



SCHOOLS FORUM

23 FEBRUARY 2015

2015/16 SCHOOLS BUDGET

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	X
Academies	X	Foundation Stage	X
PVI Settings	X	Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	X
		High Needs	X

Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision	X	Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

Purpose of the Report

1. The purpose of this report is to present the 2015/16 Dedicated Schools Grant Settlement for Leicestershire and proposed 2015/16 Schools Budget.
2. This report builds upon a number of reports presented through the 2014/15 financial year and specifically those relating to school funding reform and for arrangements for funding schools undertaking or affected by age range changes.

Recommendations

3. That Schools Forum approve the retention of budgets to meet the prescribed statutory duties of the local authority (Paragraph 14, item 3).

4. That Schools Forum approve the centrally retained early years funding of £1.687m (Paragraph 14, Item 4)
5. That Schools Forum note the 2015/16 school funding rates (Paragraph 20)
6. That Schools Forum note the average per pupil funding to be taken into account for recoupment for excluded pupils (Paragraph 29)
7. That Schools Forum notes the number and average cost of commissioned places for children and young people with High Needs (Paragraph 35)
8. That Schools Forum approve the action to be taken in respect of schools where the SEN notional budget is insufficient to meet the aggregated value of High Needs Funding Element 2 (Paragraph 36)
9. That Schools Forum note the retention of the Dedicated Schools Grant Reserve and the purposes for which it will be used (Paragraphs 50 - 53)
10. That Schools Forum note the payment rates for the Early Years Single Funding formula (Paragraph 49)

Background

11. Schools Forum, through the establishment of the formula working group, considered the 2015/16 school funding formula at meetings 16 June, 5 September and 18 September 2014
12. The 2015/16 funding formula was approved by the County Council's Cabinet on 13 October 2014. The formula was then submitted to the Education Funding Agency (EFA) on 31 October 2014 for validation checks. The 2015/16 formula was submitted again for approval to the EFA in January and was declared compliant with the School and Early Years Finance (England) Regulations 2014.
13. The 2015/16 Children and Family Services Budget which is scheduled to be approved by the County Council on 18 February 2015 is shown at Appendix 1. Schools Forum does however is vested with some decision making in respect of retained expenditure within the Schools Block which will be enacted through the recommendations contained within this report.

Role of the Schools Forum in setting the 2015/16 Schools Budget

14. The Schools Forum has a defined decision making role in some aspects of the Schools Budget which are detailed in the following table together with the implications for Leicestershire:

Item	Approval For	Action
1.	De-delegation from mainstream school budgets	No decision to be taken, no budgets are subject to de-delegation.
2.	To create a fund for significant pupil number growth in order to support the local authority's duty for place planning and agree the criteria for maintained schools and academies to access this fund.	<p>The local authority has not previously funded in year pupil growth and is making no budget provision for pupil number growth in 2015/16 within the revenue budget.</p> <p>A new school in Braunstone will open in September 2016 and it will be necessary to agree start-up funding for this school. The School and Early Years Finance (England) Regulations 2014 make changes in the manner in which new schools are funded and require local authorities to fund opening schools and new schools still adding year groups on estimated pupil numbers. The local authority will therefore need to agree funding with the schools operator, it will also be necessary to seek Schools Forum approval for any criteria for allocating funding for diseconomies of scale and ensure that this is affordable in the long term as further new schools are opened. It is anticipated that the significant housing developments currently being planned in Leicestershire may deliver 17 new primary and 2 new secondary schools. The revenue commissioning costs will be significant. As with schools DSG funding is on a lagged basis and places will be required in September but won't generate additional DSG until the following financial year.</p>
3.	Funding for the local authority in order to meet prescribed statutory duties placed upon it. Approval is required to confirm the amounts for each duty and no new commitments or increases in expenditure from 2012/13 are permitted.	<p>The budgets falling into this category are;</p> <ul style="list-style-type: none"> • Servicing the Schools Forum £8,750 (2012/13 £8,750) • Premature Retirement Costs £674,890 (2012/13 £729,890)

		<ul style="list-style-type: none"> • Admissions £318,020 (2012/13 £325,570) • Miscellaneous £248,000 (2012/13 £248,000). This is the commissioning budget for schools causing concern <p>Schools Forum are asked to approve the retention of these budgets which have not increased over the 2012/13 budget provision</p>
4.	Funding for central early years expenditure, which includes funding for checking eligibility of pupils for an early years place and/or free school meals	Schools Forum are asked to approve expenditure of £1.687m (2014/15 £2.489m)
5.	Authorising a reduction in the Schools Budget in order to fund a deficit arising in central expenditure that is to be carried forward from a previous funding period	This situation does not exist within the 2014/15 budget so no decision is necessary

Dedicated Schools Grant

15. The Dedicated Schools Grant (DSG) settlement retains a settlement in three separate blocks for 2015/16, 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:

Funding Block	Areas Funded	Basis for Settlement
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>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>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 for Education (DfE) in July 2014. Cabinet approved the allocation of the additional funding on 13 October 2014 following extensive consultation with schools.</p>	<p>Leicestershire is the 11th lowest funded for this element of the settlement out of 151 authorities (3rd lowest 2014/15) and compares to an England average of £4,612.11</p>
<p>High Needs Block £52.9m</p>	<p>Funds special schools and other specialist providers for high needs pupils and students, the pupil referral unit, support services for high needs pupils including high needs students in further education provision early years high needs support and Behaviour Partnerships</p>	<p>The settlement remains based upon expenditure for 2012/13, adjusted for changes in the number of high needs places commissioned with an element of national growth in funding.</p> <p>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 17th lowest funded at £579.60 against an England average of £775.68</p>
<p>Early Years £18.7m (3 & 4 year olds)</p> <p>2 year old disadvantaged places £2.8m (est)</p>	<p>Funds the Free Entitlement to Early Education (FEEE) for 3 and 4 year olds and an element of the early learning and childcare service.</p> <p>This allocation includes a provisional allocation of £0.3m for the early years pupil premium which will be</p>	<p>The settlement is based upon January 2014 pupil numbers and will be adjusted for January 2015 and 2016 pupil data</p> <p>The FEEE funding rate of £3,363.36 is unchanged from 2014/15 and Leicestershire remains 10th</p>

	adjusted in future years for actual take up	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 until 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	Total DSG (including 2 year old estimate)	

16. 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 and workshops. It is unclear when the outcome of the research and any potential changes to the funding system will be known.
17. 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

18. The funding formula was reviewed in 2014/15 following the release of national data on all funding rates used by local authorities and also the announcement of additional school funding for 2015/16.
19. Schools Forum considered and supported the local authority's principles for the allocation of the additional funding for 2015/16 at meetings on 16 June, 5 September and 18 September, namely that the allocation of additional funding should;
- a) Address two key areas where the analysis of the Leicestershire school funding formula provided less funding than in similar local authorities, namely primary basic entitlement and prior attainment.

- b) All education providers across Leicestershire have been affected by low funding levels and would receive an increase in funding
- c) The formula should not contain any additional factors from those used in 2014/15
20. The increase in funding at local authority has allowed for increases in the Age Weighted Pupil Unit (AWPU) and low prior attainment, this results in;
- An increase in the primary AWPU of 7%
 - An increase the funding targeted a low prior attainment of 100%
 - An increase of 1.5% in the AWPU rate for primary, Key Stage 3 and Key Stage 4.
 - An increase in the secondary prior attainment rate of 100%
 - An increase in the primary prior attainment rate of 81.6%. Schools Forum should note that the school funding consultation considered an increase of 100%, however the it was necessary to reduce the planned increase as a result of the DfE's change definition in this factor. The overall level of funding allocated remains unchanged from 2014/15.

The formula values and the units being funded are shown in Appendix 2. It is anticipated that the EFA will publish data on funding values for all local authorities in March and the Leicestershire formula will again be compared to those in similar local authorities.

21. The funding settlement included some unexpected changes for the third consecutive year in respect of school copyright charges. The Department for Education (DfE) has expanded the national licence to further agencies which it expects to deliver savings on contracting and administration. The DfE meet the cost and then invoice local authorities, schools will not need to make individual payments. The funding for this remains retained centrally within the Schools Budget at the direction of the EFA, as a result of the changes to the contract the cost has increased from £277,710 to an estimated £407,710. No corresponding reduction has been made to individual school budgets. Schools Forum approval is not required for funding central licences negotiated by the Secretary of State.
22. The Minimum Funding Guarantee (MFG) remains nationally set at minus 1.5% per pupil. The additional funding within the formula has resulted in a significant decrease in the number of schools receiving minimum budgets and the cost has decreased from £3.3m in 2014/15 to £0.5m in 2015/16. School budgets do however continue to be affected by increased or decreased pupil numbers and may in overall cash terms fall by more than 1.5%.
23. To moderate the impact of 2013/14 school funding reform a capping factor was introduced to limit the amount of gains as a result of the changes and ensure the reform could be delivered without additional resource. The additional 2015/16 school funding has allowed the capping factor to be increased to 15% (2014/15 1.5%) resulting in more schools benefiting from both school funding reform and the additional school funding.

24. The formula includes pupil number adjustments for schools undertaking age range changes or affected by age range changes in other schools, the process is unchanged from that adopted following Secretary of State approval for 2014/15. The adjustments were issued to schools in December for comment resulting in some schools raising concerns and complaints. It should be noted that the expectation of the EFA remains that local authorities should vary pupil numbers where '*.. a school has changed, or is going to change either by adding or losing year groups*' and that '*If pupil numbers are not adjusted to reflect actual intake, we reserve the right to adjust amounts recouped to enable us [EFA] to properly fund academies and free schools affected by this.*'¹
25. The pupil number variation continues to be a contentious issue with a number of secondary schools. The scheme is however unchanged from that implemented in 2014/15 and continues to protect schools with falling rolls as a result in age range change in other schools at 80% of the loss of pupil numbers for the first year of change. Schools continue to claim that they had limited understanding of the changes, why they are necessary and the impact they would have.
26. Communication of changes continues to be a challenge and despite an email to all headteachers advising of the consultation undertaken in the autumn and presentations to headteacher groups a number of schools continue to claim they are unaware of the changes, the role of the Schools Forum and who their representatives are. The local authority has completed a presentation to a group of business managers and a further presentation is to be delivered to Leicestershire Secondary Heads in March. Consideration will be given to feedback from these two activities and whether there are additional channels of communication can be adopted. It is however essential that members of the Schools Forum actively engage with the groups they represent.
27. No inflation is added to the individual school budget for supplies and services or pay awards nor for changes in national insurance and employers pension rates.
28. A number of rates revaluations were undertaken by the Valuation Agency during 2014/15, many of which were backdated. It had been anticipated that this would have a significant impact on the amount of rates to be funded, this has not been the case and the overall rates bill for Leicestershire schools and academies has increased from £3.2m to £3.3m.

Excluded Pupils

29. The arrangements for reclaiming funding from schools excluding pupils no longer solely refer to the deduction being based upon the age weighted pupil unit. With the redefined school funding formula and the expectation, both now and in the future, for specific levels of pupil led funding it is now possible to calculate an average per pupil funding value for primary, Key Stage 3 and Key

¹ Schools revenue funding 2015/16 Operational guide – Education Funding Agency July 2014

Stage 4. These values are detailed in the following table and will be applied as the deduction to school budgets from April 2015;

School Phase	Annual Rate £	Daily Rate £
Primary	3,101.22	16.32
Key Stage 3	4,116.43	21.67
Key Stage 4	4,809.56	25.31

Universal Infant Free School Meals

30. 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.
31. 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. A further survey will be completed during the spring term to determine whether this position remains.

Pupil Premium - Schools

32. The DfE have not formally issued a full pupil premium settlement for 2015/16 and were expected 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;

Pupil Premium Payable for;	2015/16 £	2014/15 £
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	300	300

families		
Looked after children	1,900	1,900
Children adopted from care, left care under a special guardianship or residence order	1,900	1,900

High Needs Funding

33. There are no changes to the calculation basis of the High Needs Block for 2015/16, there is a change however to the pupil count methodology. For the 2014/15 academic year local authorities were required to review the number of commissioned high needs places for all providers. For 2015/16 in line with the EFA's stated intention to move to a lagged funding basis place numbers have been carried forward and local authorities were required to submit exceptional cases where there was identified pupil growth. For Leicestershire exceptional growth was requested for Ashmount Special School and Brooksby Melton College, not all of which has been funded by the EFA.
34. The impact of this change is that a number of providers with reduced place numbers will be required to be funded at the higher number from the 2014/15 academic levels with the DSG settlement reflecting that position. However for those providers with increases in places not funded as additional growth fall to be met from the High Needs Block of DSG. Overall Leicestershire is funding 14 additional special school places and 15 enhanced resource places at a cost of £290,000 and 14 additional post 16 places at a cost of £84,000.
35. There is a new requirement for local authorities to present information to the Schools Forum on the number of high needs places being commissioned, this is shown with the average top up funding at Appendix 3. The variation in top-up funding for Leicestershire special schools, and enhanced resource bases arises from different cost bases taken into the new funding system and differences in the needs of the pupils they support.
36. The local authority will continue to assess schools where the notional SEN budget is insufficient to meet commitments to element 2 funding through a comparison of costs and notional SEN budget in October following pupil movements at the commencement of the academic year. Where the budget is shown to be insufficient to meet commitments an additional payment will be made.

Academies

37. 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.

38. 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.
39. The Education Services Grant (ESG) provides funding to authorities for;
- 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
 - 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.

40. 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:

	2015/16 £ per pupil	2014/15 £ per pupil
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

41. 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%.

Early Learning and Childcare

42. The strategic intention of the local authority remains to fully fund the early learning and childcare service from DSG, however changes to the way in which local authorities are funded for the Free Entitlement to Early Education (FEEE) affect that position in the short term.
43. 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.
44. 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.
45. 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.
46. 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.
47. The review will identify the on-going costs of the service which will need to be accommodated into DSG funding and will also need to take account of the withdrawal of local authority funding in 2017/18, for the immediate term the service is partially funded from DSG reserves.
48. The Early Learning and Childcare (0-5 Learning) Service has identified and delivered 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.

49. The single funding formula for early years providers continues to reflect the providers Ofsted rating. As a result of the decision to award an increase in rates as a result of the additional school funding the base rate increases to £3.58 per hour (2014/15 £3.46 per hour) which is enhanced by the quality supplement as shown in the following table;

Ofsted Rating	Per Hour £
Outstanding	0.07
Good	0.05
Satisfactory	0.01
Inadequate	0.00
No Rating	0.01

50. The Early Years Pupil Premium is to be introduced for 3 & 4 year olds and 2 year olds with SEN or looked after by the local authority in April 2015 at £300 per pupil. Unlike pupil premium in schools where the allocation is measured on just one pupil count, the early years is a real time entitlement for qualifying children. The local authority however is to be funded on a weighted average on two pupil counts which may result with expenditure not being equal to income and therefore have financial implications that can't currently be assessed.

Dedicated Schools Grant Reserve

51. The Schools Budget must be set at the level of DSG received plus / minus any carry forward from previous years. In Leicestershire some of this is held with an earmarked reserve to allow the local authority to meet the cost of deficits where school convert to a sponsored academy arrangement with a deficit budget.

	£,000	Narrative
DSG Reserve 1/4/14	9,595	Confirmed reserve at close of the 2013/14 financial year
Movement In Reserve 2014/15		
Allocated to the 2014/15 school budget	-1,250	Approved within the 2014/15 budget process
Estimated 2015/16 DSG Underspend	2,621	Estimated underspend arising largely from the early years and high needs blocks. The SEN underspend is not anticipated in 2015/16 and is largely allocated to deliver an

		increase in funding for special schools and enhanced resource bases in line with additional school funding
KS3 Transition Team	-197	Approved and deployed in 2014/15 to fund the KS3 transition team April – August 2014 to support the transfer of responsibility to the Behaviour Partnerships
Rates Adjustments	-500	Carried forward to fund rates liabilities for academies recouped by the EFA in 2014/15
Primary Behaviour Partnerships	-31	Agreed funding to support the development of primary behaviour support
Revised DSG Reserve	10,238	Allocation of this value is considered within the 2015/16 budget process taking account previous decisions on deployment
Funding held as earmarked – Previously Agreed		
Academy Deficits	-2,500	Sponsored academy arrangements for Longslade Community College, Charnwood Community College, William Bradford and Christchurch St Peter's Primary School result in deficits reverting back to the local authority and will fully expend this reserve. As conversion dates are expected during 2015/16 and school balances are confirmed only post conversion this reserve is expected to carry forward into 2015/16.
Demographic Growth	-3,700	Two elements of funding were held age range changes £2.7m and demographic growth £1m have been combined. The impact of the age range protection can be contained within the formula removing the need to use reserves
Funding to be Earmarked 2015/16		
Academy Deficits	-2,000	<p>The current academy deficit reserve is fully committed and any delay in conversion dates will increase the deficit for those schools currently undertaking a sponsored academy conversion.</p> <p>Under sponsorship whilst surplus balances are required to transfer to the academy regulation requires deficits to revert to the local authority. Whilst future education policy will only be confirmed in the post-election period there are suggestions that's schools judged to be requiring improvement may be required to enter into sponsored arrangements which will increase the financial risk.</p> <p>It is prudent to make further provision</p>

Support for the 2015/16 Schools Budget	-715	Withdrawal from reserves to support the Early Learning and Childcare Service
Unallocated DSG Reserve	1,323	Equates to; 0.3% Total DSG 2.6% Early Years + High Needs Blocks

52. The DSG reserve is generated by underspends within the Early Years and High Needs Blocks, only minimal contributions are received from the Schools Block which is either delegated to schools or subject to expenditure restrictions. Delegation of one off funding is not a sustainable option.
53. Financial risk remains within the Schools Budget. For High Needs the contingency previously held is allocated to increase special school and enhanced resource base funding, additionally it is facing pressure from unfunded place growth.
54. For Early Years it is necessary to provide long term funding for the early learning and childcare service and the financial impact of the extension of the two year old offer is uncertain given this is a growing entitlement and the local authority will be funded on a weighted average take up of places. The budget assumes a cash neutral position for this and the early years pupil premium.

The Local Authority Budget

55. The local authority budget is scheduled to be approved by the County Council on 18 February 2015. The key areas for growth and savings are summarised in the following tables and presented to Schools Forum for information.

Ref		
	<u>Transformation</u>	
* / T3 / Eff	<u>Reduced Demand Arising From the Supporting Leicestershire Families Programme</u> – 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	<u>Remodelling Social Care</u> – A number of savings identified within the 2014/15 MTFs (S6, part S9 & S17) are now combined and will be delivered under this transformation project. The project will deliver system change across three key service areas; <ul style="list-style-type: none"> • the structure of locality social care services • provision of placements for children with complex needs and behaviours 	-2,200

	<ul style="list-style-type: none"> commissioning and use of Independent fostering agencies <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>	
** / T8 / SR	<p><u>Remodelling Early Help</u> – This transformation project combines a number of 2014/15 MTFS savings (S3, part S9, S16, S18 & 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>	-3,090
	<u>Departmental</u>	
* / D1 / SR	<p><u>Review and Consolidation – Voluntary Sector Support</u> – 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</p>	-800

	<p>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 were agreed by Cabinet 14 January 2015.</p>	
* / D2 / SR	<p><u>Careers Advice & Guidance</u> – This is the full year impact of 2014/15 agreed savings. Schools are now responsible for providing careers information, advice and guidance and 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.</p>	-360
* / D3 / SR	<p><u>Non Replacement of Posts</u> – Posts that have become vacant during 2014/15 have not been subject to recruitment and have been permanently removed from the departments staffing establishment.</p>	-120
** / D4 / SR	<p><u>Reduction in Early Learning & Childcare Service</u> - Reduced training within the service in 2015/16 will deliver savings of £0.1m.</p> <p>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.</p>	-850
* / D5 / SR	<p><u>Departmental Structure Changes</u> – 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.</p>	-60
** / D6 /	<p><u>Educational Psychology</u> – A service review has been undertaken within the service and a restructured service</p>	-390

SR	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.	
* / D7 / SR	Family Information Service – 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	Redesign Services for Disabled Children – 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	Early Help Budget – This is a new saving 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 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.	-2,100
D10 / Eff	Inflation Contingency – This is a new saving 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
	Emerging	
E1 / Eff	Management Costs – 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	Careers Advice and Guidance – 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	-700

	future changes as the department moves to a model targeting services on the most vulnerable children and young people	
E3 / Eff	Administration Support – As services and management costs reduce it will be possible to reduce administration support.	-310

56. Growth is also included in the following areas;
- £560k to further develop the local authorities approach to Child Sexual Exploitation
 - £100k to respond to the requirement of the Children and Families Act 2014 in respect of young carers
 - £1,500 to respond to the growing number and cost of Independent Fostering Agency placements

Capital Programme

57. 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 capital programme is shown at Appendix C.
58. The capital programme is aligned to the school place planning strategy 'In the Right Place' which was approved by the Cabinet on 19 November 2014 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

59. 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.
60. The EFA announced the grant for 2015/16 and 2016/17 in December 2014, a further announcement for 2017/18 was expected in January. The confirmed allocations are;

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

61. The 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.
62. The 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 programme for 2016/17 onwards.
63. 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.
64. In order that the capital programme is sufficiently flexible to respond to changes in pupil projections, demographic growth and sponsored academy requirements the MTFs included a 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.
65. The schemes are grouped under the following priorities within the place planning strategy;

Place Planning Priority	Schemes	2015/16 £,000	2016/17 £,000
Key Priority 1 - To provide the additional primary schools required	Additional places at a number of primary schools through the delivery 37 new classrooms including: <ul style="list-style-type: none"> • 4 classroom blocks at Coalville All Saints, Kibworth, Robert Bakewell, Loughborough, Groby Martinshaw • 3 classroom blocks at Bottesford CE, Hinckley Westfield Junior • 2 classroom blocks at Anstey Latimer, Ashby Willesley, Burbage 	15,815	4,722

	Sketchley Hill, Great Glen St Cuthberts		
	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 locality offered through well planned, sustainable and viable solutions	Academies are able to bid to the EFA for funding through a Condition Improvement Fund (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	1,139	1,900
Key Priority 3 – To fulfil the commitment to the programme of special schools completing the final development in Wigston	To build 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

66. The 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

School Condition Capital

67. This grant is payable to local authorities in order to maintain suitable learning environments and received for maintained schools only and was formerly known as the Strategic Maintenance Grant. The 2015/16 grant allocation is 3.4m and is allocated to maintenance priorities such as boiler replacement, structural repairs and electrical works.

Devolved Formula Capital

68. 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. Grant has been confirmed for Leicestershire maintained schools of £0.8m, the rates payable are detailed in the following table:

	Per non-boarding Pupil £	Per Boarding Pupil £	Lump sum per school £
Nursery / Primary	11.25	33.75	4,000
Secondary	16.88	33.75	4,000
Post-16	22.50	33.75	4,000
Special / PRU	33.75	33.75	4,000

Appendices

Appendix 1 – 2015/16 Children and Family Services Revenue Budget

Appendix 2 – Local Authority Formula Submission to the Education Funding Agency

Appendix 3 – Summary of Commissioned High Needs Places

Background Papers

Report to the Cabinet 14 January 2014 – Review and Consolidation of Voluntary and Community Sector Support for Children and Family Services

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4223&Ver=4>

Report to the Children and Families Overview and Scrutiny Committee 19 January 2015 – Medium Term Financial Strategy 2015/16 – 18/19

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

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

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

Report to the Schools Forum 18 September 2014 – 2015/16 School Funding

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=4043&Ver=4>

Report to the Schools Forum 5 September 2014 – 2015/16 School Funding Consultation

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=4192&Ver=4>

Report to the Schools Forum 16 June 2014 – 2015/16 School Funding Formula

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1018&MId=4118&Ver=4>

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