

Children's Services Department Introduction

1.1 The Children's Services Department budget falls into two distinct parts which have separate funding streams and associated regulations. The Schools Budget comprises schools delegated budgets plus mainly pupil related budgets that are managed by the local authority e.g. placements at independent special schools, special educational needs (SEN) support services, early years. The Department for Education and Skills (DfES) regulations effectively ring fence the funding for the Schools Budget. Resources for the rest of the education budget (the LEA Budget) and children's social care flow are provided in the same way as for all other services.

Schools Budget

2.1 New national funding arrangements are being introduced in respect of the Schools Budget for 2006/07. The funding will be provided as a ring fenced specific grant (the Dedicated Schools Grant) which can only be spent for the purposes set out in regulations. Local authorities will be notified of initial grant allocations for 2006/07 in December, together with an indicative allocation for 2007/08. Grant will be allocated according to the number of pupils on roll in January prior to the start of the financial year (e.g. January 2006 for 2006/07) which means the initial allocation will be adjusted once the January headcount has been finalised and the data verified.

2.2 Changes will also be required in the way funding is allocated to schools through the local funding formula arising from using just one pupil number count. Schools will continue to benefit from a minimum funding guarantee (MFG) which will ensure all schools receive an increase in funding per pupil compared to their 2005/06 amounts. The level of the MFG will be part of the overall funding announcements.

2.3 The current statutory limitation on increases in the centrally managed parts of the Schools Budget remains. These central budgets cannot increase at a faster rate than the schools delegated budgets unless agreed with the Schools Forum.

2.4 There will be a 6% increase in the national funding for the Schools Budget and the Government has said that all authorities will receive a minimum increase of 5% per pupil compared to their 2005/06 planned Schools Budgets. The balance of funding will be distributed across local authorities using an unspecified formula. The DfES has, however, announced that a large part of this funding will be earmarked to support personalised learning at Key Stage 3 and is therefore not available to support the rest of the Schools Budget. The minimum increase in funding that East Sussex can expect is in the order of £10.3m.

2.5 This funding has to meet a range of cost pressures including pay and price increases (£6.5m), schools minimum funding guarantee (say £2.0m), effects of rateable revaluations (£0.8m), increasing demand and cost of SEN agency placements (£0.7m), increasing demands on the Home Tuition Service (£0.1m) and school teacher redundancy costs arising from falling rolls (£0.2m). The current estimate is that the minimum increase in the Schools Budget may be just sufficient to meet cost pressures and the schools minimum funding guarantee although this does depend on the final level of the MFG.

2.6 There is, however, another potential cost pressure in relation to early years. The Government is requiring an increase in number of weeks in places for 3 & 4 year

olds from April 2006. The additional cost is in respect of places in private, voluntary and independent settings and East Sussex has an above average reliance on this sector. The government will provide additional funding but if this is distributed through the DSG formula East Sussex share would probably be insufficient to cover the costs and be a call on any additional formula allocation of the DSG. If pressures on the Schools Budget exceed the available resources it will be necessary to find savings in the centrally managed areas of this budget.

Balance of Children's Services Budget

3.1 The Cabinet's initial financial planning is for a 2% reduction in these budgets equating to £1.149m. In addition there are a number of high priority service pressures totalling £0.846m which are listed in Appendix E. These are mainly in respect of disabled children (agency placements and respite care), locality services (court ordered assessments and experts, implementation of Children's Act on private fostering) and the Commissioning Unit. These pressures will have to be funded out of further savings.

3.2 The total savings requirement is therefore £1.995m which is equivalent to about 3.5% of the budget. Due to contractual and statutory commitments (e.g. ongoing effects of early retirements, CRB checks, contracts with CfBT and for home to school transport) the average level of savings on remaining budgets is in the order of 5%.

3.3 A range of potential savings have been modelled to achieve this target. It must be emphasised that the options set out in the proformas are only models at this stage, they are not firm proposals nor in priority order. The savings modelled are set out in Appendix E. Every effort has been made to identify savings through efficiencies and to minimise impact on front line services. However, the scale is such that there will inevitably be some effects on service quality and capacity in the areas modelled.