

Children's services spending round submission



April 2013

1. Summary of key proposals

Increasing demand for children's services and reduced local discretion over early intervention spending present significant risks, exacerbated by the removal of funding for sector-led improvement in this area.

Our objective is an efficient, joined-up system which provides help early to children and families, leading to improved outcomes and reduced demand and cost pressures.

Revenue Funding - Community budget approaches must be galvanised and schools allowed to pool funding to invest in early intervention. It is illogical to continue the protection of schools' budgets while reducing funding for services which contribute to the educational attainment and wellbeing of children.

School Places - At a time of sharply growing demand for school places, all available capital funding should focus on providing new places where they are most needed.

Academy Administration - Removing unnecessary duplication of funding and oversight of academies by the Education Funding Agency (EFA) would reduce the estimated additional £1 billion cost¹ of the DfE's academies programme.

Regulatory burden - The inherent conflict of interest in Ofsted being a regulator which also provides improvement services creates duplication and must be ended.

2. Context

Demand for children's services is on an upward trend:

- The number of children subject to a Child Protection Plan at 31 March has steadily increased from 29,200 in 2008 to 42,850 in 2012².
- Care applications have risen by 70 per cent between 2008/9 and 2012/13, with February 2013 seeing the highest ever number recorded for a single month³.
- The number of looked after children grew by 10 per cent between 2009 and 2012⁴.
- Despite a net increase of almost 81,500 primary places from 2010 to May 2012, 256,000 new school places are still needed by 2014/15⁵.

¹ Managing the expansion of the academies programme, PAC April 2013:

<http://www.publications.parliament.uk/pa/cm201213/cmselect/cmpublic/787/787.pdf>

Nov 2012 <http://www.nao.org.uk/report/managing-the-expansion-of-the-academies-programme/>

² DfE Characteristics of Children in Need

<http://www.education.gov.uk/rsgateway/DB/SFR/s001095/index.shtml>

³ Cafcass care application figures

http://www.cafcass.gov.uk/news/2013/year_end_care_application_statistics_2012-13.aspx

⁴ DfE Children Looked After <http://www.education.gov.uk/rsgateway/DB/SFR/s001084/index.shtml>

⁵ Capital funding for new school places NAO March 2013: http://www.nao.org.uk/wp-content/uploads/2013/03/10089-001_Capital-funding-for-new-school-places-Executive-summary.pdf

Beyond this, there are higher expectations from the Secretary of State for Education to take more children into care. The impacts of welfare reform are as yet unquantifiable, but have the potential to increase demand for services as pressure on families increases. Special Educational Needs reform places new duties on councils to manage education and care placements to achieve a better transition to adulthood for young people with high needs.

Councils have sought to protect children's services from budget cuts⁶. Council spending on child protection services is planned to rise by 2.1 per cent between 2011/12 and 2012/13. Spending on preventative services for children and families is expected to increase by 7.9 per cent over the same period. This is not sustainable in the future, particularly in light of increasing demand. The withdrawal of government funding for sector-led improvement of children's services and the vulnerable nature of the children and families accessing these services introduces significant future risks.

Early intervention funding for councils is intended to reduce demand on statutory safeguarding services. However, the amount of un-ringfenced Early Intervention Grant available to councils to use flexibly has reduced from £2.3 billion in 2012/13 to £1.7 billion in 2013/14 and £1.6 billion in 2014/15.

3. Greater flexibility for the use of the schools' budget

A perennial barrier to investment in early intervention is the split incentive, where one part of the public sector pays but another benefits. This prevents sectors working together to drive down waste across local public services. Whole place community budget areas have clearly shown how this can be overcome and the spending round must deliver progress in financially incentivising collaborative working at the local level.

Across recent spending reviews the schools' budget, which is ring fenced within the Dedicated Schools Grant (DSG), has been relatively protected and over this spending review period was given a 'cash flat per pupil' settlement. Growth in spending on the other areas for which children's services authorities are responsible has been constrained and cut in line with overall reductions in council spending in this review period, despite the increasing pressures. The protection of school budgets has major consequences for children's services, as schools are insulated from the need to make tough decisions. This has significant consequences in managing schools' expectations of hugely pressured children's services and may not make the most efficient use of scarce public funds. It is illogical to continue to protect the budgets of schools while reducing funding for services which contribute to the educational attainment and wellbeing of children outside of the DSG.

Working more closely with councils on delivering early help and support for children and families will benefit schools directly - for example by helping children to be school ready, reducing drop-out rates and improving physical and mental health. However, the scope for schools, by

⁶ Audit Commission: Tough Times 2012

agreement, to make a contribution to early help approaches through a 'top-slice' or pooling of DSG resources at a local authority level has been reduced with recent schools funding reforms, which explicitly prevent schools from entering into 'pooling' arrangements of this sort. As well as inhibiting a shift to funding preventative measures, economies of scale are being lost by reducing schools' discretion to pool their budgets and balances with councils to purchase shared services and achieve shared objectives.

We would like the Government to reconsider this change and allow schools to work with councils and other local agencies to use DSG to support early intervention, help to reduce demand on local public services and improve educational and other outcomes for children and young people. Local collaboration could also potentially extend to joint work on issues such as employability or reducing inequalities.

Greater flexibility to support early intervention not only improves educational outcomes, but also has wider benefits such as reducing crime and disorder. As the Government's work on gangs and serious youth violence identified, targeted interventions with children and young people can prevent them becoming involved in crime⁷. To succeed this requires multi-agency working by councils with the police, health services and others. This is another area where the split incentive to investment in early intervention measures by, for example, police and crime commissioners could be overcome through the use of community budgets.

4. Bringing forward school places cost-effectively and in the right places

Pupil numbers began to increase in 2010 and by 2021 numbers are projected to be 18 per cent higher than in 2012⁸. These national figures mask much higher increases in demand in some areas. An additional £5 billion of capital funding for basic need has been allocated to councils during this spending review period and councils are currently keeping pace with increased demand - 81,500 additional primary places have been delivered so far. **But 256,000 new places are needed by 2014/15.**

The free schools programme has been allocated capital funding of £1.7 billion to deliver up to 24,500 places, although most free schools will not be operating at their full capacity by 2014/15. The NAO found⁹ that only 58 per cent of these places were in local authorities with a shortage of places and only 8,800 were primary places. Providing places where they are not needed cannot be justified.

All available capital resources should be devoted to meeting sharply increasing basic

⁷ Ending Gang and Youth Violence, November 2011:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97861/gang-violence-summary.pdf

⁸ National pupil projections March 2013:

<http://www.education.gov.uk/researchandstatistics/statistics/a00221994/>

⁹ See 4 above

need and allocated through councils who have a statutory duty to secure sufficient school places. Councils should also be able to directly access free schools capital so they can open new free schools in the areas of greatest need.

5. Reducing the additional costs of the academies programme

The NAO has estimated the additional cost of the academies programme to be £1 billion. Some of this extra expenditure is a result of the duplication by the EFA for academies of funding and oversight functions carried out by councils for maintained schools. The provision of additional funding for academies for services previously provided on a cost-effective basis by councils is another factor. **To reduce costs, in areas where the majority of secondary schools are academies, the funding and oversight of academies should revert to the local council to eliminate unnecessary duplication and fragmentation.**

6. Reducing the regulatory burden

The increasingly burdensome Ofsted inspection regime drives unnecessary costs to local government and creates waste in the system, diverting staff and resources from the front line. **The inherent conflict of interest in Ofsted being a regulator which also provides improvement services should be ended.** Ofsted has been very clear to date that councils and schools are responsible for their own improvement journey and scarce resources would be better allocated by a clear divide between these roles rather than the duplication created under these arrangements. At the same time, introducing inspection of councils' performance in relation to school improvement raises expectations of what councils will do, which appears to be at odds with the Government's stated position. There is a risk that resources will be wasted on adapting to an ever-changing inspection framework and expectations for children's social care. Servicing the logistical and secretariat needs of inspectors during the process also creates significant burdens for councils.

For more information please contact:

Cassandra Harrison or Ian Keating
Local Government Association

Local Government House
Smith Square
London SW1P 3HZ

Email: cassandra.harrison@local.gov.uk
Telephone: 020 7664 3878

Email: ian.keating@local.gov.uk
Telephone: 020 7664 3032



Contact the Local Government Association

Telephone: 020 7664 3000

Email: info@lga.gov.uk

Website: www.local.gov.uk

© Local Government Association, April 2013

For a copy in Braille, larger print or audio, please contact us on 020 7664 3000.
We consider all requests on an individual basis.