

FUTURE BUDGET CONSIDERATIONS

To: Cambridgeshire Schools Forum
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1.0 INTRODUCTION

- 1.1 As a result of the national funding proposals there are a number of areas of current expenditure and/or functions and services which will require review and consideration to the future approach for resourcing.
- 1.2 The main areas requiring review, which will be covered in more detail below, are:
- Centrally Retained Funding (including Historic Commitments)
 - De-delegations
 - Education Functions
 - High Needs Block

2.0 CENTRALLY RETAINED FUNDING

- 2.1 As part of the national funding formula proposals the DfE have confirmed the creation of a central school services block which will include funding for responsibilities previously included within the Education Services Grant (ESG) and responsibilities previously funded through centrally retained Dedicated Schools Grant (DSG).
- 2.2 The total amount of funding that will be distributed through this block for ongoing responsibilities will be calculated by adding the funding available for ESG retained duties and the centrally held DSG spent on ongoing responsibilities. These will include the growth fund, admissions funding and the servicing of Schools Forum.
- 2.3 Further to the areas of central expenditure above there are also the following centrally retained budgets requiring approval:

Service/Function	2017/18 Amount	Comments
Growth Fund	£2.5m	Can be increased with Forum approval.
Admissions	£0.405m	Can be increased with Forum approval. (change in guidance for 2017/18)
Servicing of Schools Forum	£0.003m	No increase in expenditure allowed – unless disapplication approved by SoS

- 2.4 Centrally retained DSG is also currently used to fund a number of historic commitments. These allowable commitments are listed in full at **Appendix A**, and include combined budgets contributing to wider children's services, staff redundancy costs relating to decisions taken before 2013, and the back pay associated with equal pay legislation.

- 2.5 The table below lists those historic commitments that apply to Cambridgeshire and the amounts previously approved by Schools Forum for 2017/18:

Section 251 Budget Line	2017/18 Budget	Description
1.4.1 Contribution to combined budgets*	£4.31m	£3.53m – contribution to Children’s Services £0.73m – Early Intervention Family Worker (previously Parental Support Advisors), £0.05m – Residual CPH Funds and EPM Contract
1.4.4 Termination of employment costs	Nil	
1.4.6 Capital expenditure from revenue (CERA)*	£1.46m	£1.46m – Cambridgeshire Public Services Network (CPSN) Broadband Contract
1.4.7 Prudential borrowing costs	Nil	
1.4.9 Equal pay - back pay	Nil	
1.4.12 Exceptions agreed by Secretary of State	£0.4m	National Copyright Licence arrangements

***Please note:** Contribution to Combined Budgets was reduced by over £0.3m in 2016/17. (Previously £4.67m). CERA was reduced by £0.08m in 2017/18 (Previously £1.54m).

- 2.6 The expectation is that these historic commitments will unwind over time, for example because a contract has reached its end point. The DfE would therefore expect local authorities to reflect this in Section 251 returns and the EFA will monitor historic spend year-on-year and will challenge LA’s where spend is not reducing as expected.
- 2.7 The consultation document refers to the ability of the LA to recycle money that is no longer needed for historic commitments into schools, high needs or early years in 2018-19. Clarity is required as to how this will be taken into consideration against a move towards a hard national funding formula for schools. For example, if funding is moved into the Schools Block in 2018-19 is there a danger it will be “lost” when the hard funding rates are introduced from 2019-20?
- 2.8 **Appendix B** shows the notional usage of the current historic commitments for continuation into 2017/18. As part of the Business Planning process for 2018/19 options for reducing these historic commitments will need to be considered, and subject to clarification of how recycling into other funding blocks will work, appropriate treatment agreed.

Please note: With approximately £20m of savings already identified within Children’s Families and Adults in 2017/18 as part of the £99.2m of savings required across the Council between 2017 and 2022 any reduction in these historic commitments will result in further savings or a reduction in service.

3.0 **DE-DELEGATIONS**

- 3.1 Currently there are a number of areas where it is possible for maintained primary and secondary schools to agree de-delegations to pass funding back to the LA. Under these arrangements maintained primary representatives currently pool funding for the following services:
1. Contingency
 2. Cambridgeshire Race Equality Advisory Service (CREDS)
 3. Free School Meals Eligibility
 4. Insurance (Material Damage, Theft, Public Liability)
 5. Maternity Cover
 6. School Leaders & Governors Online Information Service
 7. Trade Union Facilities Time

- 3.2 The current methodology to be applied for 2017/18 and estimated de-delegation totals are set out below:

	2017/18 De-delegation Basis	Est. 2017/18 De-delegation Amount.
Contingency	£2.10 per pupil	£73,414
CREDS	£12 per pupil and £142.50 per EAL	£664,914
Free School Meals	£4.65 per FSM child	£15,485
Insurance	£18.20 per pupil	£700,925
Maternity	£5.00 per pupil	£174,794
Trade Union Facilities Time	£1.10 per pupil	£38,455
Estimated Total		£1,667,986

- 3.3 It is not yet clear if these, or similar arrangements, will be permitted once the national funding formula is implemented. As a result alternative buy-in arrangements may need to be considered which could impact on the viability of the pooled arrangements or service.

4.0 EDUCATION FUNCTIONS

- 4.1 Although the government dropped the Academies Bill in the autumn, the direction of travel - a school-led system, that is increasingly academised, with an ongoing but changed role for local authorities – is clear from last year's White Paper and other DfE proposals. As previously presented to Schools Forum the removal of the ESG, introduction of alternative funding streams and options for additional contributions from maintained schools has had a significant impact on the level of resource available to deliver education services within the Local Authority (LA). Therefore, in the light of these changes, the LA is reviewing all Education Services and has organised this work into five interrelated strands:

- 4.2
- **Core Services.** What is emerging from the White Paper is a set of core services for the LA focused on admissions (an enhanced role), place planning, home-school transport, and a 'champion' role for children and families; especially for vulnerable groups including 'identifying, assessing and making provision for children with special educational needs and disability and looked after children'. CFA is organising with this in mind, for example strategic roles for Inclusion, Behaviour and Attendance and Alternative Provision have moved into Learning as part of the Children's Change programme.
 - With regards to school improvement, the LA continues to have a function for maintained schools, funded by the DfE. With regards to academies we are required to raise any concerns with the Regional Schools Commissioner in a timely manner, so being well-informed about academies is important, although the LA has no power of intervention. We are developing a protocol for monitoring the performance of MATs / academies.
 - The Children's Change programme gives the Learning Directorate the strategic responsibility for SEN educational outcomes. The resource for this responsibility is currently being scoped.
 - The LA is committed to supporting the development of the school-led system and will continue to facilitate / work with the Cambridgeshire School Improvement Board, the School to School Support Strategy Group, TSAs and system leaders.
- 4.3
- **Traded services.** All services are being reviewed. The LA can no longer afford to subsidise traded services, so some may not be offered in the future but others could be

developed or expanded if there is sufficient demand. Schools will be very much part of this discussion – if schools do not want (or are not able) to buy a service then the LA will not (would not be able to) offer it.

- 4.4
- **MATs.** Since the dropping of the Academies Bill, creative solutions to LAs being involved with MATs has fallen down the DfE's agenda, although discussions are ongoing. The LA is willing to consider a wide range of partnership arrangements with academies / MATs. The governing bodies of a number of schools in the county are planning Federations, rather than MATs, to achieve scale economies and more effective collaborative working.
- 4.5
- **Recruitment and retention.** The LA will continue to facilitate the 'crowd funded' / traded offer for schools, working with the cross phase Headteacher group. The LA is also using its influence where possible, for example schools workforce being part of any Council / public sector recruitment and retention discussions. There is lots of information at http://www.cambridgeshire.gov.uk/learntogether/homepage/139/teacher_recruitment
- 4.6
- **Joint working with Peterborough and other LAs.** The LA already works jointly with Peterborough on a number of functions and to a lesser extent with some other LAs. We are exploring opportunities for developing this further where it might make our work more effective and efficient.
- 4.7
- Other points**
- Given that a dual system of maintained schools and academies will continue for some time into the future, we are developing with the RSC's office a protocol for joint working, e.g. joint letters and events are being planned.
 - Schools will be involved in developing any and all of the above proposals. The LA anticipates being in a position to start detailed discussions towards the end of the first half of the summer term.

5.0 **HIGH NEEDS BLOCK**

- 5.1 As previously reported to Schools Forum the proposed funding reforms for High Needs, which allocates funding to Local Authorities (LA's) based on a combination of historical spend and proxy indicators for Special Educational Needs (SEN), would result in **no** additional funding for the High Needs Block. In fact, when compared to the 2016/17 baseline, the illustrative data shows that Cambridgeshire would receive £3.4m of protection to bring the allocation up to the 0% funding floor.
- 5.2 Equally as there is no move towards a national top-up / banding approach the proposals would not necessarily result in additional funding for individual schools and providers.
- 5.3 The increasing number of special school places and complexity of need of pupils across all providers has resulted in a growing pressure across the High Needs Block. Equally, the spend on a number of other areas such as SEN Units, SEN Placements and Out of Schools Tuition have historically overspent. In previous years this pressure has been met by use of DSG carry-forward. However, the carry-forward has now reduced to levels where this is no longer sustainable. As a result of the increasing need and lack of any immediate uplift in funding as a result of the national funding reforms there is a need to review how the current resources are allocated to ensure it is being used in the most appropriate and efficient way to best meet the needs of the young people it is required to support.
- 5.4 To support this work nationally the DfE have created a £23m High Needs Strategic planning funding, of which the Cambridgeshire share is £267,429. This fund, although non-ringfenced, is to support LA's to carry out a strategic review of their high needs provision. The DfE state that they *"...anticipate that local authorities will use the funding provided to increase their capacity so that their review and planning of special provision is high-quality and collaborative, where appropriate undertaken jointly with neighbouring authorities. Where such review and planning work has already been undertaken along the lines envisaged, this fund can be used to help implement the outcomes of the reviews. Local authorities should publish the outcomes of these reviews in the form of strategic plans to demonstrate transparency and accountability."*

5.5 Key areas for review include:

- Funding Allocations - A detailed review of how the High Needs Block is used to support those children and young people with ongoing complex needs, and how the funding can be used differently.
- Social Emotional and mental Health (SEMH) Provision - Ensuring there is a coherent graduated response for children and young people experiencing difficulties resulting from their psychological and emotional wellbeing. This review will include support for pupils in school; those at risk of exclusion; and those needing to access short or longer term provision within the county.
- Integrated 0 – 25 years SEND Service – Identified need for a more targeted approach for children and young people with complex needs and bringing together services across CFA to provide a more co-ordinated and cost effective response for some of our most vulnerable children and young people. The consultation on the new 0 – 25 years SEND Service will be launched in April 2017.

5.6 Following the £2.25m uplift (£1.58m from the DfE, £0.67m transfer from the Schools Block) the table below provides a summary of the main services/functions to be funded from the High Needs Block in 2017/18:

Service Area	2017/18 High Needs Block Budget £m
Special Schools (Place & Top-Up Funding - Maintained & Academies)	£21.227
Special Schools Outreach	£0.271
Special Schools Equipment	£0.202
Special Schools Extended Provision	£0.142
High Needs Qtm (Top-Up in Maintained & Academies, Post-16 Colleges, Early Years etc)	£15.130
SEN Units (Place & Top-Up Funding - Maintained & Academies)	£3.069
EOTAS Devolution	£5.567
Other Cambridgeshire Alternative Education Service	£0.296
Pilgrim PRU	£0.574
SEN Placements	£8.913
Welfare Benefits	£0.015
Schools Partnership Service (ESLAC)	£0.099
Localities	£0.546
Youth Support Services	£0.126
SEND Specialist Services (HI, VI, Specialist Teachers, Specialist Practitioners)	£4.886
Children's Centre Strategy & Support	£0.090
Early Years Specialist Support (LOVASS, Therapy, Inclusion & Access)	£1.078
Commissioning & START	£0.631
Out of School - Education & Settings	£1.299
Strategy & Partnerships	£0.065
Total	£64.226

***Please note:** These figures will be finalised on completion of the 2017/18 Section 251 Budget Statement.

6.0 NEXT STEPS

6.1 Current timescales for review/implementation:

April 2017	SEND Integrated Service 0 – 25 years consultation to be launched
May-July 2017	Review of High Needs Block Spend to be undertaken
June-November 2017	Review of Contribution to Combined Budgets and De-Delegations (as part of Business Planning process)
June 2017	SEND Integrated Service 0 – 25 years to be implemented
June 2017	LA Education Services proposals to be published
Summer 2017	DfE to publish Stage 2 consultation results
July 2017	SEMH Review report and recommendations to be published

Updates on the above will be presented to future Schools Forum meetings.

6.2 ***Members of Schools Forum are asked to note the approach set out above.***

Appendix A: Shape and content of the central school services block (as per DfE guidance)

The table below shows the responsibilities that will be funded from the central school services block.

Allocation route	Previously funded from centrally retained DSG	Previously funded from ESG
Central school services block per pupil rate	School admissions Servicing of schools forums Fees to independent schools for pupils without SEN	Education welfare services Asset management Statutory and regulatory duties
Central school services block historic commitments funding	<p>Contribution to combined budgets: costs of providing combined education and children's services</p> <p>Termination of employment costs: premature retirement or dismissal costs for maintained school staff</p> <p>Equal pay – back pay: costs of meeting equal pay commitments in schools</p> <p>Capital expenditure from revenue (CERA): where the authority uses revenue funding to meet capital costs</p> <p>Prudential borrowing costs: for repayment of some authority loans</p> <p>Exceptions agreed by the Secretary of State: centrally retained schools budget expenditure that has been approved by application to the Secretary of State</p>	

Appendix B - Historic DSG Commitments - Continuation in 2017-18

Service/Functions/Contracts	Amount £m	Description/Narrative
Early Intervention Family Workers	£0.733	Support towards Early Intervention Family Workers: Early Intervention Family Workers operate in close partnership with schools and deliver interventions to stop emerging needs escalating and requiring more intensive involvement. EIFWs deliver a mix of targeted casework and limited support including group work, delivering of parenting programmes and parent initiated support accessed at school drop-ins and surgeries. Support provided directly to schools Includes meetings with school staff without a family present, e.g. at pastoral meetings, supporting Family CAF completion and are readily accessible to both schools and parent identified issues. Resource has been allocated through formula by locality/school cluster in full consultation with Cambridgeshire Schools' Forum.
Children's Centres	£1.176	25% notional contribution towards Children's Centres & 18% notional contribution towards other Locality functions: Support for families to provide services that support local families, children and young people. Offering support and advice to parents/carers on issues such as children's challenging behaviour, establishing routines, raising self-esteem, increasing confidence and improving family relationships. Support and advice may be offered through individual targeted support including
Localities Support - EC&F	£0.297	- advice and support to families who need additional help with parenting
Localities Support - SC&C	£0.295	- providing young people with information and advice on education, employment, training and personal development opportunities
Localities Support - Hunts	£0.198	- work with students who have behavioural problems by supporting schools - help to ensure children attend school regularly and punctually, supporting young people's inclusion in education - specialist support for young people needing help in the transition to adulthood
Schools Intervention Service - Safeguarding	£0.161	Notional support to Safeguarding Service: Protection and safeguarding of children and young people by training and supporting staff in schools, colleges and early years settings. Work to raise awareness of safeguarding issues and ensure that schools and settings are able to fulfil their responsibilities under current legislation and government guidance.
Schools Partnership Service - SEN	£0.120	Notional support to SPS SEN Service: Service works with pupils and students, staff and schools to improve educational outcomes for those with SEND, to offer support from the Learning Directorate for schools in developing their strategic approach to identifying, supporting and making provision for pupils with SEN. In particular they work to ensure SENCOs have the most up to date information on National, regional and local initiatives.

Service/Functions/Contracts	Amount £m	Description/Narrative
ESLAC	£0.482	Notional support to ESLAC: Service ensures that Looked After Children have the opportunity to fulfill their educational potential. The service supports and challenges professionals involved with Cambridgeshire Looked After Children in order to ensure they receive an education that best meets their needs and allows them to achieve their potential. Also leads on the Personal Education Planning process for all Cambridgeshire Looked After Children and ensures that the Pupil Premium Plus is used effectively to improve educational outcomes
Youth Service	£0.250	Notional support towards Youth Service: Youth Support Services provide specialist and targeted services to young people in order to enable them to make an effective transition to adulthood, delivering duties in relation to NEET and attendance and work with schools and other partners to jointly plan provision. Supporting the activity in relation to NEET is the main focus for Central Youth Support Services in relation to raising the participation age (RPA). This includes co-ordination of the Post 16 On-Line Application process and the Cambridgeshire website for young people, Youthoria.
Preparing for Adulthood Additional Needs Team	£0.355	Notional support towards PAAN Team: Service provides specialist information, advice and support around Education, Employment and Training (EET) can be provided to young people aged 14 to 25 from Cambridgeshire with additional needs, who attend or have attended specialist provision both within and outside the county. The team will also offer increased support to those young people from specialist provision who are either Not in Education, Employment or Training (NEET), or who are at risk of becoming NEET.
Occupational Therapists	£0.245	Work with schools to make education more accessible. Contract to provide Occupational Therapy via SLA - ongoing arrangements with Cambridgeshire Community Services NHS Trust to employ permanent.
Contribution to Combined Budgets Total:	£4.312	

Service/Functions/Contracts	Amount £m	Description/Narrative
Broadband Contract	£1.459	CPSN is a communications network and partnership, bringing together schools, councils, emergency services and charitable bodies from across and beyond Cambridgeshire. It provides secure broadband and associated services to schools. The founding principle is one of lower costs via 'aggregation', recognising that multiple organisations purchase very similar services, and can achieve significant savings by doing so together. The CPSN partnership leverages a dedicated telecommunications framework contract and the combined buying power of the Cambridgeshire school collective, and the wider Cambridgeshire public sector, has delivered significant economies of scale, attracting aggressive pricing that could not be achieved separately. The current contract arrangements as approved by Schools Forum end in June 2018.
Capital expenditure from revenue (CERA) Total:	£1.459	