

Reconciling Policy and Resources 2006/07

Children's Services Department – Revenue budget issues and proformas

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 support services, early years. 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 probably towards the end of November or early 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 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 set out in Table 1 below.

Table 1	£'m
Pay and price increases and commitments e.g. pupil roll variations	6.5
Schools minimum funding guarantee. The level is not yet known but if this was set at 1% above the County Council's average pay and price inflation this would require additional funding of say	2.0
School rates – additional costs arising from rateable revaluations including recovery of overspending in 2005/06	0.8
SEN agency placements/recoupment – the cost of demand for placements is increasing.	0.7

Home Tuition – increasing numbers of children requiring support and effected of statutory minimum provision	0.1
School teachers redundancy costs – the need to adjust staffing levels for the effects of falling rolls has led to an overspend in the current year on the redundancy provision within the LEA Budget. Given the pressures on the LEA Budget in 2006/07 there is no prospect of increasing the provision but a change in regulations will allow, in some circumstances, such costs to be charged in future against the Schools Budget.	0.2
Potential calls on the Schools Budget	10.3

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 that will have to be funded out of further savings. These pressures are set out in the attached service plan proformas and summarised below in Table 2.

Table 2	£'000	£'000
Learning and School Effectiveness		
Development Planning – capacity to manage range of programmes	80	
Capital Strategy Team – suitability surveys	50	
Early years teachers/social workers shared accommodation	20	
Educational Psychology Service – 0.4 FTE ASD specialist	22	
Information Sharing and Assessment (ISA) Programme	155	
Offset by standstill commitment funding	(250)	
		77
Children and Families		
Access to Education – Anti-Social Behaviour Act/Education Welfare Service	30	
Disabled Children – agency placement numbers & excess inflation	550	
Disabled Children – respite care	120	
Locality Services – court ordered mother and baby assessments and experts, implementation of Children's Act on private fostering	220	
Looked After Children – Adoption Act and agency placements	100	
Children's Services Commissioning Unit	214	
Offset by standstill commitment funding	(500)	
		734
Management and Support		
Contribution to the Area Child Protection Committee		35
Total high priority pressures		846

3.2 The total savings requirement is therefore £1.995m and 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 summarised in Table 3.

Table 3	£'000	£'000
Learning and School Effectiveness		
Support for schools in Ofsted categories and other categories	100	
PSHE Team	30	
Playlink	200	
Learning & Language Support Service	5	
Psychology and Learning Management & Support	4	
Support for schools in Ofsted categories and other categories – further reduction	100	
Playlink – further reduction	50	
Music Service – withdraw subsidy	59	
		548
Children and Families		
SEN Team	69	
Access to Education	8	
Youth Development Service	164	
Disabled Children	165	
Locality and 16+ Services	317	
Looked After Children Services	95	
Children's Services Commissioning Unit – conferences & courses	10	
Children's Services Commissioning Unit – reduce development work (see pressure in Table 2)	50	
Youth Offending Team	63	
Management – savings from restructuring	100	
Training	10	
		1,051
Management and Support		
Business support services – reconfiguration for new department	120	
Rationalisation of accommodation	50	
Customer services	17	
ICT developments	14	
Cleaning and grounds maintenance services	27	
Furniture and equipment	26	
SLAs with central departments	51	
Staff catering – management costs	3	
Joint use sports facilities	18	
PFI support	20	
Redundancy/early retirement provision	23	
Safeguarding	25	
Support staff training	2	
		396
		1,995