

## **Other Business Report**

### **Purpose of report**

For information.

### **Summary**

This section provides reports on other business relevant to the Board.

### **Recommendation**

That the Board note the update.

### **Action**

LGA officers to action as necessary.

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## **Other business report**

### **Schools' and Children's Services Funding Update**

#### **National Funding Formula**

1. In the Spending Review in June it was announced that the Government intend to introduce a national funding formula for the year 2015-16. It was announced that there would be real terms protection for the schools' budget and the Pupil Premium. However there was no announcement of the level of the minimum funding guarantee for 2015-16.
2. So far contact with DfE has suggested that officials intend to carry out consultation and modelling across government in Autumn 2013, before beginning a detailed 12 weeks' consultation in December 2013, in time to announce final policy and allocations in May 2014.
3. The key issues will be:
  - 3.1 Which factors to include in a national formula and how to weight them;
  - 3.2 Transition and protection for schools and local authorities;
  - 3.3 How much leeway there will be to make changes at a local authority level, for example through the Schools Forum; and
  - 3.4 Whether DfE wish to propose any further changes to local funding formulae.
4. Officers will bring regular updates to the Board.

#### **Education Services Grant (ESG)**

5. In the Spending Round announcement on 26<sup>th</sup> June 2013 it was announced that the Education Services Grant will reduce by around £200m in 2015-16.
6. The ESG was established in April 2013 to replace the former system of LA Block LACSEG payments to academies. ESG is intended to pay for central education functions including:
  - 6.1 Therapies and other health related services;
  - 6.2 Pupil support;
  - 6.3 Education welfare service;
  - 6.4 School improvement;
  - 6.5 Asset management – education;
  - 6.6 Music services;
  - 6.7 Visual and performing arts (other than music);
  - 6.8 Outdoor education including environmental and field studies (not sports);
  - 6.9 Statutory/ regulatory duties;
  - 6.10 Premature retirement costs/ redundancy costs (new provisions);and

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6.11 Monitoring national curriculum assessment.

7. ESG was set at £1.04bn in 2013-14 and £1.03bn in 2014-15. However the new consultation suggests it will fall to around £800m in 2015-16. Currently local authorities get £131 per pupil for pupils in maintained schools. However for pupils in academies they get £15 per pupil, which covers education welfare services, some asset management and various statutory and regulatory duties.
8. A reduction of £200m represents around 20 per cent of the 2014-15 ESG. This would equate to a flat per pupil rate of around £87 in 2015-16. Academies receive the same base rate ESG funding as local authorities (£116 per pupil), however most of them are on a protected rate (£150 per pupil in 2013/14 and £140 per pupil in 2014/15). The DfE says that they are committed to bringing together the local authority and academy rates over time and would anticipate covering this in the consultation.
9. The DfE says that it is keen to engage with local authorities, schools and other stakeholders in order to consider how the proposed reductions to ESG might be implemented.
10. They have looked at 2012-13 s.251 data to make some assessments of current ESG-related spend in local authorities and say that 27 local authorities are currently spending less than £87 per pupil on education support services, but this is the lower end. The LGA has been very critical of the use of s.251 data and the DfE wish to look below the surface seems to indicate acceptance that s.251 data does not show the full picture.
11. One key issue is funding for school improvement. This is within the £116 per pupil and is not included in the amount for local authority duties. However Ofsted has indicated that local authorities have a school improvement role for all schools whether maintained or academies. Academies may buy into school improvement services; in practice this happens a great deal particularly with convertor academies, but if that does not happen it is not clear where the funding for school improvement for academies comes from. This is an issue which we will wish to develop in the forthcoming consultation.
12. Officers understand that the DfE is considering consulting in two stages, starting in Autumn 2013:
  - 12.1 A preliminary 'deep-dive' investigation (likely to begin around October 2013). This will involve conversations with and visits to local authorities and academies, in order to understand the issues and gather examples of best practice in delivering existing services. LGA officers understand from contact with DfE officials that this is likely to involve around 8 councils.
  - 12.2 A formal written consultation (likely to begin towards the end of 2013 and last for a minimum of 12 weeks). The DfE says that this will aim to disseminate the best

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practice identified in the 'deep-dive', assess likely impacts and identify the most effective solutions for implementing the reduction.

13. DfE still needs to finalise these timings and agree them with ministers, but we understand that they will be aiming to publish the Government's response to the consultation in early summer 2014.

**Children's Services Costs**

14. In the Spending Round settlement it was announced that DfE and DCLG will work with local government to examine the scope to improve outcomes, reduce burdens and drive efficiency in children's services, and report back on progress in the autumn. LGA officers have had contact with DfE and DCLG officials and we are moving to let our own project which will concentrate on the s.251 return.
15. Further developments will be reported to the Board.

**Schools Capital**

16. Following the announcements on capital funding made on 27 June where the Government committed to invest more than £21 billion of capital in schools for the next six years, until the end of the next Parliament there has been no further development on allocation methodologies. We understand that DfE officials intend to discuss allocation methodologies with ministers and then consult with the sector in the autumn.
17. The announcement included a promise to rebuild 150 schools in very poor condition by 2017 – two years earlier than planned – as part of the Priority School Building Programme. This means that the PSPB will now be mainly delivered through traditional capital – design and build contracts – rather than private finance. This might be an issue for some authorities which did not bid because of the private finance nature of PSBP, but DfE officials have made it clear that they will not reopen the bidding process.
18. The outcome of the Targeted Basic Need programme was announced on July 18<sup>th</sup>; £820m has been allocated following a bid based process. The Government said that it would deliver around 74,000 new pupil places in 45 new schools and through the expansion of 333 outstanding and good schools.
19. However there is continuing concern about the shortage of school places and on 3<sup>rd</sup> September the LGA published some work which predicted that based on data submitted to DfE that 1000 of the 2277 local planning districts would be over capacity by 2015-16. Cllr David Simmonds appeared on the Today programme following the release of these figures

**Sector-led improvement**

20. Since the last meeting of the Board on 17 July, discussions have been continuing on taking forward the various elements of the sector-led offer to councils.

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- 20.1 The first of this year's leadership academies took place on 5/6 September with both David Simmonds and Rita Krishna acting as facilitators during the two days.
- 20.2 A meeting was held with SOLACE (Society of Local Authority Chief executives) to discuss proposals for a joint leadership work engaging lead members, DCSs and chief executives. Initial discussion have been held on joint induction work in summer 2014 and piloting an event this year which would involve attendees from all three groups in working on potential future scenarios for councils and children's services.
- 20.3 Discussions are taking place with the LGA's Principal Advisers to ensure they are able to access additional support for councils on children's services, where needed and that the LGA keeps in touch with the sector-led improvement work that is continuing in regions.

**Children's Health update**

21. A Joint Board on children's health issues was convened for office holders of the Children and Young People Board and Community Wellbeing Board on 15 July 2013. The Joint Board discussed the different options available for the safe transfer of commissioning responsibilities for 0-5 year olds including commissioning of health visiting services and the Family Nurse Partnership which transfers to councils in 2015.
22. Health Visiting is an extremely high priority for the Government, which is encouraging the Department of Health of taking a robust assurance process. It is therefore essential that the process provides effective assurance to Ministers whilst delivering a proportionate and collaborative approach appropriate for local government.
23. The Joint Board agreed that the transition plans would need to take account of the following points:
- 23.1 Focus on outcomes, looking at what we want to achieve instead of the bureaucracy of the process;
- 23.2 Partners across health, central and local government at both national and local level will need to work together and share information in an open manner;
- 23.3 Health and Wellbeing Boards will need to be made aware of the transfer as early as possible so that it can be prioritised;
- 23.4 The LGA and partners should work with councils to help them prepare the ground for the transition, including sharing best practice examples;
- 23.5 Links should be made with the work on troubled families and children's centres as well as other connected areas; and
- 23.6 The LGA has a key role to play in demonstrating to NHS England that there is real enthusiasm from councils to make this transfer run smoothly and that councils' are capable of delivering these new responsibilities.

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24. The Joint Board also discussed the 2013/14 work programme which includes delivering a series of public health conferences and resource sheets for members and officers, delivering the 2015 transfer; and, delivering the priorities agreed by the Children's Health and Wellbeing Partnership on integration, early identification and prevention. The Board agreed that delivery of the work children's health programme should include:
- 24.1 Looking at how communication can be improved between local authorities and schools especially academies and free schools.
  - 24.2 Encouraging all schools to join up with their local authority in the co-ordination process of vaccinations to ensure no school or child is missed out from the process.
25. Following the Joint Board meeting, discussions to agree a collaborative and proportionate transition and assurance process for the 2015 transfer are on-going between the Department of Health, Public Health England, NHS England and the LGA.

**Hidden Talents: Youth engagement in work and learning**

26. Over the summer we have pushed the case for local authorities to have greater levers over services to help young people into work and learning. This has included publishing a poll of unemployed young people which found services too complicated and poorly targeted to their personal needs, a press release on how some councils are putting the Government's Youth Contract to shame in areas where local authorities are leading it rather than national agencies, and a report highlighting a drop in the number of young people receiving support on national skills and employment programmes over the last three years. The work has received a good deal of press attention over the summer, making a clear case for devolving future youth engagement schemes to local authorities. This activity has formed part of a programme of engagement to influence the Deputy Prime Minister's review of national schemes and services to 16-24 year olds, which is due to report to the Prime Minister and Deputy Prime Minister in mid-September. This work is jointly led by Lead Members of the Children and Young People and Economy and Transport Boards.

**Action research into more effective commissioning of children's homes – final report and launch event**

27. The Office of Public Management (OPM) was commissioned by the LGA to work with ten local authorities conducting action research into more effective strategic commissioning of children's residential care homes. The research focused on three aspects of commissioning: needs analysis; matching needs and supply; and quality assurance and monitoring. It included a review of published literature, extensive interviewing, an online survey of children and young people in care and care leavers and facilitated action learning groups.

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28. The final report which summarises the findings and some recommendations for the sector was launched in August. Given the high profile recently placed on children's homes and the recent Government proposals affecting them, we hope this report will be a helpful resource to explore some of the issues affecting councils' commissioning of children's homes.
29. The LGA will also be holding an interactive half day event on 17<sup>th</sup> September in Local Government House, London, where councils taking part will share the learning from the project.

**National Children and Adult Service Conference, 16 – 18 October 2013, Harrogate**

30. The National Children and Adult Services Conference is the key event for the LGA's Children and Young People Board. It is widely recognised as the most important annual event of its kind for councillors, directors, senior officers, policymakers and service managers with responsibilities for children's services, adult social care and health in the statutory, voluntary and private sectors. The LGA Chairman will open the conference this year and other confirmed plenary speakers include Jeremy Hunt, Norman Lamb, Edward Timpson, Andy Burnham and Stephen Twigg. To date, 100 local authorities have registered to attend and over 500 delegates.
31. The LGA's Children and Young People Board will meet on the Friday morning at the conference and the session will be open to all Councillors attending the conference. Edward Timpson MP, the Children's Minister, will attend the session.