



DERBY CITY COUNCIL

# LOCAL GOVERNMENT and SCHOOLS SETTLEMENT

**2011/12 AND 2012/13**

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# The Derby Position 2011/12

	2010/11 adjusted £m	2011/12 provisional £m	Change £m	Change %
New Formula	128.0	113.1	-14.9	-11.7
Specific Grants	23.2	20.3	-2.9	-12.5
Council Tax Grant	n/a	2.0	+2.0	n/a
NHS Funding	n/a	3.2	+3.2	n/a
Council tax (base for comparison)	80.2	80.2	-	-
<b>Core Funding</b>	231.4	218.8	-12.6	-5.5
Concessionary Travel and other funding not provided	2.8	-	-2.8	
ABG and specific grants removed completely	2.0	-	-2.0	
	236.2	218.8	-17.4	-7.4
Collection Fund Surplus	1.2	0	-1.2	
Growth in Council Tax Base (including New Homes Bonus)	0	2.3	2.3	
<b>Revenue Spending Power</b>	237.4	221.1	-16.3	-6.9

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# The Derby Position 2012/13

	2011/12 provisional £m	2012/13 provisional £m	Change £m	Change %
New Formula	113.1	103.6	-9.5	-8.4
Specific Grants	20.3	20.5	+0.2	+1.4
Council Tax Grant	2.0	2.0	0.0	0.0
NHS Funding	3.2	3.1	-0.1	-4.2
Council tax (base for comparison)	80.2	82.2	2.0	+2.5
Growth in Council Tax base (including New Homes Bonus)	2.3	3.5	1.2	
<b>Revenue spending power</b>	<b>221.1</b>	<b>214.9</b>	<b>-6.2</b>	<b>-2.8</b>

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# Issues

- Information still emerging on grants and ring fencing.
- The net effect worse for Derby than forecast.
- Clarity needed about NHS funding to support social care/benefit health-£3.2m
- Dedicated Schools Grant-some big changes.
- Further CSR reductions
- Changes to LA public health role

## Budget Strategy – Key actions to date

- Review changes in funding .
- Identify and review ongoing pressures such as inflation, demographic growth, children in care and concessionary fares.
- Review longer term budget impacts around, pay, capital financing and transformation.

# Budget Strategy – Key actions to date

- **Scrutinise identified savings including:**
  - fees and charges
  - efficiency savings
  - eligibility criteria
  - alternative models of service delivery
  - commitments against the capital strategy
  - reserves.
- **Focus upon key cost drivers including employee costs to identify savings from:**
  - vacancies
  - redundancies
  - terms and conditions.

## Budget Position 2011 - 14

	2011 / 12 £m	2012 / 13 £m	2013 / 14 £m	Total £m
Estimated funding changes	15.7	6.2	1.7	23.6
Pressures	11.4	12.4	10.9	34.7
Revised budget target	27.1	18.6	12.6	58.3
Identified savings	-20.2	-15.9	-8.4	-44.5
Revised gap	6.9	2.7	4.2	13.8
Savings / Other budget options	(6.9)	(2.7)	(4.2)	(13.8)
Revised gap	0	0	0	0

Excludes DSG

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## Savings/other budget options 2011/12

The balance of £6.9m in 2011/12 is to be met from a combination of:

- enhanced VER/VR packages, or
- Compulsory Redundancies



# Children and Young People Budget

- The funding is changing:
  - more funding streams direct to schools
  - ending of various strategies and grants
  - transfer from ring fenced specific grant to general formula
  - some grants now reduced and/or unringfenced
  - Early Intervention Grant

## Children and Young People's Directorate

Gross Portfolio Budget approx £254 million of which £154 million is funded through a ring fenced Dedicated Schools Grant.

### Key Services Delivered :

- 102 schools, 38,500 pupils
- Curriculum and Behaviour support to schools
- Special Educational Needs
- Locality Services including Early Years, Youth Services,
- Services to looked after children including foster care and adoption

# Children and Young People's Main Funding Streams

	2010/11
	£m
<b>Dedicated Schools Grant (DSG)</b>	<b>152.390</b>
<b>Standards Funds</b>	<b>34.624</b>
<b>Skills Funding Agency</b>	<b>3. 224</b>
<b>Ring Fenced Early Years Grants</b>	<b>9.893</b>
<b>Area Based Grants</b>	<b>6.400</b>
<b>CAMHS and TAMHS</b>	<b>0.749</b>
<b>Health</b>	<b>2.553</b>
<b>Special Schools Recoupment</b>	<b>1.473</b>
<b>Miscellaneous Grants and other Contributions</b>	<b>7.300</b>
<b>Council Funding</b>	<b>42.077</b>
<b>Total Children and Young People's Directorate</b>	<b>254.0</b>

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## Re Cap of 2010/11 – investment and savings

- Pressures and Investments
- Social Work £626k
- Lamb Report Recommendations – SEN assessments £50k
- Supporting Children in Care £461k
- Children in Care Placements – external and internal £701k
- Children’s Trust Infrastructure Costs £55k
- Total £1,983k

## Re Cap of 2010/11 – investment and savings

- Efficiency Savings and Service Reductions
  - Shine Unit – Specialist Residential Home  
£150k
  - Transport Savings £120k
  - DSG Contributions to combined services  
£500k
  - Maximisation of external grants

## 2011/12 Proposals - Pressures

- Agency placements for children looked after in the independent sector £1,000k
- Building Schools for the future delivery budget £274k
- Commissioning Capacity
- Loss of external funding with no loss of statutory duties
- Adoptions and the costs of fees
- High cost pupils
- Inflation

# Children and Young People Budget

- The budget principles
  - Protection of statutory services for the most vulnerable (eg. Safeguarding Services).
  - Integration to achieve economies of scale, management efficiencies and release of buildings (eg. Connexions, targeted youth support, Children's Centre services).
  - Focus on early intervention and prevention (eg. voluntary sector grants).
  - Transformation programme – (re-commissioning more cost-effective services for children in care and on the edge of care; under utilised childcare provision)
  - Reviewing decision-making to promote independence and charging (eg. PRU and some SEN transport).

# Savings Proposals

- Total Savings Identified £5.4m
- Youth Service - A review of service delivery, impact and commissioned services to achieve a better targeted multi agency youth support service delivered more flexibly £600k
- A review of role and function provision within local authority run nurseries to ensure they are cost effective £200k
- Reshaping children's centres £500k
- A revisit of locality planning and extended services in light of the core offer and statutory duties as national pump priming has ended and funding for direct provision is targeted through schools £257k





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# Savings Proposals (cont.)

- Removal of team for schools workforce remodelling as external funding ceases £83k
- End Excellence Partnership Activity for schools as external funding ceases and establish more cost efficient and effective mechanisms £150k
- Review use of external School Improvement Partners £98k
- cessation of Teaching & L consultants as national funding ends £393k
- Reduce or end external consultant work and use in house specialism - £150k
- Special Educational Needs and Social Care Transport efficiencies through procurement and route planning £1.1m over 3 years

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## Savings Proposals (cont.)

- Streamlining the management structure with an integrated Access / Traveller team £83k
- Streamlining non statutory provision to protect statutory school attendance functions £95k
- Realigning voluntary sector grants in line with Council priorities £313k
- Voluntary exits and management restructuring - £1m
- Procurement efficiencies for Placements - £300k

# Savings Proposals (cont.)

- DSG Savings
  - Support to Inclusion
  - Specialist Teaching Provision
- Unidentified savings for 12/13 and 13/14 - £5m on Children's Services funded by the Council
- Gap of £1.7m on the DSG

# Early Intervention Grant (EIG)

- A new un ringfenced grant superseding the former Area Based Grant (ABG) £11.7m increasing £11.9m
- Area Based Grant
  - £1.8m in year reductions 2010/11
  - £1.8m of grants ceasing (central elements of the School Development Grant, some 14-19 funding, National Strategies for Primary and Secondary, extended rights to free transport
  - £1.8m reduction in grants that continue
  - **Total £5.4m**

# EIG - Priorities

- Statutory Duties in relation to Early Years and Childcare, including Children's Centres, which will be targeted on the most disadvantaged families
- Mental Health/Behaviour
- Short Breaks for Children with Disabilities – to focus on personalisation and inclusion
- Common Assessment/Family CAF/Team around the Family
- Edge of Care/Edge of custody
- Family Group Conferencing/Kinship Care statutory duty and developmental
- Youth Crime/Substance Misuse/Sexual Health
- Targeted Youth Support including statutory duties re Connexions transfer
- Social Care Workforce
- Early Years Foundation Stage/Key Stage 2 – improving performance
- Where grant stops, service stops unless statutory duty



# Dedicated Schools Grant (DSG)

- Grants transferring into the DSG are as we expected:
  - School Standards Grant
  - Schools Standards Grant (Personalisation)
  - School Development Grant
  - Specialist Schools
  - High Performing Specialist Schools
  - School Lunch Grant
  - EMAG
  - 121 Tuition
  - Devolved National Strategies (Primary and Secondary)
  - Diploma Formula Grant
  - Early Years – extending the flexible offer

Local discretion on their allocation

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# DSG - Headlines

- The guaranteed unit of funding (GUF) frozen at 10/11 levels (stripping out transferring grants).
- The Minimum Funding Guarantee has been set at minus 1.5%
- Currently unbalanced by £1.7m
- The funding gap has arisen because:
  - Inflation is running at £773k against a frozen GUF
  - We have previously borrowed toward new capital builds for ASD provision and the annual pay back will be in the region of £130k
  - We have increases in high cost special school places
  - Stopping of dual subsidiary funding for Pupil referral Units has cost us around £580k
  - Falling pupil numbers has cost us about £200k (the difference between what we lose in funding per pupil to what we save in the local formula)

Funding Gap to be met from a combination of reductions in school's budgets and central services supporting schools activity funded through the DSG (e.g. specialist teaching provision, support for inclusion)



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- Options to balance
  - Schools Delegated Budgets
  - Non Delegated Schools Budgets
    - Independent Special School Fees (£2.3m)
    - Pupil Referral Unit (£3.8m)
    - SEN Specialist Services (£1.1m)
    - Maternity Reimbursements (£0.6m)

## **Considerations**

- Formula Changes
- Changes to Specific Grant Allocations

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- So what does this mean for a school's budget?
  - A reduction of 1.5% ?
  - But Pupil Premium is additional funding
  - Formula Funding, no changes for this year. Stability set with a programme of review?
  - Mainstreaming Grants, no changes. Stability set with a programme of review?

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# Summary

- This is a budget reduction on a scale which will not be addressed by salami slicing
- The role of the authority will have to change
- Our spend is skewed to high cost specialist provision

# Consultation feedback

- Any questions?
- Any suggestions?
- Any feedback?