

CABINET PORTFOLIO: Education**SERVICE PLAN AREA:** Schools Delegated Budgets**Key Lead Cabinet Member Policy Steer for this area:**

Cabinet priority for the whole Council: support teachers in raising standards in our schools

Resources

Current net 2003/04 Budget (broken down by sub-divisions of main service area):

	£'000
Primary schools	82,891
Secondary schools	86,591
Special schools	12,369
Gross funding	181,851
LSC grant for 16+ pupils	(9,049)
Net County Council funding	172,802

Current Budget by Type:

	£'000
Employees	154,647
Premises	14,858
Transport	229
Supplies & services	12,008
Agency & contracted services	109
Gross expenditure	181,851
Income	(9,049)
Net expenditure	172,802

Current FTE staff numbers: 4950**Standstill Pressures over the next 3 years):** *These will be supplied by Steve Potts (CRD)*

	<u>04/05</u> <u>£000</u>	<u>05/06</u> <u>£000</u>	<u>06/07</u> <u>£000</u>
Inflation	5,766	5,901	6,104
Other Standstill	(247)	(464)	(682)
(list by sub-division:)			

Other Financial Risk Issues over the Medium Term:

	<u>04/05</u> <u>£000</u>	<u>05/06</u> <u>£000</u>	<u>06/07</u> <u>£000</u>
<i>(list and scale)</i>			
SEN statements – increasing numbers			
Implementing the Workforce reforms			
Declining school balances – see following sections			

Current Relative/Comparative Performance based upon 2002/03 Outturn:

Achievements during 2002/03:

Overall pupil performance improved in Summer 2002 to its best ever level with 51% of pupils achieving 5 or more grades A* - C at GCSE and five schools with 70% or more of their pupils achieving this result.

Attainment of Key Stage 3 targets has risen at a rate of twice the national average, with the percentage of pupils reaching level 5 in English and Mathematics increasing by 2%. East Sussex schools are performing above the national average in both subjects.

The proportion of 11 year olds achieving level 4 or above in the English test increased by 0.5% and in Mathematics by 3.4%.

There was a significant improvement in writing in key Stage 2 last year ahead of all but one of the local authorities most similar to East Sussex.

In making these achievements schools drew some £1.2m from their accumulated balances and finished the year with an overall net surplus of £5.1m (3.0% of total budget shares for the year).

Assessment of Relative/Comparative Performance by the end of 2003/04:

Achievements during 2003/04

Provisional exam and test data for Summer 2003 shows the following picture:

- GCSE's 5 or more A* - C: 52%, an increase of 1% over 2002
- Key Stage 3: East Sussex is still above the national average. Mathematics results increased at the same rate as national figures while English has increased by 1.5% more than the national increase.
- Key Stage 2: English no change in East Sussex or national figures.
Mathematics East Sussex increased by 0.5% compared with no change in national figure.
Writing East Sussex increase nearly 1%, no change in national figure.

Schools funding has been a major issue nationally this year with many schools reporting difficulties in maintaining expenditure in real terms or balancing their budgets. An early survey of East Sussex schools indicated that some 27% were expecting to go into deficit this financial year. Detailed work with the individual schools forecasting deficits has reduce the proportion to just under 20% (38 schools) and further work is progressing to producing recovery plans.

The investigative work has suggested that the financial problems are due to cost pressures in some schools have risen faster than the average for a range of reasons. These include incremental drift due to appointment of staff higher up salary scales for recruitment and retention reasons, large increases in supply teacher rates, government under funding of performance pay and other sources of income not keeping pace with expenditure inflation.

An analysis of schools budget plans indicates a further very substantial reduction in school balances by 31 March 2004. In previous years schools have tended to underestimate their likely balances but even making allowances for this caution net balances could fall as low as £1m.

Key Improvement Aims and Actions over the Medium Term:

An initiative aimed at improving financial management in schools has been making steady progress. Key elements include a central high level monitoring system to identify problems at an early stage, training programmes for heads and governors and spreadsheet models to assist schools for forward planning.

In 2003/04 for the first time schools were asked to submit three year budget plans to help anticipate potential budget problems and allow time to develop strategies to manage these. Initial responses have been disappointing with only 44% submitting three year plans and a key aim will be to spread this good practice across the remaining schools.

Key Risks to delivery of policy steers in short term

Finance

a) Plans for internal reinvestment within Portfolio (net nil effect)

	<u>04/05</u> <u>£000</u>	<u>05/06</u> <u>£000</u>	<u>06/07</u> <u>£000</u>
Savings <i>(list from where)</i>			
Reinvestment <i>(list to where)</i>			

b) Efficiency Savings – list actions to achieve efficiency and low impact savings

	<u>04/05</u> <u>£000</u>	<u>05/06</u> <u>£000</u>	<u>06/07</u> <u>£000</u>
<i>(list specification with impact)</i>			

c) Other Savings –

	<u>04/05</u> <u>£000</u>	<u>05/06</u> <u>£000</u>	<u>06/07</u> <u>£000</u>
<i>(list specific action with impact)</i>			

The Cabinet's financial planning guideline is to passport to schools the increase set by the Government. The amount to be passported will depend on the Government's per pupil guarantee at individual school level. If this is set at more than standstill pressures the excess will help offset the financial risks identified above. The extent to which such risks are not covered by passporting will require savings by schools which are a matter for individual governing bodies.

The County Council can provide a steer by the way funding is distributed through our schools via the different elements of our funding formula and can also change the balance between phases if appropriate. For example CIPFA Education Estimates statistics for 2002/03 shows funding per pupil for East Sussex primary schools is 0.8% more than our nearest statistical neighbours while secondary schools are 4.1% above our statistical neighbours.