li> </ul>	15,815	4,722
	1 classroom extensions and other works aimed at increasing capacity at a number of other schools across Leicestershire		
	The development of a new primary school in Braunstone and the development of additional primary places in Birstall	1,649	5,101
Key Priority 2 – To ensure there is a good supply of secondary schools in each	Academies are able to bid to the EFA for funding through a Condition Improvement Fund	1,139	1,900



locality offered through well planned, sustainable and viable solutions	(CIF) to both increase capacity as a result of age range changes but also to address any building condition issues, contributions from the local authority increases the potential success of the bids		
Key Priority 3 – To fulfil the commitment to the programme of special schools c, completing the final development in Wigston	To builds a replacement for Birkett House special school and complete the delivery of 5 new special schools across Leicestershire	2,000	10,000
Key Priority 5 – To address structural change to the pattern of education, where this can be linked to basic need requirements in the locality and there is a robust case for change	Removal of the 10+ education system across the Wigston area which requires works to enable primary schools to retain year 6 pupils and works to the secondary campus  Resources are also brought forward for developments at the secondary school campus in Birstall	2,515	4,870

51. The proposed capital programme also makes provision of £ 1.5m for Priority 8 ; To Develop strong arrangements for management of assets which includes mobile replacements where planning permission is expired at Cossington, Witherley and Hose primary schools and for minor works relating to school access and safeguarding schemes of £0.1m

### **Capital Maintenance**

52. This grant is payable to local authorities in order to maintain suitable learning environments and received for maintained schools only. The 2015/16 grant allocation has not been announced but it is estimated to be £3.4m and is allocated to maintenance priorities such as boiler replacement, structural repairs and electrical works.

### **Devolved Formula Capital**

53. Devolved formula capital is paid to local authorities on a national formula which is based upon pupil numbers in maintained schools, the funding is passported directly to schools. Academies also receive the grant directly from the EFA. No announcement has been made on 2015/16 funded but it is expected that funding levels will remain as for 2014/15 and grant is estimated to be £0.77m

### **Recommendation**

54. The Committee is asked to consider the report and any views they may wish to make to report to the Scrutiny Commission.

## **Background Papers**

Report to the Cabinet: Review and Consolidation of Voluntary and Community Sector Support for Children and Family Services – 11 December 2014

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4331&Ver=4>

Report to the Cabinet: Provisional Medium Term Financial Strategy 2015/16 – 2018/19

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4331&Ver=4>

Report to the Cabinet: 2015/16 School Funding – 13 October 2014

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4268&Ver=4>

Report to the Cabinet: Provision of 16-19 Careers Information, Advice and Guidance with Prospects – Exception to Contract Procedure Rules – 19 September 2014

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4190&Ver=4>

Report to the Cabinet: 'In the Right Place' – Strategy for the Provision of School and Other Learning Places in Leicestershire 2014/18 – 19 November 2014

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=3995&Ver=4>

Report to the County Council: Medium Term Financial Strategy 2014/15 to 2017/18 – 19 February 2014

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=3720&Ver=4>

## **Circulation under Local Issues Alert Procedure**

None.

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## **Appendices**

Appendix A – Revenue Budget 2015/16

Appendix B – Growth and Savings 2015/16 – 2018/19

Appendix C – Capital Programme 2015/16 – 2018/19

## **Equality and Human Rights Implications**

55. Public authorities are required by law to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity between people who share protected characteristics and those who do not; and
- Foster good relations between people who share protected characteristics and those who do not.

56. Many aspects of the County Council's MTFS may impact upon service users who have a protected characteristic under equalities legislation. An assessment of the impact of the proposals on the protected groups must be undertaken at a formative stage prior to any final decisions being made. Assessments are being undertaken in light of the potential impact of proposals and the timing of the proposed changes. Those assessments will be revised as the proposals are developed.
57. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council Organisational Change policy which requires an Equality Impact Assessment to be undertaken as part of the Action Plan.

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