

SCHOOLS FORUM
21 FEBRUARY 2013
2013/14 SCHOOLS BUDGET

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

Purpose of Report

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

Purpose of the Report

1. The purpose of this report is to present the 2014/15 Dedicated Schools Grant Settlement for Leicestershire and proposed 2014/15 Schools Budget.
2. This report builds upon a number of reports presented through the 2013/14 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 £2.489m (Paragraph Item 14, Item 4)

5. That Schools Forum note the revised formula factors and rates for 2014 (paragraphs 21 - 27)
6. That Schools Forum note the average per pupil funding to be taken into account for recoupment for excluded pupils (Paragraph 28)
7. That Schools Forum note the retention of the Dedicated Schools Grant Reserve and the purposes for which it will be used (Paragraphs 38-40, 47)
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 44)
9. That Schools Forum note the payment rates for the Early Years Single Funding formula (Paragraphs 45-46)

Background

10. Schools Forum, through the establishment of the formula working group, considered the 2014/15 school funding formula at meetings on 20 June 2013, 18 September 2013 and 26 November 2014.
11. Schools Forum accepted the recommendation from the formula working group on 18 September 2013 that there would be no change in the 2014/15 formula. The draft budget submitted to the Education Funding Agency (EFA) has been stated to be compliant with regulations and the final submission was made in January. The EFA have asked for more clarity regarding the approach to be taken in an instance where schools may have insufficient SEN funding to fund the £6,000 threshold for high needs funding, this is considered later in this report.
12. Following Secretary of State approval for an adjusted pupil count for schools with year groups affected by age range changes, schools have been issued with pupil numbers to assist their planning process. It should be noted that the adjusted pupil number addresses changes as a result of age range changes but does not address any demographic growth or changes in admissions numbers undertaken post academy conversion.
13. The proposed 2014/15 Children and Young People's Service Budget is shown at Appendix 1. The budget was considered by the Children and Families Overview and scrutiny Committee on 20 January and by Cabinet on 29 January and 4 February prior to consideration by County Council on 19 February.

Role of the Schools Forum in setting the 2013/14 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 2014/15.</p> <p>Significant pressure for primary school places is being seen in Braunstone and Hinckley. The Children and Families Overview and Scrutiny Committee will consider a School Place Planning Strategy in March 2014 and how that can be used to effectively support schools to raise pupil outcomes and define educational priorities. Alongside the Schools Place Planning Strategy will be a Capital Strategy which will set out the criteria to be used to allocate funding considering the need for school places and wider educational outcomes.</p> <p>It is proposed that upon the completion of these important elements of work that funding is retained in the DSG reserve to support the growth in pupil places if necessary.</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 £8,570 (2012/13 £8,750) • Premature Retirement Costs £729,890 (2012/13 £729,890) • Admissions £279,615 (2012/13 £325,570) • Miscellaneous £248,000 (2012/13 £248,000). This is the commissioning budget for schools causing concern |

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| | | Schools Forum are asked to approve the retention of these budgets which have not increased over the 2012/13 budget provision |
| 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 £2.489m which arises as a result of the movement of funding from the former Early Intervention Grant to DSG. The local authority through its MTFS proposals that all early years central expenditure is met from DSG from 2015/16 which funds the early education offer for 2, 3 & 4 year olds. |
| 6. | 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 2013/14 budget so no decision is necessary |

School Funding Reform

15. It is expected that the next stage of school funding reform will be implemented nationally in 2015/16, a consultation on the proposals is expected early in 2014. The National Fair Funding Formula (NFFF) is expected to establish a funding system that will deliver equal funding for pupils with the same characteristics irrespective of the local authority in which they attend school. The NFFF will not deliver equal amount of funding for all pupils.
16. 2015/16 will see the first movement towards a formulaic distribution of Dedicated Schools Grant (DSG) to local authorities rather than the current system of 'Spend Plus' which is based upon authorities level of spend for 2005/06 to which additional funding for specific initiatives has been added nationally.

Dedicated Schools Grant

17. DSG remains structured in three separate blocks for 2014/15. The blocks are not ringfenced, however there are restrictions on what can be funded from the Schools Block.

Nursery Education 40% most deprived 2 year olds – Funding of £3.5m has been added to the Early Years Block to fund this new requirement from September 2014. Pupil number are based on eligibility data but from 2015/16 will be based upon the number of places taken.

| Funding block | Areas Funded | Baseline for Settlement |
|----------------------|---------------------|--------------------------------|
|----------------------|---------------------|--------------------------------|

| | | |
|---|---|--|
| <p>Schools Block £339.3m</p> <p>The proposed budget for 2014/15 is £337.2m</p> | <p>Funds delegated budgets for maintained primary and secondary schools and centrally maintained budgets held with the approval of the Schools Forum or statutory functions of the local authority</p> <p>The DSG settlement includes funding for Leicestershire academies which is then recouped from the local authority and paid directly to academies by the EFA.</p> | <p>Settlement at a flat rate per pupil of £3,994.63 based upon the October 2013 school census and is unchanged from 2013/14</p> <p>This places Leicestershire 3rd bottom of the funding table (out of 151 authorities) and compares to an England average of £4,675.11 per pupil.</p> |
| <p>High Needs Block £51.4m</p> <p>(provisional allocation, to be confirmed by the EFA in March 2014)</p> <p>The proposed budget is £53.0m</p> | <p>Funds special schools and other specialist providers for high needs pupils and students, the pupil referral unit and other support services for high needs pupils and also includes funding for top-up payments in maintained schools and academies.</p> <p>2014/15 will be the first full year of funding high needs pupils in academies and further education providers, changes arising from 2013/14 school funding reform were implemented at the commencement of the 2013/14 academic year for these providers.</p> <p>Data on high needs learners was submitted to the EFA in December in order to inform the funding settlement. This data suggests that the final settlement will be of a lower value.</p> | <p>The baseline is unchanged from 2013/14 and remains based upon expenditure for 2012/13 with the exception of the full year impact of the transferred responsibility for Post 16 learners with learning difficulties and disabilities.</p> <p>The settlement is not on a per pupil basis but conversion using pupil data used within the overall settlement places Leicestershire 15th lowest funded at £569.69 per pupil against an average of £761.92.</p> |

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| <p>Early Years Block £22.9m</p> <p>(Indicative allocation)</p> <p>The proposed 2014/15 Early Years Block Budget is £23.2m</p> | <p>Funds the provision of nursery education for 3 and 4 year olds plus an element of the early learning and childcare service.</p> <p>For 2014/15 this block now includes the extension of nursery education to 40% of disadvantaged 2 year olds which for which provision becomes a statutory duty for local authorities from September 2014</p> | <p>The settlement for 3 and 4 year olds is based upon the January 2014 census and will be updated by the January 2015 census. At £3,363.36 per pupil this is unchanged from 2013/14. This places Leicestershire 10th bottom of the funding table and compares to an England average of £4,314.28 per pupil.</p> <p>The settlement for 2 year old disadvantaged children is based upon eligibility for places and is £4.85 per hour.</p> |
| <p>£413.6m</p> | <p>2013/14 Provisional DSG Settlement</p> | |

18. As not all funding blocks are pupil related there is no published measure of the total settlement. However calculating the value of the total settlement and the pupil numbers shows that Leicestershire receives a total DSG settlement of £4,583.37 per pupil and remains the lowest funded authority.
19. The Schools Budget reflects a movement of £2m (£2.5m 2013/14) from the Schools Block to the High Needs Block has been made. This transfer will ensure there is flexibility to respond to the final allocation which won't be received until March 2014 and is estimated to be lower than that notified. Additionally the EFA continue to make changes to the funding system for high needs, largely in respect of the way the system operates for academies and post 16 providers.
20. The Department of Energy and Climate Change (DECC) announced in December 2012 that all state funded schools would be withdrawn from the Carbon Reduction Commitment Energy Efficiency Scheme (CRC) participation from April 2014 and the EFA and the Exchequer have required this change to be cost neutral. This results in the removal of £0.53m from DSG. However, the financial provision for Leicestershire schools and academies was £0.45m and results in a loss of funding. It should also be noted that at the point CRC became a requirement for schools no funding was made available to authorities with which to implement the scheme.

School Budgets

21. The 2014/15 school funding formula is unchanged from that of 2013/14, in reviewing the formula the local authority and the Schools Forum accepted the recommendation from the formula working group that 2014/14 should be taken as a period of stability given the intended implementation of the NFFF in 2015/16.
22. The significant change relates to the pupil count for schools undertaking or affected by age range changes from another school. Permission was sought from, and granted by, the Secretary of State for a weighted pupil number using October 2013 school census information and estimated pupil numbers for September 2014 for the year groups affected by change. The cost of funding protection for school experiencing a reduction in number on roll is £2.7m and is funded from a reduction in the ceiling on the per pupil gain on the wider formula changes from 4% to 1.5%. Schools expecting to be affected by such changes in September 2015 should begin to plan for those funding changes within their 2014/15 budget, whilst the funding mechanism will need to be reviewed in the light of the NFFF but should plan on the same mechanism being in place.
23. The funding settlement included some unexpected changes for the second consecutive year in respect of school copyright charges. The Department for Education (DfE) has negotiated national licences with a number of agencies which it expects to deliver savings on contracting and administration. The DfE will pay the cost and then invoice local authorities, schools will not need to make individual payments. The funding for this is retained centrally within the Schools Budget at the direction of the EFA. No corresponding reduction has been made to individual school budgets.
24. The Minimum Funding Guarantee (MFG) remains at minus 1.5% per pupil. The EFA has confirmed that protection will remain in 2015/16 but have given no indication of its level. It should be noted that MFG is a protected level of funding per pupil, schools with falling rolls may see a cash decrease in their budget in excess of 1.5%. The future of MFG will be intrinsically linked to the NFFF, the quicker the movement to a single national formula the greater the turbulence will be to be tempered by the MFG.
25. No inflation is added to the individual school budget for supplies and services or pay awards.
26. There are no changes to the formula factors within the 2014/15 school funding formula, however some factors have been redefined by the EFA;
 - The primary prior attainment factor changes from the Foundation Stage Profile to pupils who fail to achieve a good level of development as measured within 2013 assessments
 - The secondary prior attainment factors changes from the number of pupils not achieving level 4 in English and Maths to pupils not achieving level 4 in English or Maths.

These changes increase the number of pupils eligible for funding. In order to deliver school budgets within a cash flat DSG settlement funding rates have

been reduced. The overall impact on individual school budgets is minimal as both changes increase eligible pupils albeit funding at a reduced rate.

27. The formula retains payment of rates at actual cost and rent for the 5% of schools with the highest proportion of cost when compared to budget. It should be noted that at the point the formula is submitted to the EFA in January rent and rates allocations within the budget are fixed. Any increase in these payments cannot be reflected in the 2014/15 budget and an adjustment will be made in 2015/16, schools need to factor this into their budget and cash flow monitoring processes. Conversely should these payments decrease schools will need to plan for a reduction in budget in the following year, this may have a double impact through a retrospective reduction in the 2014/15 value and the 2015/16 reduction in the budget baseline.

Excluded Pupils

28. 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 Stage 4. These values are detailed in the following table and will be applied as the deduction to school budgets from April 2014;

| School Phase | Annual Rate £ | Daily Rate £ |
|---------------------|--------------------------|-------------------------|
| Primary | 2,694.46 | 14.18 |
| Key Stage 3 | 3,824.75 | 20.13 |
| Key Stage 3 | 4,566.21 | 24.03 |

Universal Infant Free School Meals

29. The government has announced that schools will have a statutory duty to provide children in reception and years 1 & 2 a free school meal from September 2014. The DfE's capital grant settlement announced capital funding of £0.9m for kitchen expansion where greater capacity is needed.
30. Whilst headline information has been given on the revenue settlement for this new initiative the detail has yet to be released. The announcement from the DfE states that schools will be allocated a flat rate of £2.30 per meal taken by newly eligible pupils measured within next year's pupil census. This is being widely interpreted as meaning that;
- schools may only receive funding for pupils reception, yr 1 and yr 2 pupils not currently eligible for free school meals.

- that the measurement will be taken at a single point in time which may not fully account for all meals delivered.
- That funding may be significantly after the point the meals are delivered

The DfE have stated that further information will be made available at a later point.

31. Nationally £22.5m of transitional funding will be provided in 2014/15 to small schools before the beginning of the 2014/15 academic year to recognise that they will face particular challenges in making this provision. There are no further details of the eligibility criteria for schools to qualify for this funding.

Pupil Premium

32. Nationally the pupil premium has increased by 33% in 2014/15 and the estimated grant for all Leicestershire schools and academies issued by the EFA is £17.3m. This value will be revised by the EFA for pupil numbers from the January 2014 school census.
33. Eligibility for the Pupil Premium has been extended and now includes;
- Children who have been in care for one day or more;
 - Children registered on the school census as being adopted from care
 - Children that have left care under a special guardianship or residence order.
34. Individual values for the Pupil Premium are;

| Pupil Premium payable for; | 2014/15 £ | 2013/14 £ |
|---|----------------------|----------------------|
| Primary Free School Meals Ever 6* | 1,300 | 953 |
| Secondary Free School Meals Ever 6* | 935 | 900 |
| Children from service families | 300 | 300 |
| Children adopted from care, special guardianship or residence order | 1,900 | 0 |
| Looked after children | 1,900 | 900 |

*any pupil eligible for a free school meal in any of the last 6 years

Age Range Changes and Pupil Growth

35. The 2014/15 budget proposals reflect the expected pupil movement in September 2014 in schools undertaking or affected by age range changes. The local authority gave a commitment to schools and the Schools Forum to review these arrangements in 2014/15 for both affordability and also to ensure that the current mechanism is in line with the funding changes expected in 2015/16 as a result of the introduction of the NFFF.

36. Alongside age range changes schools, and especially the primary sector, are experiencing a growth in pupil number. Additionally a number of Sustainable Urban Extensions (SUE's) are planned across Leicestershire, both these factors will introduce new schools and possibly significant extensions to the current school estate. Local authorities are expected to provide revenue funding for pupil number growth and start-up funding for new and expanding where there is a significant increase in the number on roll.
37. Schools Forum considered an overview of school place planning issues at its meeting on 26 November 2013 and specifically the pressure that demographic growth and housing gains place on schools within a system of lagged pupil funding. Whilst adjusted pupil numbers create a solution to the turbulence arising from age range changes they do not provide a solution for pupil growth.
38. Local authorities, with the approval of the Schools Forum, are able to establish a growth fund for supporting additional classes needed as a result of growth in numbers and the start-up costs of new schools. Such a fund needs to be established with objective criteria to access additional funding, Schools Forum have expressed a wish to consider such a fund which will need to be linked to the Place Planning Strategy which will be supported by objective criteria for allocation of capital funding, alongside this it will be necessary to identify the revenue impact of the growth in pupil numbers.
39. Schools Forum must approve any criteria for the allocation of growth funding, however until the Place Planning Strategy identifies the level of additional places to allow the financial impact to be identified it is difficult to plan and advise upon the revenue funding requirement and the most appropriate manner in which it should be allocated. This will be a significant piece of work for the 2014/15 Schools Forum work programme and will be scheduled at the appropriate point in time.
40. To bridge the timing gap in undertaking a review of the funding mechanism for the impact of age range changes and establishing a growth fund, provision has been made within the DSG reserve to meet these needs. Utilising the reserve in this manner will ensure that funding can be aligned to the period in which funding is required.

High Needs Funding

41. Whilst national funding reform is expected to deliver changes in the manner in which DSG is distributed and introduce the NFFF, it is unclear whether there will be any impact upon the High Needs Block which remains based on previous expenditure. This position will change for 2015/16 where funding will be based upon numbers from the previous financial year.
42. 2014/15 will be the first full financial year of the changes which were implemented for academies and further education providers at the beginning of the 2013/14 academic year. Significant work has been completed on establishing robust post 16 pupil data and a full picture of provision across all

providers is now established. The challenge in moving forward is turning this data into a multi- year financial planning model.

43. There is only one change to the funding arrangements for 2014/15 which establish the place funding at £10,000 for post 16 pupils in academies, and is reduced from an average of £11,500.
44. The EFA requested information following the submission of the draft formula pro-forma in October on how the local authority would fund schools if the notional SEN budget was insufficient to allow the school to meet the aggregate cost of all High Needs Element 2 funding of £6,000 per pupil. Based upon current information 2 schools are identified as potentially having a shortfall in Element 2 funding, it is proposed that an annual calculation is completed in October following the confirmation of leavers and starters at the commencement of the academic year, should this calculation identify a shortfall in funding additional payments will be made.

Early Learning and Childcare

45. Consultation was undertaken during 2013 with Early Years providers on changes to the single funding formula for three and four year olds as a result of revised statutory guidance for local authorities. Among a number of changes to the roles and responsibilities of local authorities two specifically impact upon the formula;
 - Local authorities can no longer use their own quality assessment of early education and childcare delivered by childcare providers
 - Local authorities can no longer requires that providers rated Good or Outstanding by Ofsted take up training delivered directly or commissioned by the local authority.
46. The 2013/14 formula included a quality supplement based on 4 factors;
 - Local authority quality review rating
 - Whether there is a Graduate Leader employed
 - Whether the provider has 50% of childcare staff qualified to Level 3

The amended formula allocates funding based solely upon the providers Ofsted rating, the formula now consists of a base rate of £3.46 per hour and a quality supplement, this values attached to the supplement are;

| Ofsted Rating | Per Hour £ |
|----------------------|-------------------|
| Outstanding | 0.07 |
| Good | 0.05 |
| Satisfactory | 0.01 |
| Inadequate | 0.00 |

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| No Rating | 0.01 |
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Dedicated Schools Grant Reserve

47. 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 | 2,962 | Confirmed reserve 2012/13 year end – part allocated to 2013/14 expenditure |
| Add Back 2012/13 academy deficit provision | 2,000 | Earmarked within DSG reserve |
| Unallocated Balance held 31 March 2013 | 4,962 | |
| <u>Movement In Reserve 2013/14</u> | | |
| Period 9 Estimated Underspend | 3,950 | This underspend fully relates to the High Needs and early Years Budgets, none relates to the Schools Block |
| Behaviour Support | (200) | Funding allocated to support the transition of Key Stage 3 provision for excluded pupils and those at risk of exclusion t Behaviour Partnerships |
| Transitional Funding – High Needs Changes | (207) | One off transitional funding was granted to schools whose budget reduction as a result of the changes to the high needs funding system exceeded 1% |
| Hospital Schools | (473) | No budget was set for this type of provision in 2013/14 as arrangements were not clear. Estimated spend is higher than originally estimated and will be funded from the reserve. The 2014/15 Schools Budget makes permanent budget provision for these services in the medium term. |
| Recoupment Adjustment | (439) | DSG recoupment for academies has been higher than anticipated for April – August 2013 given that the funding changes affected academies from the 2013/14 academic year. This has only recently been confirmed by the EFA. |
| Estimated DSG Balance 31/3/13 | 7,593 | Balance prior to 2014/15 allocations |
| <u>Resource to be Deployed in 2014/15</u> | | |

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| Allocated to 2014/15 Budget | (1,250) | To fund increase in Rates within the Individual Schools Budget and funding retained to meet late changes to copyright arrangements in schools |
| Academy Deficit Provision | (2,500) | A number of schools with deficit balances will enter into sponsored academy arrangements in 2014/15, deficits will revert to the local authority and fall to be met from DSG |
| Age Range Change changes* | (2,700) | A number of academies are expected to change age ranges in September 2015, funding is set aside to meet the cost of budget protection for schools with falling rolls |
| Pupil Growth* | (1,000) | This funding is set aside in order to address the future need to establish a growth fund |
| Estimated Unallocated DSG Reserve 31/3/14 | 143 | It is proposed that this funding is held in reserve and allocated according to need within the 2015/16 budget. Any further under or over spend on the Schools Budget to year end will adjust this figure |

* These elements may be used interchangeably according to need

The Local Authority Budget

48. The Councils Cabinet considered the budget proposals on 15 January and 29 January and by the Children and Young Peoples Overview and Scrutiny Committee on 20 January. The key areas for growth and savings are summarised in the following tables and presented to Schools Forum for information.

49. Growth and savings have been categorised in the following tables under the following classification;

- * item unchanged from previous MTFS
- ** item included in the previous MTFS, but amendments have been made
- No stars - new item

50. The local authority budget proposes growth in the following areas;

| Ref | | 2014/15 £,000 |
|-----|--|------------------|
| G1 | <u>Increased numbers of Children in Care and Child Protection Plans</u> – This is the final year of growth approved in the 2012/13 MTFS which funded an increase in internal capacity to respond to increased case loads. This increase relates to incremental salary drift before a reduction in costs in 2015/16. | -35 |

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| G2 | Remand Framework for Children – Financial responsibility for remand to youth custody was transferred from the Ministry of Justice to local authorities from April 2013. The number of children in remand is historically low within Leicestershire and the 2013/14 grant allocation of £59k has been sufficient to cover costs. In order to provide some financial capacity should this not continue be the case the 2014/15 MTFS provides some growth in funding. | 50 |
| G3 | Emergency Duty Team – Until October 2013 the emergency duty team for children and young people's and adult social care was provided by Leicester City Council who gave notice that the contract would be terminated in September 2013. Following cessation of these arrangements an internal service, First Response, for 24 hour emergency children's social care cover was established to provide a single access point to social care and early help services and requires on-going growth. | 200 |
| G4 | Education Quality - The Authority is now judged by OfSTED on its ability to support school effectiveness by all education providers and may inspect this at any point. Additional resources are required to enable the department to undertake this newly defined role. | 300 |
| G5 | Foster Care – Very recent national policy changes allow children in foster care to remain in that placement until 21 rather than 18, which extends the period fostering allowances will be paid. Analysis is currently being undertaken to establish the long term on-going financial implications of this change which can be expected to increase in line with the number of children remaining in foster care and how costs will be met if no additional funding is made available to local authorities | 80 |
| G6 | Framework Implementation – This is the removal of time limited growth to support the implementation of Framework | -40 |

Efficiency Savings

| Ref | | £,000 |
|-----|--|-------|
| S1 | Contract Related Savings – A number of savings opportunities were achieved throughout 2013/14 with no impact on the delivery of services where cost or volume reductions arose. Areas include children's social care residential placements, short breaks for disabled children and a reduction in contributions to | -730 |

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| | other departments within the Authority | |
| S2 | Supporting Leicestershire Families Programme – It is expected that the success of the programme will reduce demand for services across CYPS and deliver savings from 2016/17. The detail of these savings will be defined as the outcomes of the programme are identified. | -1,000 |
| S3 | Realignment of Parenting Support – A number of services within CYPS (i.e. youth services, children’s centres, parenting support) have been realigned to form targeted early help services. Some of these services were historically funded from specific grants with their individual terms and conditions, the transfer into mainstream funding has allowed synergies to deliver savings with no impact on service users. | -500 |
| S4 | Homeless 16/17 Year olds – Services for homeless 16 / 17 year olds are largely delivered through programmes such as supporting people. Savings in contract fees together with closer working on services for care leavers will generate savings | -100 |
| S5 | Short Breaks for Disabled Children – Lower demand for grants for short breaks and respite care throughout 2013/14 has allowed on-going savings to be released from this service area | -300 |

Service Reductions

| Ref | | £,000 |
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| S6 | Social Care Residential Placements – Two key policies were agreed by the Cabinet on 13 December 2013, both will impact upon the number and cost of placements for children in care. Choices, the placement and sufficiency strategy will improve placement arrangements and move from residential placements to a family based care approach. In addition the Permanence Policy will ensure that appropriate arrangements are in place to secure permanent care arrangements. It is anticipated that these policies will secure annual savings from 2015/16 from more efficient ways of working together with the nationally introduced changes that will develop new pathways to services. | -1,500 |
| S7 | Voluntary Sector Support – New models of integrated children and families services working increase the focus on vulnerable groups and will create a movement from universal to targeted | -800 |

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| | services. Detailed analysis of all grants paid to voluntary sector organisations is underway, this will formulate firm proposals that will be subject to consultation early in the 2014/15 financial year. | |
| S8 | <u>Careers Advice & Guidance</u> – Renegotiation of the contract will be undertaken and from November 2014 the service will become more focused upon providing support to increase outcomes for vulnerable groups. Savings of £290k in 2014/15 will rise to a full year saving of £650k from 2015/16. | -650 |
| S9 | <u>Alignment of Family Support Contracts</u> - Aligning historic contracts for family support will deliver service synergies through a refocus of services to a more targeted approach. | -400 |
| S10 | <u>Non Replacement of Posts</u> – Posts scheduled to become vacant in the area of planning and commissioning in 2015/16 will not be replaced. | -120 |
| S11 | <u>Early Learning & Childcare Service</u> – Recent legislation has reduced the role for local authorities to support childcare providers. A restructure of the service will deliver savings in the local authority budget of £600k in 2014/15 rising to £700k in 2015/16. | -700 |
| S12 | This service is funded jointly from the local authority budget and Dedicated Schools Grant (DSG). The long term strategy is to move all costs to DSG which meets the costs of commissioned services in this area, current funding policy allows for this movement. This results in savings of £530k in 2014/15 rising to £1.28m in 2015/16. | -1,280 |
| S13 | <u>Departmental Changes</u> – A number of smaller savings related to changes in the structure of the department contribute to this saving. They include the departmental restructure completed in April 2013, the departments contribution to savings through corporate changes in staff terms and conditions and non-replacement of temporary contracts. The saving for 2014/15 is £350k rising to £410k in 2015/16. | -410 |
| S14 | <u>Educational Psychology</u> – Savings will be delivered through a service review that will consider current ways of working alongside the statutory requirement of the local authority in this service, together with the continued movement to integrated children and family service and a single assessment of need. | -240 |
| S15 | <u>Family Information Service</u> – The requirement for local authorities to provide a family information | -120 |

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| | service was removed in October 2013. Signposting of services and access to information is now incorporated into the work of the newly established First Response Central Duty team. | |
| S16 | <u>Management fees – Children’s Centres</u> – Management fees have been historically paid to District Councils to reflect their role in the children’s centre programme. It is proposed that these fees are reviewed and reduced from 2015/16. | -240 |
| S17 | <u>Safeguarding Service</u> – Investment in early help / intervention through the Strengthening Families team has been successful in delivering a reduction in the number of child protection plans which allows for a redesign of this service. Redesign work will commence in 2014/15 in order to deliver this saving for 2015/16. | -500 |
| S18 | <u>Early Help / Early Intervention</u> – A significant focus for the department has been the consolidation of services delivering early help interventions such as the youth service and the children’s centre programme. A range of other services are commissioned locally from a number of providers. A single commissioning approach is now required. Early planning on the delivery of the 2015/16 saving and its impact has begun. | -2,100 |
| S19 | <u>Disabled Children’s Service</u> – The department is in the early stages of developing an all age disability service with the Adults and Communities Department. This will reduce duplication and enable a seamless transition from children’s to adult’s services and delivery of savings in 2015/16. | -1,000 |

51. Further growth of £500,000 is included within the corporate budget to develop and deliver 2014 -2017 capital programme.

Capital Programme

52. The Capital settlement for CYPS for 2014/15 is in separate funding streams and some allocations have yet to be confirmed.
53. The CYPS Capital Programme will need to be considered again by the Cabinet once further work on school place planning set has been completed. However, work will need to be undertaken on advanced design and urgent schemes

Basic Need

54. This grant funds new school places by expanding existing maintained schools, free schools or academies, and by establishing new schools. Local authorities are required to consider all types of school equally for the allocation of funding

based upon local needs and priorities. The grant allocation is based upon the 2013 School Capacity Survey (SCAP) which collects information on capacities of schools and academies in each local authority. The EFA announced in December that the allocation of this grant would be a three year settlement for 2014/15 to 2015/16. The annual allocations announced by the EFA are:

| | 2014/15 £,000 | 2015/16 £,000 | 2016/17 £,000 | Total £,000 |
|------------|--------------------------|--------------------------|--------------------------|------------------------|
| Allocation | 3,445 | 25,140 | 26,397 | 54,982 |

55. A report will be presented to the Children and Families Overview and Scrutiny Committee in March 2014 setting out a School Place Planning Strategy and how that can be used to effectively support schools to raise pupil outcomes and define educational priorities. Alongside the School Place Planning Strategy will be a Capital Strategy which will set out the criteria to be used to allocate funding, considering the need for school places and wider educational outcomes.
56. The Children and Families Overview and Scrutiny Committee on 9 September 2013, and Schools Forum on 26 November 2013, received a report setting out the current position and future expectations on the need for additional school places. Particularly acute is pressure for primary school places in Braunstone and Hinckley. Schemes will need to be developed in 2014/15 to address this need.
57. The 2014/15 capital programme allows for advanced design of the wider programme of work and urgent schemes that need to be completed in 2014/15.
58. The level of the settlement offers an opportunity to significantly improve schools taking account of the need to improve educational outcomes. To achieve this it is necessary to establish a dedicated resource to research, plan and co-ordinate the capital programme. It is expected that 2014/15 will largely be the planning period for a programme of works to commence in 2015/16. £0.5m has been set aside in the MTFS to fund this work
59. The current funding methodology established a clear link between the need for school places and funding allocations. The DfE are expected to report and challenge local authorities on the use of grant.

Capital Maintenance

60. This grant is paid to local authorities to maintain suitable learning environments. This grant is received by the Authority for maintained schools only and academies access funding directly from the EFA. The 2014/15 allocation is £4.225m
61. A number of schools within Leicestershire are judged to need special measures which under DfE policy requires a move to a sponsored academy. Sponsorship results in another school or organisation effectively taking control of the school.

Sponsors seek to limit their financial risk and this includes expectations that any immediate capital works are completed. Without completion, there is a risk that the sponsors will find schools financially unattractive to sponsor. Completion of the works within the current financial envelope carries a risk that only schools moving to a sponsored academy arrangement would see capital maintenance schemes completed. Consideration of whether to fund works deemed urgent also has to consider the revenue impact of an increased deficit.

62. As a result of the James Review on school capital the DfE began a programme of assessing the condition of the national school estate. It is likely that the capital maintenance funding will move to an allocation system in line with that for basic need, this would result in authorities with the greatest school condition issues receiving funding. There is no information available to allow a judgement to be made on what impact any change would have in Leicestershire.
63. The capital maintenance grant and the revenue funded central maintenance fund have been used interchangeably to fund a range of capital maintenance issues such as boiler replacements, electrical works etc. A review will be undertaken to ensure that the boundaries between these two discrete funding streams are defined and both are used to full effectiveness.

Appendices

Appendix 1 – Proposed Children and Young People’s Service Revenue Budget

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

Background Papers

Children and Families Overview and Scrutiny Committee – 20 January 2014,
Medium Term Financial Strategy 2014/15 – 2017/18

Schools Forum – 26 November 2013, 2014/15 School Funding

Schools Forum - 18 September 2013, School Funding Formula 2014/15 and Funding Age Range Changes

Schools Forum – 20 June 2013, School Funding Arrangements 2014/15

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