

DERBYSHIRE COUNTY COUNCIL**Schools Forum****17th October 2013****Report of the Strategic Director for
Children and Younger Adults****Council budget settlement and potential implications for schools 2014-15****1. Purpose of the Report**

To inform the Schools Forum of the budget challenges facing the Council and the potential implications for schools and school related services.

2. Information & Analysis**2.1 Council 5 year Plan**

The Council's latest five year financial plan covering the period 2013-14 to 2017-18 has an anticipated shortfall of £157m. This shortfall equates to around 30% of the Council's annual budget. At its meeting on 2nd October 2013 the Council agreed the following specific reductions in respect of CAYA's budget:

Service Area	Saving £
Preventative activities to reduce direct costs of Safeguarding	3,100,000
Reduction in management and back office services	2,120,000
Review of management information teams	126,000
Savings from finance structure and recharge costs	70,000
Review of Education Improvement consultants	100,000
Reduced staffing and increased income from schools in respect of Universal Careers	509,000
Reductions in costs and/or increased charges from users of the Adult Education Service	50,000
Policy changes in respect of faith transport	180,000
Reduction in staff travel costs	250,000
Efficiencies from Home to School Transport	150,000
One-off balancing savings brought forward from 2012/13	4,284,000
Total	10,939,000

In addition the report also highlighted a further range of areas for review and possible reduction:

- Review of types of care provided for young people
- Reduction in management and back office costs
- More efficient delivery of support for children with complex needs
- Review of management information teams
- More efficient delivery of training for staff
- Review of Education Improvement service
- Reduction in spend on back office accommodation
- Increased trading and income generation
- Reductions in costs and/or increased charges from users of the Adult Education Service
- Reduction in number of children's centres
- Contribution to travel costs from parents of young people over the age of 16
- Review of subsidy for Faith schools transport

CAYA's 2013-14 annual revenue budgets before this year's savings target (£7.7m) is £113.2m. By the end of the 5 year plan the department's budget could have reduced to around £85m depending on the decisions taken by the Council, an overall reduction of nearly £30m.

Whilst these reductions relate to the Council's budget rather than the DSG, the scale of the savings required is such that it is inevitable that services currently provided to schools, but funded outside of schools' delegated budgets, will be affected. The difficult choice facing the Council will be either to reduce, or in some cases even cease, some of these services, or to trade them with schools.

The Council's preference would be to continue to provide services where this can be achieved by securing income from schools. Examples of the services which might be traded from April 2014 include:

Advisory Service – support to priority, core schools, Headteacher Performance Management;
 Education Psychology – non statutory support;
 Support from Multi Agency Teams;
 Management Information – data analysis/production of ad hoc statistics;
 Support for the Duke of Edinburgh Scheme;
 SAP – on-going technical support;

The above list is not exhaustive but gives an indication of the areas the Authority is currently considering. In addition the Authority is reviewing the charges levied for existing traded services to ensure that they fully reflect the costs of delivery including all overheads.

2.2 Potential Implications for Schools

In looking to trade an increased range of services with schools, the Council is aware that schools' funding, whilst relatively protected compared with other areas of the public sector, is still under pressure. The DSG per pupil is set to be cash flat for 2014-15 which means that the additional costs resulting from pay awards, incremental progression, falling rolls, the impact of formula data changes, national post 16 reductions and losses from local formula changes will have to be absorbed within existing resources.

In order that the Authority does not add to schools' costs more than is necessary, the Authority's intention would be to delegate further funding to schools to help meet the increased and extended charges for Council services. As the Schools Forum is aware in addition to schools' individual balances (£31.8m) the Authority has an uncommitted accumulated DSG underspend of around £22.8m. Whilst some of this resource is needed to support schools with the implications of Single Status, Equal Pay, falling rolls etc. it would be possible to release some funding through the formula to increase the spending power of schools. This in turn would give schools additional spending power and give them the chance to buy back the additional services offered, should they so choose, without detriment to their overall budget.

It is estimated that the value of services which the Authority could trade with schools in section 2.1 would be between £2m and £3m per annum. The Authority would look to increase formula multipliers to delegate a similar level of extra resources funded from the central DSG underspend.

It is recognised that as the source of the extra allocations is one-off cash this approach is only sustainable for a period of 2-3 years, at an overall cost of between £4m and £9m. However, if significant numbers of schools decide to buy the additional services, and decisions on this will be entirely a matter for each individual governing body, the approach would potentially allow provision to be maintained or at least any reductions minimised in the medium term.

After the initial 2-3 year period core funding would have to be found if schools' formula multipliers were to be maintained at the higher level. Potential sources of funding could include:

- the impact of rising rolls in the primary sector; and/or
- the impact of changes to the national funding framework; and/or
- transfer of funding from other areas of the DSG.

Ultimately the allocation of resources to schools through the formula is a matter for the Authority's Cabinet. Final decisions on the formula multipliers will be taken in January 2014 prior to submitting the revised formula details to the Education Funding Agency on or before the deadline of 21st January 2014.

However, the Authority was anxious that the Schools Forum understood the gravity of the financial situation facing Derbyshire and its education services. The Council would welcome the views of the Forum on the challenges and the Council's proposed strategy to mitigate the effects.

3. Other Considerations

In preparing this report the relevance of the following factors has been considered:
- prevention of crime and disorder, equality of opportunity; environmental, financial, health, legal and human rights, personnel and property considerations.

4. Background Papers

Revised Budget report to Council October 2nd 2013

5. Strategic Director's Recommendation

The views of the Forum on the report are welcomed.