

By: Graham Badman, Managing Director

To: Children, Families and Education Policy Overview Committee – 13
November 2008

Subject: MEDIUM TERM PLAN 2009-10 TO 2011-12

Classification: Unrestricted

Summary:	<p>To update the committee on the Autumn Budget Statement report to Cabinet on 15 September 2008 and any later announcements by Government departments. To provide a strategic summary of the proposed service pressures and enhancements for the next three years.</p> <p>Members are invited to comment on the key issues for the services provided by the Children, Families and Education Directorate.</p>
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1. Introduction

- 1.1 The Autumn Budget Statement report by the Leader, Cabinet Member for Finance, Chief Executive and Director of Finance to Cabinet on 15 September 2008 set out the national and local context for KCC's medium term plan (MTP) for the period 2009-12 to 2011-12.
- 1.2 This report expands on that report, updates for the latest developments, looks in more detail at specific elements in the directorate medium term plan, and invites Members to comment on the key issues for the services provided by the Children, Families and Education Directorate.

2. Background

- 2.1 This paper summarises the current budget position for 2009-10 and is based on submissions to Corporate Finance as part of the Medium Term Plan process. Indicative cash limits for 2009-10 and 2010-11 were approved by County Council in February 2008 in the MTP for 2008-11. These figures are being updated for known changes such as transfers of activities or staff between portfolios and the forthcoming provisional local government finance settlement, expected in late November or early December.

3. Latest Developments: National Context

- 3.1 There are a number of national factors to take into account.

- 3.2 The government's Comprehensive Spending Review 2007 which was published on 9 October 2007 set out national spending plans for the next three years, 2008-11. The overall position and direction of the UK and world economy has continued to clearly and significantly deteriorate since that point.
- 3.3 Inflation is running at 4.7% (CPI - August) and 4.8% (RPI – August), well above the levels assumed in the government's spending plans and well above the level of our indicative grant settlement increase.
- 3.4 The latest OECD forecast issued in September predicts growth of just 1.2% for 2008 in the UK and shrinkage in the economy for the latter two quarters of 2008-09, which meets the working definition of a recession, two quarters of negative growth. This is around half the medium term level assumed in the government's spending plans.
- 3.5 The "credit crunch" continues to provide instability in financial markets and credit markets. There are clear spill over effects on the ability of any one individual or organisation to lend and borrow, to know whom it is "safe to do so", at what is a "reasonable" rate of interest for the "risk" involve. These consequentially affect the ability of individuals and organisations to fund planned capital expenditure, thus limiting proven demand for assets, limiting the ability for counterparties to sell assets at a firm "market" price. KCC is less directly affected by the "credit crunch", but not exclusively insulated, from the wider effects that we are all experiencing in every day life.
- 3.6 There are no significant changes to our budget assumptions which were set out in the autumn Budget Statement in September. Key assumptions remain:
- 3.2% formula grant increase for each of the next two years (although net of LABGI losses this is worth an effective 2.0% in 2009-10) given the pre-announced provisional local government finance settlement;
 - Approximately 1% reduction in cash terms each year for Area Based Grant on like for like basis as some initial start up grants cease (Area Based Grant will increase by approximately £32m in 2009-10 to allow for the transfer of Supporting People grant into ABG – but this is merely a transfer and not new money);
 - Specific grants (which are increasingly primarily targeted at education and children's services and of course ring-fenced) increase as set out in the three year local government finance settlement (e.g. DSG headline increases of 3.4% for 2009-10, 4.1% for 2010-11, Sure Start, Early years and Childcare headline increases of 10.6% for 2009-10 and 13.9% for 2010-11);
 - 5% maximum increase in council tax per annum given the threat of capping but equally a desire to keep actual council tax increases as low as practicable;
 - Council Taxbase grows by 1% per annum;

- That there is no deterioration beyond that already provided for in the collection fund as the housing market stalls;
- A limit on pay having due regard to the Chancellor of the Exchequer’s stipulation to all pay review bodies that public sector pay increases must be contained within a 2% limit;
- That specific grant changes and risks do not adversely move against us, but if they do and funding is directly reduced, we will have no option but to reduce services;
- That Dedicated Schools Grant is sufficient to meet all government promises on service extension and minimum funding guarantees;
- That costs of asylum seekers are fully met and reimbursed by government;
- That we have fully captured updated pressures on our services (pay, prices, demographics, demand, legislation, impact of the “credit crunch” etc.);
- That we deliver significant efficiencies and savings in specific services and through a series of cross cutting reviews of services.

4. The current budget

4.1 The current budgets for portfolios under the oversight of this POC are as follows:

Table 1

Portfolio	Gross spend £'000	Income £'000	Net spend £'000
Operations, Resources & Skills (CFE)	1,090,857	-1,029,964	60,893
Children, Families & Educational Achievement	231,967	-99,877	132,090
Total for POC	1,322,824	-1,129,841	192,983

Further detail is outlined in Appendix 1.

4.2 In very brief summary this budget provides for the following outcomes, outputs and/or service improvements:

- To provide support for 575 schools and approximately 2,500 early years providers covering over 200,000 children.
- To provide home-to-school transport for approximately 21,000 children and 3,400 children with Special Educational Needs.
- To support 7,500 governors at 575 schools.
- To provide advice, guidance, support and challenge to all schools to raise standards of pupil achievement and implement national strategies.
- To provide early years settings advice, support, challenge and training for practitioners including approximately 740 private,

voluntary and independent settings, 416 maintained schools with nursery and reception classes, 1 nursery school and 1,800 childminders.

- To provide education for “formally” excluded pupils and those children who are at risk of exclusion through 21 pupil referral units.
- To provide advice, guidance and processing of student loans for approximately 20,000 students and their families
- Establishment of 72 children’s centres and plans to create an additional 31 centres by 2011.
- To provide approximately 1,450 number of weeks residential care to children, including those with a disability.
- To provide safe and appropriate care for looked after children through approximately 48,000 weeks of foster carer placements and approximately 90 adoption plans.
- To assess children with SEN and support over 6,500 children with statements. Plus provide independent sector provision for 225 statemented children and young people.
- Establish and support 23 Local Children’s Services Partnerships.

Further detail is outlined in Appendix 2.

4.3 As reported in the 1st quarterly monitoring report to POC on 19th September 2008 there are significant spending pressures in the following areas:

- +£0.821m Capital Strategy: This pressure relates to the budget for maintenance costs of non-operational sites (+£0.543m) which is due to the boarding up of closed schools and repairs caused by vandalism. The remaining pressure of relates to the hiring and moving of mobile classrooms.
- +£2.184m Independent Sector Residential Care: This pressure relates to an increase in demand and a number of high cost placements. This is partially offset by additional funding agreed by the Joint Residential Assessment Panel (JRAP).
- +£1.000m ASK Early Years: This pressure has resulted from additional targets as part of the outcomes, quality and inclusion sure start grant. The directorate anticipates managing this pressure from underspends in Children Centres.
- +£1.366m Independent Sector Fostering: This pressure relates to an increase in the demand for this service and is offset by a savings of £1.317m on other fostering lines such as KCC fostering.
- +£0.818m Other Support Services: The majority of the pressure on this budget line relates to the Legal services budget +£0.650m.

Further detail is outlined in Appendix 3.

5. Children, Families and Education Directorate Priorities for the Medium Term Plan

- 5.1 The overall direction for Children, Families and Education (CFE) directorate is now well established, and enclosed with this report at Appendix 4 is a first draft paper of the Medium Term Service Priorities for CFE which will shape our contribution to Section 3 of the Medium Term Plan.
- 5.2 Members will appreciate, from the information in Section 3 above, that the financial framework for the medium term will be very tough for all Directorates and comes at a time when demand for services has never been higher, both because more people need services and because of greater public expectations.
- 5.3 Whilst the Directorate is implementing modernisation changes that will increase efficiency and effectiveness, this will not avoid altogether the need for some difficult decisions over the medium term.
- 5.4 Areas of cost pressures and spending priority for which significant additional funding is proposed:

Pay £3.029m (ORS and CFEA Portfolio) – In line with the current medium term plan we are forecasting an annual pressure of 2% for centrally retained staff including those staff in national pay schemes as well as the Kent scheme. The pay provision does not include staff in externally funded or trading functions.

Transport Price Pressure £2.396m (ORS Portfolio) – This pressure relates to the projected increase in pupil transport costs (Mainstream, SEN and College). £1.457m of this pressure had already been reflected within the MTP for 2008-11. The increase relates to re-contracting and increased fuel costs. Failure to fund this pressure will lead to an inability to deliver our statutory requirement resulting in possible intervention by the DCSF and/or major claims from parents through courts.

Academy Central Recoupment £0.780m (ORS Portfolio) – Under the new DCSF arrangements, when a maintained school transfers to academy status, the Local Authorities DSG settlement is reduced for a proportion of the central services. This deduction affects a number of different service units. There is no linear relationship between the number of schools and the budgets of central services so this pressure will mean cuts to front line and back office services. These reductions will not affect just centrally managed services but also the very services we are moving out to the Local Children's Services Partnerships (LCSPs) that we are currently establishing. The vast majority of these reductions will be on statutory services. The rhetoric that we could recover such costs through selling such services to schools is not based in reality given the nature of the services concerned. For us it will be "easier" (though more painful) to make budget savings rather than trying to set up bureaucratic contractual arrangements for Academies knowing full well that most will not look to buy back.

Schools Additional Pressures £2.510m (ORS Portfolio) – This pressure reflects the projected additional costs of funding schools for energy costs over and above the initial funding already included within the 2008-11 MTP and reflected in schools indicative 2009/10 formula budgets. Schools are experiencing increases in energy bills three times higher than previously estimated. For 2008/09 this has been funded from the recovery of surplus balances from 15 schools. The impact of resisting this pressure would be felt by all schools, some of which are already in or are close to experiencing financial difficulty. As reported to the CFE POC on 19th September 2008; 11 schools are forecasting deficit in 2008/09, 43 Schools in 2009/10 and 65 schools in 2010/11.

Designated Units Review £1.167m (ORS Portfolio) – The Local Authority is committed to reviewing the way in which it provides funding to schools for pupils who attend special educational needs units. This pressure of £1.167m relates to the parallel running of existing units and severe & complex needs funding, and the new lead schools. The additional funding ensures support arrangements can continue for all existing pupils while new unit provision is being developed concurrently.

LAC – Pledge, Personal Education Allowances £1.300m (CFEA Portfolio) – Following the announcement of the Care Matters Grant funding for the 2008/11 CSR period in 2008/09, this pressure reflects the projected shortfall in funding required to fully satisfy the commitments contained within the “pledge” and the personal education allowances (PEAs). Failure to fund this pressure will mean that the Directorate will need to significantly scale back the public commitments made to Looked After Children.

Common Assessment Framework (CAF) £0.575m (CFEA Portfolio) – This pressure relates to the recruitment of dedicated CAF co-ordinators in local partnership areas to ensure local co-ordination of CAF and ContactPoint accreditation in order to meet statutory requirements. Resisting this pressure would place a significant burden on the LCSPs to deliver a key initiative and no effective co-ordination of the CAF process. This would lead to a lack of integrated working for vulnerable children and young people. Failure to support ContactPoint accreditation process in schools and other organisations will seriously jeopardise the Local Authorities fulfilment of statutory requirements and delivery of benefits.

Independent Sector Residential Care £1.540m (CFEA Portfolio) – This pressure has been highlighted through the 2007/08 outturn and the 2008/09 quarterly monitoring return. It relates to a continuing demand for this service and for an increasing proportion of children being placed in higher cost placements, some of which being secure accommodation directed by the courts. There are no measurable

improvements from funding this pressure as it reflects the current demand for this service.

Legal Services £0.753m (CFEA Portfolio) – Like independent sector residential care, the pressure on this service has been reported through last years outturn and this years monitoring return. Legal services have also indicated there is no scope to reduce CFE costs in future years. The service implications of resisting this pressure would result in delays in taking appropriate steps to protect children from harm which may result in increased numbers of children in care. There is also a future risk of claims of damages from children who have been left at home suffering harm.

Additional payments to PVI providers £4.000m (CFEA Portfolio) – Government requirements to re-align the funding provided to support the Free Entitlement to Early Years education in a fairer and more transparent way has highlighted the disparity between rates paid to PVI providers and maintained settings. This additional cost pressure equates to 50p per hour per child for all PVI providers who provide a free entitlement to three and four year olds, and is over and above the normal inflation increase. It attempts to bring the PVI providers' hourly rate closer to that which maintained schools currently receive who provide the same free early years education. This pressure has no direct impact on the current levels of service provided, but begins to help address the issue of quality in some PVI settings where current hourly rates cannot sustain the higher levels of staff qualifications that are now required by Ofsted to meet their 'high quality' provision criteria. A sub group of the Schools Funding Forum is charged with recommending revised scales of hourly payments to reflect cost differences in various settings. This budget increase would greatly assist in addressing the current disparities.

5.5 The position can be summarised as follows:

Table 2

	2009-10 £'000	2010-11 £'000	2011-12 £'000
Existing pressures in published MTP 2008- 2011			
Pay	3,029	3,039	0
Prices	5,146	5,380	0
Legislative	1,273	7,057	0
Demand	315	0	0
Towards 2010	0	0	0
Service Improvements	674	357	0
School Block	23,442	28,938	0

Table 2 continued

	2009-10 £'000	2010-11 £'000	2011-12 £'000
New pressures			
Pay	0	37	3,137
Prices	1,124	739	6,411
Legislative	6,102	1,509	1,069
Demand	7,653	250	100
Towards 2010	0	0	0
Service Improvements	3,571	778	-133
School Block	1,452	259	34,999
Total Pressures (existing and new)	53,781	48,343	45,583

Table 3 below separates the MTP pressures between DSG and base.

Table 3

	2009-10 £'000	2010-11 £'000	2011-12 £'000
DSG funded pressures	38,954	34,337	39,591
Base funded pressures	14,827	14,006	5,992
Total Pressures	53,781	48,343	45,583

More detail is set out in the attached draft Medium Term Plan Financial Appendix 5. For reference, the previous published MTP for 2008-11 is reproduced in Appendix 6.

- 5.6 The DCSF provided indicative DSG totals for the current 3 year CSR period. Therefore, the rate of increase in DSG can be predicted for the next two years, subject to final pupil counts in January 2009 and January 2010. The table below summarises the expected shortfall in DSG for 2009-10. Full details of the DSG pressures are outlined in Appendix 7, along with an explanation of the DSG calculation and its implications. It is County Council policy not to top-up the DSG therefore to balance we must either find savings or reduce pressures. We have a meeting with the Schools Funding Forum to discuss ways to resolve this shortfall on 7th November 2008 and a verbal update will be given to POC on 13th November.

Table 4

	Schools and PVI £'000s	Centrally retained £'000s	Total £'000s
Indicative DSG funding	-24,384	-2,198	-26,582
Pressures	31,199	5,609	36,808
Shortfall	6,815	3,411	10,226

5.7 In relation to the budget, the detailed proposals are still being iteratively developed and will be subject to consultation and deliberation over relative service priority. This POC is asked to prioritise the CFE functions and budget and indicate what types and areas of savings, broadly, might be achievable and acceptable, if there were savings requirement of:

- 1% = £2m;
- 2% = £4m; or
- 3% = £6m;

of the base funded budget. To assist and remind Members, the current budgets for CFE are attached at appendix 1.

6. Recommendation

6.1 Members are asked to note and comment on the above proposals.

6.2 Members are invited to identify and express their relative priorities for services and to indicate, broadly, areas and types of savings and efficiencies that they consider could realistically be achieved.

Appendix 1 – Existing 2008-09 budgets

Operational, Resources and Skills (CFE) 2008-09 budget agreed by County Council on 19th February 2008

2007-08 Spending Plans £'000	Spending Plans	2008-09 Total £'000	Income £'000	Net Cost £'000		Managing Director
737,216	Delegated Schools Budgets	837,252	-80,517	756,735	Funding directly managed by 575 schools.	GB
51,888	Devolved Standards Fund for Schools	53,421		53,421	Funding devolved to all schools by means of a formula.	GB
7,019	Targeted Standards Funds for Schools	8,051		8,051	Funding devolved to specific schools for specific purposes/projects.	GB
27,972	Direct Funding for Schools	42,119		42,119	Schools Standards Grant allocated directly to 575 schools (including SS6 personalisation).	GB
2,513	Finance	3,719	-1,071	2,648	Budgeting, accountancy & financial management support for the Directorate and 575 schools.	GB
4,070	Awards	5,019	-827	4,192	Advice, guidance and processing of student loans for 20,000+ students and their families. Overseeing the free school meals budget & Home to College transport.	GB
-874,712	Grant income and contingency	19,115	-927,280	-908,165	Includes specific grant income from DCSF (DSG, SDG and SS6), Sure Start, LSC post 16 funding & unallocated ISB.	GB
11,915	Personnel & Development	15,734	-3,606	12,128	Professional support to Directorate and budgets including premature retirements, teachers' maternity pay, Criminal Records Bureau checks and crossing patrols.	GB
1,596	Capital Strategy Unit	5,850	-3,284	2,566	Managing the capital programme and asset management plan.	GB

**Operational, Resources and Skills (CFE) 2008-09 budget agreed by
County Council on 19th February 2008 (continued)**

2007-08		2008-09				Managing Director
Spending Plans £'000	Spending Plans	Total £'000	Income £'000	Net Cost £'000		
	BSF/PFI/Academy Unit	450		450	Manages the development and delivery of the BSF programme and individual Academy schemes.	GB
1,310	Client Services	4,691	-3,471	1,220	Managing major contracts (e.g. meals and cleaning) on behalf of schools.	GB
2,660	Business Management	2,449	-143	2,306	Cost of offices and related support staff.	GB
6,457	ICT	3,074	-1,880	1,194	Managing National Grid for Learning E-government and broadband developments with schools (now co-funded by capital grant).	GB
421	Health and Safety	437	-8	429	Includes health & safety and outdoor education adviser.	GB
1,472	Strategic Management	1,808	-103	1,705	Directorate senior management and strategic support to schools.	GB
	Extended Services	6,398	-510	5,888	Working with Kent Schools and partners to develop extended services for children and families, e.g. childcare, study support, parent support and community access to school facilities.	GB
832	Kent Music	838		838	Kent Music provides access to instrumental music tuition and county groups for Children and Young People in Kent.	GB
1,397	14 - 24 Unit	2,417	-202	2,215	Working to provide a high quality universal service for 14-24 year olds by commissioning a range of demand led services.	GB

**Operational, Resources and Skills (CFE) 2008-09 budget agreed by
County Council on 19th February 2008 (continued)**

2007-08 Spending Plans £'000	Spending Plans	Total £'000	2008-09 Income £'000	Net Cost £'000		Managing Director
5,402	School Organisation	2,758	-66	2,692	Organising school places for children; training & support for governors at 575 schools.	GB
14,948	Mainstream Home to School Transport	16,405	-484	15,921	Daily transport of 20,000+ children.	GB
12,831	Clusters	17,054	-263	16,791	Co-ordinates critical support to schools in a variety of areas, e.g. welfare, behaviour, SEN, early years etc., and supports collaborative working between schools.	GB
9,390	Additional Educational Needs and Resources	15,332	-5,552	9,780	Fulfils LA duty to assess children with SEN & proactively meet a child's needs without the need for a statement. Much funding now delegated to schools. Supports over 6,500 statements.	GB
14,806	Special Educational Needs Transport to Schools	15,483		15,483	Transport of around 3,500 children with SEN to education provision.	GB
9,459	Independent Sector Provision	10,983	-697	10,286	Independent sector provision for 225 'statemented' children and young people whom Kent are financially responsible.	GB
50,862	Budget Controlled by this Portfolio	1,090,857	-1,029,964	60,893		

**Children, Families and Educational Achievement 2008-09 Budget agreed
by County Council on 19th February 2008**

2007-08 Spending Plans £'000	Spending Plans	2008-09		Net Cost £'000	Managing Director
		Total £'000	Income £'000		
6,804	Policy & Performance				Budget transferred to lines below to improve information. GB
	Strategic Planning and Review (Strategy, Policy & Performance)	2,307	-250	2,057	Strategic planning and performance function, including children's workforce development and management of external scrutiny processes. GB
	Policy & Performance (Vulnerable Children)	4,124	-145	3,979	Developing policy and strategy to secure improved outcomes for children, families and young people. Performance Management of services for vulnerable children. GB
	Managing Director's Office and Democratic Services	1,966		1,966	Supporting Cabinet Members and the Managing Director's office. Includes centrally retained budgets on behalf of the division or directorate e.g. block purchase of licences for schools. GB
	Project Management (Strategy, Policy & Performance)	113		113	Initiating and managing strategic policy projects that secure financial resources, collaboration and school improvement. GB
3,059	Advisory Service Kent - Secondary	3,349	-160	3,189	Advice, guidance, support and challenge to 97 middle and secondary schools, PRUs and clusters, to raise standards of achievement of all young people. Implementation of national and local secondary strategies. GB
3,853	Advisory Service Kent - Primary	4,773	-150	4,623	Monitor, challenge and support 454 schools and 23 clusters, to raise standards of pupil achievement. Deliver national primary strategy and support school leadership teams. GB

**Children, Families and Educational Achievement 2008-09 Budget agreed
by County Council on 19th February 2008 (continued)**

2007-08 Spending Plans £'000	Spending Plans	2008-09			Managing Director
		Total £'000	Income £'000	Net Cost £'000	
5,931	Advisory Service Kent - Early Years	5,781	-12	5,769	GB Provide advice, support, challenge and training for practitioners to 740+ private, voluntary and independent settings, 416 maintained schools with nursery and reception classes, 1 nursery school and 1,800 childminders.
2,624	Advisory Service Kent - Improvement and Leadership				GB Budget transferred to other lines within the Advisory Service Kent.
3,992	Advisory Service Kent - Improvement Partnerships	4,683	-1,197	3,486	GB To develop effective improvement partnerships between 575 schools, 740+ early years settings and 23 clusters. Teaching and support staff. Facilitate effective networks of specialist schools/colleagues and 14-19 collaborations.
2,560	Advisory Service Kent - Professional Development	5,155	-2,262	2,893	GB To provide effective continuing professional development for teaching and support staff in 575 schools, for practitioners in 740+ early years/pre-school settings, the Advisory Service and other divisional staff.
16,288	Early Years & Childcare	22,665	-234	22,431	GB Supporting childcare providers covering the age range 0-14 (0-16 for children with SEN).
28,080	Management Information	30,623	-35	30,588	GB Collection and analysis of statistical information from educational establishments, and payments to over 740 providers of early education. Budget funds places for 3 & 4 year olds.

**Children, Families and Educational Achievement 2008-09 Budget agreed
by County Council on 19th February 2008 (continued)**

2007-08 Spending Plans £'000	Spending Plans	Total £'000	2008-09 Income £'000	Net Cost £'000		Managing Director
94	International Development	195	-100	95	Developing international partnerships & securing external funding.	GB
3,533	Educational Psychology Service	3,770	-94	3,676	Psychologists are involved in statutory assessment & meeting the needs of children in schools.	GB
10,820	Attendance & Behaviour Service	16,348	-5,292	11,056	Investigating truancy & non-attendance at school. Providing education for "formally" excluded pupils, and those children who are at risk of exclusion.	GB
1,691	Minority Community Achievement Service	1,674	-96	1,578	Support provided for children who have English as an additional language. Statutory requirement to provide education to traveller children.	GB
612	Children's Safeguard Service				Meets the statutory requirements of the Children Act (in 08-09 part of Policy & Performance - Vulnerable Children).	GB
3,081	Specialist Teaching Service	2,728	-257	2,471	Specialist teachers who provide support and training to teachers in mainstream schools who deal with special educational needs.	GB
1,717	Joint Commissioning Service	1,695		1,695	Commissioning services to improve the well being and educational attainment of children in Kent.	GB
200	Commissioning - General	1,640	-614	1,026	Jointly commission and provide targeted and specialist services to secure better outcomes for children and young people. Lead development of integrated working and processes incl. CAF and ContactPoint.	GB

**Children, Families and Educational Achievement 2008-09 Budget agreed
by County Council on 19th February 2008 (continued)**

2007-08 Spending Plans £'000	Spending Plans	2008-09			Managing Director
		Total £'000	Income £'000	Net Cost £'000	
2,487	Residential Care provided by KCC	2,051	-25	2,026	Provision of in-house residential care to children including those with a disability. GB
2,990	Independent sector residential care	3,844	-403	3,441	Provision of independent sector residential care for looked after children including welfare secure and children with a disability. GB
467	Residential care - not looked after children	664	-7	657	Provision of residential care for children not looked after. GB
8,890	KCC family support	10,797	-960	9,837	KCC family support includes 13 Family Centres across Kent. GB
867	Family group conferencing	1,129	-241	888	A scheme to empower families to make decisions about how their family can provide support to vulnerable children at risk of being admitted to care. GB
19,329	Fostering Service	23,001	-97	22,904	Provision of short, medium and for older children, long term placements. Includes related and non-related payments, independent sector fostering and County fostering team. Special guardianship and Kinship payments are also included. GB
5,780	Adoption Service	6,172	-22	6,150	Provision of safe and appropriate substitute care for those of KCC's Looked After Children with an adoptive plan. Includes adoption payments and County Adoption Team. GB
1,486	Independent sector day care	920		920	Provision of independent sector day care services for children, including those children with a disability. GB

**Children, Families and Educational Achievement 2008-09 Budget agreed
by County Council on 19th February 2008 (continued)**

2007-08 Spending Plans £'000	Spending Plans	2008-09		Net Cost £'000		Managing Director
		Total £'000	Income £'000			
2,339	Section 17	870	-5	865	Provision of preventative services, which supports families, prevents family breakdown and admission of children into Local Authority Care.	GB
232	Link placements	236		236	A volunteer scheme for Children with a disability.	GB
7,276	Grants to voluntary organisations	7,674	-398	7,276	Provision of preventative support to vulnerable children and families in the Community, through use of voluntary organisations.	GB
290	Direct payments	847		847	Direct payments are offered to parents/carers, where their child has been assessed as requiring services, to enable families to purchase their own community care services directly.	GB
526	Teenage pregnancy	706		706	Supports strategies that prevent teenage pregnancies.	GB
3,400	Leaving care/16+	3,413		3,413	Supports care leavers and Looked After Children 16+ preparing to leave care, who KCC is responsible for as a corporate parent. Includes payments under sections 23 and 24 of Children Act 1989.	GB
3,763	Other Services Support	5,377	-824	4,553	Support for Children's Services including Out of Hours service, Duty Service, Legal Fees, Facilities, Planning and Contracting.	GB
17,743	Assessment and Related	19,003	-16	18,987	Provision of social work services and its related support.	GB

**Children, Families and Educational Achievement 2008-09 Budget agreed
by County Council on 19th February 2008 (continued)**

2007-08			2008-09			
Spending Plans £'000	Spending Plans	Total £'000	Income £'000	Net Cost £'000		Managing Director
	Asylum Seekers	13,450	-13,450		Providing support to all categories of asylum seeker.	GB
-70,527	Grant income and contingency	18,224	-72,531	-54,307	Includes specific grants from DCSF (DSG, Standards Fund, SSG and Sure Start) and Connexions Services.	GB
102,277	Budget Controlled by this Portfolio	231,967	-99,877	132,090		

Appendix 2 – Activity and output data – what the current budget “buys”

Section 4.2 of the report highlights some key facts about the scope of the services and there is a brief line by line explanation set out against each of the budget line in Appendix 1. This appendix outlines some additional information about some of the key services the 2008-09 CFE budget “buys”:

Service	Net Budget £'000s	Outputs and outcomes
Mainstream Home to School transport	15,921	The budget provides transport for approximately 21,000 children based on an average cost of £758 per child per year
Special Educational Needs Transport to schools	15,483	The budget provides specialist transport for approximately 3,400 children based on an average cost of £4,560 per child per year.
School Organisation	2,692	This budget includes support to the admissions process (including PESE) and Governor support for to approximately 7,500 Governors. The budget also funds the Area Children Services Officers who provide support to 575 schools.
Attendance and Behaviour	11,056	The budget includes funding for 21 Pupil Referral Units – 11 Behaviour units, 7 alternative curriculum units and 3 medical units. These units provides approximately 900 placements.
Management information	30,588	The majority of this budget funds payments to early years provider for the 3 & 4 year old free entitlement. This budget provides over 7.9 million hours of early years provision based on £3.60 per hour per child.
Advisory Service Kent (all services)	19,960	This budget provides advice, support, training and challenge to 575 schools and approximately 740 private, voluntary and independent settings, and 1,800 childminders, along with training for up to 7,500 governors.
Early Years and Childcare Operations Unit	22,431	A significant proportion is funded from the sure start grant and provides advice, support and training to approximately 740 private, voluntary and independent settings, and 1,800 childminders. The budget includes funding to support 72 children centres this is due to increase to 103 by 2011.
Fostering service	22,904	This budget includes funding for: Approximately 46,300 weeks KCC fostering care based on an average cost of £338 per week per child. Approximately 1,500 weeks independent sector foster care based on an average cost of £1,010 per week per child.
Independent Sector Residential Care	3,441	This budget funds the following: Approximately 1,400 weeks residential care (including disability) at an average cost of £2690 per week. Approximately 50 weeks secure accommodation based on an average cost of £4228 per week.

Service	Net Budget £'000s	Outputs and outcomes
Direct Payments	847	As at October 2008 there were 290 clients receiving direct payments. This is an increase of 106 clients from 31 st March 2008.
Adoption Service	6,150	This budget funds the county adoption team and adoption payments for those eligible. In 2007/08 there were 92 Adoptions and there have been 48 adoptions between April and August 2008.

Appendix 3 – Current budget monitoring details

Below is a table detailing the latest published monitoring position for CFE.
This was presented to Policy Overview Committee on 19th September 2008.

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
OPERATIONS, RESOURCES AND SKILLS portfolio							
Delegated Budget:							
- Delegated Schools Budget	852,367	-80,517	771,850	0	0	0	
- Devolved Standards Fund	102,835	0	102,835	0	0	0	
- Targeted Standards Fund	0	0	0	0	0	0	
- Direct Financing for schools	0	0	0	0	0	0	
TOTAL DELEGATED	955,202	-80,517	874,685	0	0	0	
Non Delegated Budget:							
- Finance	3,810	-1,071	2,739	0	0	0	
- Awards	5,058	-827	4,231	89	-49	40	
- Grant income & contingency	4,384	-934,827	-930,443	0	0	0	
- Personnel & Development	16,007	-3,606	12,401	70	0	70	Redundancy costs for school staff underspend £398k, pensions overspend £468k
- Capital Strategy Unit	2,808	-242	2,566	821	-2	819	Revenue maintenance due to school closures and vandalism £543k, 3 new projects for mobile moves £278k
- BSF/ PFI and academies unit	450	0	450	83	0	83	
- Client Services	5,165	-3,471	1,694	11	0	11	
- Business Management	2,276	-143	2,133	118	0	118	Delay in achieving the full administrative staff saving in 2008/09 £118k
- ICT	7,630	-1,880	5,750	-16	-38	-54	
- Health & Safety	437	-8	429	6	0	6	
- Strategic Management	1,714	0	1,714	0	-2	-2	
- Extended Services	5,955	-350	5,605	0	0	0	
- Kent Music	858	0	858	0	0	0	
-14-24 unit	2,307	-202	2,105	0	0	0	
- School Organisation	2,984	-66	2,918	-48	0	-48	
- Mainstream HTST	16,555	-484	16,071	0	0	0	
- Clusters	19,426	-263	19,163	0	0	0	
- AEN & Resources	15,981	-5,552	10,429	0	0	0	
- SEN Transport to Schools	15,483	0	15,483	0	0	0	
- Independent Sector Provision	10,983	-697	10,286	0	0	0	
TOTAL NON DELEGATED	140,271	-953,689	-813,418	1,134	-91	1,043	
OR&S Assumed Mgmt Action				0		0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
OR&S non delegated Forecast after Mgmt Action	140,271	-953,689	-813,418	1,134	-91	1,043	
Total OR&S incl schools delegated	1,095,473	-1,034,206	61,267	1,134	-91	1,043	
CHILDREN, FAMILIES AND EDUCATIONAL ACHIEVEMENT portfolio							
- Strategic Planning & Review	1,436	0	1,436	0	0	0	
- P & P (Vulnerable Children)	4,263	-395	3,868	0	0	0	
- Managing Directors Office & Democratic Services	2,070	0	2,070	0	0	0	
- Project Management (SPR)	113	0	113	0	0	0	
- Advisory Service Kent (ASK) Secondary Team	3,373	-160	3,213	65	0	65	
- ASK Primary Team	5,741	-360	5,381	55	0	55	
- ASK Early Years Team	5,756	-12	5,744	1,000	0	1,000	Additional targets linked to Outcomes, quality and inclusion strand of Sure Start overspend £1m
- ASK Improvement Partnerships	3,486	0	3,486	0	0	0	
- ASK Professional Development	5,080	-2,262	2,818	0	0	0	
- Early Years & Childcare	22,570	-154	22,416	0	0	0	
- Management Information	30,965	-35	30,930	0	-7	-7	
- International Development	195	-100	95	0	0	0	
- Educational Psychology Service	3,725	0	3,725	-125	0	-125	Psychologist vacancies £125k
- Attendance & Behaviour Service	17,208	-5,292	11,916	40	0	40	
- Minority Community Achievement	1,720	-96	1,624	0	0	0	
- Specialist Teaching Service	3,061	-590	2,471	0	0	0	
- Joint Commissioning	1,847	-310	1,537	0	0	0	
- Commissioning General	13,047	-614	12,433	0	0	0	
- Residential Care provided by KCC	2,261	-25	2,236	11.0	-11.0	0.0	
- Independent Sector res. care	5,119	-403	4,716	2,184.0	-728.0	1,456.0	Overspend due to increased demand and high cost placements. Increased income from joint funding arrangements as agreed by JRAP
- Residential care - not looked after children	664	-7	657	22.0	-64.0	-42.0	
- KCC Family support	10,942	-960	9,982	-1,090.0	183.0	-907.0	Planned underspend to cover the pressures on Assessment & Related
- Family group conferencing	1,129	-241	888	12.0	-11.0	1.0	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
- Fostering service	23,403	-97	23,306	124.0	-124.0	0.0	Increase in independent fostering allowances £1,366k, overspend on County Fostering Team £75k, underspend on other fostering lines £1,317k. Additional income from placements, training and OLAs.
- Adoption service	5,988	-22	5,966	-257.0	-9.0	-266.0	Underspend on adoption allowances £502k, overspend on County Adoption Team £245k
- Independent Sector day care	920	0	920	-198.0	0.0	-198.0	Lower than anticipated number of clients
- Section 17	908	-5	903	119.0	5.0	124.0	Higher than anticipated number of clients, more expensive support
- Link placements	236	0	236	-10.0	0.0	-10.0	
- Grants to voluntary organisations	5,678	-266	5,412	9.0	-9.0	0.0	
- Direct payments	735	0	735	-108.0	-10.0	-118.0	Expenditure charged to new strand of the Sure Start Grant for Transforming Short Breaks for Disabled Children leading to a base underspend.
- Teenage pregnancy	706	0	706	6.0	-6.0	0.0	
- Leaving care/16+	3,413	0	3,413	-101.0	0.0	-101.0	Lower than anticipated take up of places
- Other services support	6,789	-824	5,965	818.0	-47.0	771.0	Legal overspend £650k, Out of Hours additional staff overspend due to transition £80k, other minor overspends £88k
- Assessment and related	19,077	-16	19,061	1,260.0	-353.0	907.0	Staffing overspend covered by planned underspend on Family Support
- Grant income & contingency	5,706	-74,197	-68,491	0.0	0.0	0.0	
Total C,F&EA	219,330	-87,443	131,887	3,836	-1,191	2,645	

Budget Book Heading	Cash Limit			Variance			Comment
	G	I	N	G	I	N	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
CF&EA Assumed Mgmt Action				-2,250		-2,250	
CF&EA Forecast after Mgmt Action	219,330	-87,443	131,887	1,586	-1,191	395	
- Asylum Seekers	13,450	-13,450	0	0	4,002	4,002	
Total C,F&EA incl. Asylum	232,780	-100,893	131,887	3,836	2,811	6,647	
Total Delegated	955,433	-80,517	874,916	0	0	0	
Total Non Delegated (excl. Asylum)	359,601	-1,041,363	-681,762	4,970	-1,282	3,688	
Total Directorate Controllable (excl. Asylum)	1,314,803	-1,121,649	193,154	4,970	-1,282	3,688	
Directorate Assumed mgmt action				-2,250		-2,250	
Total Directorate Controllable (excl. Asylum) after mgmt action	1,314,803	-1,121,649	193,154	2,720	-1,282	1,438	
Directorate Net Total (incl. Asylum) before mgmt action	1,328,253	-1,135,099	193,154	4,970	2,720	7,690	
Directorate Net Total (incl. Asylum) after mgmt action	1,328,253	-1,135,099	193,154	2,720	2,720	5,440	

Appendix 4 – Draft Submission for Section 3 of the Medium Term Plan – Children, Families and Education Directorate 13th November 2008

3.1 CHILDREN FAMILIES AND EDUCATIONAL ACHIEVEMENT

3.1.1 Overall Objectives of the Portfolio

The key objectives of Children and Family Services within the Children, Families and Education Directorate are:

- Progress work on the portfolio specific and relevant cross-cutting targets in the Towards 2010 plan.
- Give particular focus to safeguarding and promoting the welfare of children across all agencies, ensuring that Kent fulfils its responsibilities to the children in its care, and ensuring the effectiveness of Kent's Safeguarding Children Board
- Progress work on the LAA 2 targets for which this portfolio leads on behalf of the Kent Partnership specifically:
 - Obesity among primary school children in reception year
 - Effectiveness of child and adolescent mental health services
 - Achievement of 5 or more A*-C grades at GCSE and equivalent including GCSEs in English and maths (floor)
- Pursue within the Supporting Independence Programme (SIP) priorities and work with relevant units and partners to embed the principles of SIP across the portfolio.
- Progress work on the Children and Young People's Plan 2008-2011 and effective delivery mechanisms
- Implementation of the Early Years Strategy
- Implementation of Kent's Strategy for Supporting Parents
- Continued implementation of the Primary and Secondary Strategies.
- Reduce the impact of poverty on children's lives by tackling the underlying causes and mitigating the effects

3.1.2 Medium Term Service Priorities

Priority areas to ensure progress is maintained in achieving these objectives include:

- Continue to give top priority to the protection of children and continue to develop and support Kent's Safeguarding Children Board
- Continue to progress work on the development of local Children's Services Partnerships and the Kent Children's Trust
- Continue to raise standards of attainment at all key stages of education and narrow the attainment gap of targeted groups of children by reducing low attainment, under-performance and in-school variation.
- Continue to offer and further develop multi agency services for parents, carers and families
- Reduce disruptive behaviour, bullying and vandalism in schools.
- Improve provision for pupils at risk of exclusion, excluded, out of school and poor attenders to provide full time education with particular focus on early intervention and an expansion of alternative curriculum approaches.
- Work with partners to redefine and strengthen multi agency commissioning of services for children through the local children's services partnerships and the

Kent Childrens Trust, to deliver key priorities within the Children and Young People's Plan

- Support for the family group conferencing service to provide a framework for better decision making, keeping children in their families, reducing the number of children being looked after and tackling school exclusions.
- Prioritise better transition planning and independence for all children and young people, particularly those with learning difficulties and/or disabilities, into adulthood, in partnership with the Adult Services Directorates.
- Promote improved life chances and quality of life for Kent's disabled children.
- Encourage children and young people to be physically healthy, reducing the proportion of children who are an unhealthy weight
- Support children and young people to be emotionally healthy, promoting self esteem and finding ways to reduce inappropriate risk taking behaviour which should lead to a reduction in drug and alcohol misuse and teenage pregnancy
- Improve access to mental health services ensuring children and young people with mental health problems receive timely support and appropriate ongoing care
- In partnership, continue to implement the Looked After Children action plan and pledge to improve the life chances and educational outcomes of Looked After Children
- Continue to develop adoption services and a wide range of stable fostering options
- Further develop services to meet the needs of asylum seekers and refugee children within allocated KCC resources and lobby central government for funding to cover the full cost of services
- Improve outcomes for children and young people with medical needs by developing a consistent County-wide service.
- Continue to work towards greater integration with health services through the Public Health Unit within KCC, led by a Director of Children's Health from the Primary Care Trusts (PCTs), with a position on the Children, Families and Education Directorate senior management team.
- Develop, agree and implement integrated processes across all agencies in the Kent Children's Trust, including the Common Assessment Framework ,the Lead professional functions, ContactPoint and systems and processes for better data sharing between agencies with the benefit of linking ICT systems
- Address under-achievement of vulnerable minority ethnic and bilingual learners within the context of Kent
- Work with schools and communities to help children and young people feel safer.

JOINTLY WITH OPERATIONS, RESOURCES AND SKILLS

- Continue to promote the involvement of children, young people, their carers and the public generally in services for children and families
- Actively seek and listen to the views and opinions of children and young people to inform planning and improve services in Kent
- Improve, in partnership with the private and voluntary sector, the quality of and take up of early years provision through strengthened links, quality assurance and the development of Children's Centres.
- Continue with the implementation of the Children's Centre programme and where possible deliver integrated services from Early Years education, Family Centres , Adolescent Resource centres, Extended schools and other relevant services
- Maximise opportunities for children with additional educational needs and disabilities , ensuring that there is a good range of coherent multi-agency local

services that meet their needs and enhance our work with families and schools to ensure equality of access and achievement of ambitious educational outcomes.

3.1.3 Risk Assessment –

The key risks to children and family services to be managed in the medium term are as follows:

- **Demand Outstripping Resources:** While resources always have to be managed, we expect in the medium term that demand will increase substantially, but growth in resources will be constrained. For children in need, this is a significant issue since Kent has moved to implement fully policies geared towards prevention, as advocated by Government. Consequently, more unmet need has been identified which in consequence has seen a significant increase in referrals. Our policy of keeping children out of care wherever possible increases the number of calculated risks being taken on a day-to-day basis to maintain highly vulnerable children in their families.

Other areas of risk relate to Special Educational Need (SEN) for example: an increasingly rights driven society generates the potential for demand for choice of education by parents for children with severe and complex needs, especially for education in schools not maintained by the County Council, thus placing pressure on this volatile demand driven budget.

- **The placement of children by other local authorities in Kent** continues to create risks across a range of services including the need to provide additional support without the potential for cost recoupment from placing authorities. However efforts taken to highlight this issue are slowly resulting in a reduction in children placed from elsewhere.
- **Children not in education:** While there have been significant improvements in identifying, with partners in other agencies, those children who are not in education and in placing them, significant numbers of children and young people are still not presented by their parents for admission to school. This can lead ultimately to legal cases for failure to educate as well as exacerbating potential disadvantage to the safety and life chances of the individuals involved.
- **Child Protection:** We will continue to review CRB processes to ensure that children are safe. A further protective factor, the Common Assessment Framework and its associated provisions may be difficult to implement for reasons which relate to technical difficulty, financial pressures and/or staff capacity.
- **The county Asylum seekers and Refugee Service unit:** Unaccompanied minors (children seeking asylum) provide a particular challenge to resource management. Given its unique position as the 'gateway' to Europe, Kent has the largest asylum seeker and refugee service in the country. Lengthy delays and shortfalls in the allocation of the Home Office grant leave the service with a severe funding deficit. Delays in the issuing of guidance and levels of grants, make it difficult to plan services for these children and young people, whose needs are complex, necessitating specialist input and services across the education and social care sectors. The funding provided does not meet all these requirements. The volume of demand is unpredictable, and outside our control.

- **Primary School attainment and standards in early years** : Kent's primary school attainment and the quality of its early years provision are key to the success of a number of specific and related local and national priorities . Action to improve has been taken through improved monitoring and support, this is being maintained and further developed through the Primary Strategy, Kent School Improvement Partners and Clusters.
- **Secondary School attainment at GCSE:** The National Challenge Programme has introduced a new floor target for Secondary schools across the Country. By 2011 every school must achieve at least 30% 5+A*-C at GCSE to include English and Maths. This applies to a number of schools in Kent and improvement action plans are in place.
- **Staffing:** During the period of this plan there are major issues affecting childrens' services that are likely to have a significant impact on the Directorates staffing, structures, recruitment and retention and training. Providing good quality services for children and young people is dependent on a high calibre, flexible and committed workforce.
- **Health and Safety:** We will continue to review and develop policies, procedures and guidelines to ensure potential accidents to pupils, staff, clients and members of the public are minimized.
- **Changes arising as a result of the implementation of Children's Services Partnerships and other national changes:** Across England, all authorities will be implementing structural change with associated new professional responsibilities. Careful management will reduce the potential for change to affect frontline services and staff training will ensure that new roles are properly discharged, but it cannot be guaranteed that no additional risks will arise from this complex process.
- **Technological and Information sharing:** Information sharing is a national requirement to help prevent a vulnerable child slipping through the net. A number of new and replacement systems are planned to support this requirement, all of which have associated risks.
- **Health economy:** Structural changes and shortfalls in funding in the health economy may result in risk to children's social care and service integration

3.2 OPERATIONS, RESOURCES AND SKILLS

3.2.1 Overall Objectives of the Portfolio

To ensure that each child and young person is inspired and supported to extend their potential, with particular reference to the Every Child Matters Outcomes, our key objectives are:

- Progress work on the portfolio specific and relevant cross-cutting targets in the Towards 2010 plan.
- Progress work on the LAA2 targets where the portfolio leads on behalf of the Kent Partnership specifically: 16-18 year olds who are not in education, employment or training (NEET).

- Pursue within the Supporting Independence Programme (SIP) priorities and work with relevant units and partners to embed the principles of SIP across the portfolio.
- Progress work on the Children and Young People's Plan 2008-2011 and effective delivery mechanisms
- Implementing the early years and parenting strategies.
- Continued implementation of the Extended Services, 14 to 19 and Primary and Secondary Strategies.
- Implement the Strategic Plan for the Provision of Secondary School Places 2007-2017
- Reduce the impact of poverty on children's lives by tackling the underlying causes and mitigating the effects

3.2.2 Medium Term Service Priorities

Priority areas to ensure progress is maintained in achieving these objectives include:

- Continue to progress work on the development of local Children's Services Partnerships and the Kent Children's Trust
- Improve primary education through the implementation of the Primary Strategy including providing support for schools facing challenges as a result of falling rolls.
- Provide all 13-19 year olds with first class careers guidance and master classes presented by members of the business community
- Build strong business-education partnerships that benefit both employers and schools
- Expand pre-vocational opportunities for 14 to 16 year olds and widen opportunities for all 14 to 19 year olds through extended curriculum choice, independent guidance and the development of vocational centres
- Support economic and community regeneration to ensure all the educational, health, social and emotional needs of young people are met and suitable employment opportunities are available.
- Encourage healthy eating by providing nutritious lunches through the healthy schools programme and a range of community based healthy eating pilots
- Exploit opportunities for making more effective and efficient arrangements for home to school transport and continue to investigate and promote the feasibility of staggered school hours.
- Work systematically towards the comprehensive and appropriate deployment of ICT both for personalised learning and for pupil, school and directorate management.
- Develop capacity and structures by further extending partnerships and federated systems to enhance collaboration and to improve leadership, choice, personalisation and attainment
- Ensure that progress is made in taking forward the Kent Academies programme by implementing approved proposals and formulating new bids to raise attainment particularly in schools facing challenging circumstances
- Manage the admissions process for 40,000 pupils annually.
- Further develop leadership at all levels, including training and support to school governors, to secure improvements in the quality of educational provision and support the recruitment and organisation of the workforce to achieve our objectives
- Transform secondary education through the implementation of the Secondary Strategy and our Building Schools for the Future programme.
- Support schools in developing of a range of extended services, in partnership, to raise attainment and support community and economic renewal.

- Implement the review of Special schools and complete the review of resourced units attached to mainstream schools linking into Building Schools for the Future programme.

JOINTLY WITH CHILDREN FAMILIES AND EDUCATIONAL ACHIEVEMENT

- Continue to promote the involvement of children, young people, their carers and the public generally in services for children and families
- Actively seek and listen to the views and opinions of children and young people to inform planning and improve services in Kent
- Improve, in partnership with the private and voluntary sector, the quality of and take up of early years provision through strengthened links, quality assurance and the development of Children's Centres
- Continue with the implementation of the Children's Centre programme and where possible deliver integrated services from Early Years education, Family Centres , Adolescent Resource centres , Extended schools and other relevant services
- Maximise opportunities for children with additional educational needs and disabilities , ensuring that there is a good range of coherent multi-agency local services that meet their needs and enhance our work with families and schools to ensure equality of access and achievement of ambitious educational outcomes.

3.2.3 Risk Assessment –

The key risks to Education and School Improvement Services to be managed in the medium term are:

- **Financial risks:** National economic conditions including rising costs of services may impact on affordable activity. Financial activity will continue to be carefully managed through Kent's robust performance and budget monitoring frameworks.
- **Changing pupil demographics :** Uncontrollable movements of pupils across areas and schools - Schools need to take early action to respond to the effect of falling/increasing rolls on resources both human and financial ,leading to a potential impact on the quality of education and bad public and media relations. Monitoring and support is being provided to schools to help them manage this issue at an individual level and is also being managed through the Primary Strategy.
- **Primary School attainment and standards in early years :** Kent's primary school attainment and the quality of its early years provision are key to the success of a number of specific and related local and national priorities . Action to improve has been taken through improved monitoring and support, this is being maintained and further developed through the Primary Strategy, Kent School Improvement Partners and Clusters.
- **Secondary School attainment at GCSE:** The National Challenge Programme has introduced a new floor target for Secondary schools across the Country. By 2011 every school must achieve at least 30% 5+A*-C at GCSE to include English and Maths. This applies to a number of schools in Kent and improvement action plans are in place.
- **Staffing:** During the period of this plan there are major issues affecting children's services that are likely to have a significant impact on the Directorates staffing

structures, recruitment and retention and training. Providing good quality services for children and young people is dependent on a high calibre, flexible and committed workforce.

- **Changes arising as a result of the implementation of Children's Services Partnerships and other national changes:** Across England, all authorities will be implementing structural change with associated new professional responsibilities. Careful management will reduce the potential for change to affect frontline services and staff training will ensure that new roles are properly discharged, but it cannot be guaranteed that no additional risks will arise from this complex process.
- **Technological:** A number of new and replacement systems are planned all of which have associated risks.
- **Reduction/ cessation of funding:** All funding reductions will be managed in a planned manner leading in some cases to a reduction in levels of service or services. Any budget or service reduction will inevitably lead to further pressures and poor public perception.
- **Child Protection:** We will continue to review CRB processes and provide advice and training to ensure that children are safe. A further protective factor, the Common Assessment Framework and its associated provisions may be difficult to implement for reasons which relate to technical difficulty, financial pressures and/or staff capacity.
- **Health and Safety:** We will continue to review and develop policies, procedures and guidelines to ensure potential accidents to pupils, staff, clients and members of the public are minimised.
- **Health economy:** Structural changes and shortfalls in funding in the health economy may result in risk to children's social care and service integration

Appendix 5 – Draft of MTP pressures financial appendices for Operation, Resources and Skills (CFE) portfolio

The table below provides a summary of the MTP pressures for the Operation, Resources & Skills Portfolio. New MTP pressures for 2009-10 are marked with an asterisk:

	Summary of MTP Pressures	New	2009-10	2010-11	2011-12	DSG
			£'000	£'000	£'000	Funded
Pay:						
All	Pay		1,012	1,023	1,043	Part DSG
			1,012	1,023	1,043	
Prices:						
Awards	College Transport		50	52	54	
Awards	College Transport	*	77	65	75	
Sch Org	Mainstream Transport		703	735	764	
Sch Org	Mainstream Transport	*	462	296	334	
AEN&R	SEN Transport		704	736	765	
AEN&R	SEN Transport	*	400	400	400	
AEN&R	Independent/non-maintained schools		823	778	832	DSG
ICT	SIMS License		60	66	66	DSG
Awards	Free School Meals		71	73	0	DSG
Awards	Free School Meals	*	49	52	130	DSG
			3,399	3,253	3,420	
Government/Legislative Pressures:						
Awards	Free School Meals		25	26	27	DSG
Personnel	Criminal Records Bureau (contact point) - FYE from 2008/09		16	0	0	
All	Academy central recoupment		356	0	0	DSG
All	Academy central recoupment	*	414	518	0	DSG
Awards	Phasing of student award reductions		432	164	0	
Personnel	Criminal Records Bureau re-checks and Independent Safeguarding Authority	*	84	544	0	
Sch Org	School competition notices	*	25	0	0	
AEN&R	Partnership with parents	*	187	133	0	
Personnel	School Workforce Census	*	70	18	0	
			1,609	1,403	27	
Schools Budget/Block:						
Schools	Schools Delegated Budgets		23,722	28,938	31,734	DSG
Schools	Schools Delegated Budgets	*	-1,338	-1,031	0	DSG
Schools	Additional pressures (Energy, contract cleaning and caretaking)	*	2,510	1,290	3,265	DSG
			24,894	29,197	34,999	

Draft of MTP financial appendices for Operation, Resources and Skills (CFE) portfolio (continued)

	Summary of MTP Pressures	New	2009-10	2010-11	2011-12	DSG
			£'000	£'000	£'000	Funded
Dedicated Schools Grant Increase:						
Contingency	Dedicated School Grant (DSG) increase		-18,378	-23,729	-28,022	DSG
Contingency	Adjustment for primary falling roll		-6,041	-5,835	-5,365	DSG
			-24,419	-29,564	-33,387	
Service Strategies & Improvements:						
Capital Strat	Prudential borrowing		559	334	0	
Capital Strat	Development Opportunities Prudential Borrowing Revision		77	96	-173	
LCSPs	Local children's service partnership managers	*	1,720	0	0	Ref 1 & DSG
LCSPs	LCSP Administrative support	*	193	0	0	Ref 1 & DSG
Finance & personnel	Net increase in finance & personnel support to Directorate	*	92	40	40	Ref 1 & Part DSG
Schools	Designated units review - phase 2	*	1,167	667	0	DSG
Sch Org	Replace PESE IT system	*	85	-85	0	DSG
			3,893	1,052	-133	

Ref 1 - Transfer of clusters managers to local children's partnerships

Appendix 5 - Draft of MTP financial appendices for Children, Families and Educational Achievement portfolio

The table below provides a summary of the MTP pressures for the Operation, Resources & Skills Portfolio. New MTP pressures for 2009-10 are marked with an asterisk:

	Summary of MTP Pressures	New	2009-10	2010-11	2011-12	DSG
			£'000	£'000	£'000	Funded
Pay:						
All	Pay		2,017	2,053	2,094	
			2,017	2,053	2,094	
Prices:						
Children's SS	Children's social services unavoidable price increases		1,311	1,350	1,391	
A&B	Alternative Curriculum Placements		218	224	231	DSG
Policy & Serv Dev	Collective Licenses		19	20	21	DSG
MI	Payments for 3 Year olds in private and voluntary settings		799	831	865	DSG
MI	Payments for 4 Year olds in private and voluntary settings		339	352	367	DSG
All	Legal Prices		40	40	41	
Children's SS	Client Transport	*	50	40	57	
Children's SS	Increase in energy costs for in-house establishments	*	95	0	0	
A&B	Alternative Curriculum Placements	*	0	9	18	
			2,871	2,866	2,991	
Government/Legislative Pressures:						
ASK (EY)	Supporting improvement in 740 Early Years settings		251	250	0	
MI	Increase in early education entitlement for 3 yr olds (from Sep 2009)		1,343	4,244	0	Ref 2
MI	Increase in early education entitlement for 4 yr olds (from Sep 2009)		576	1,820	0	Ref 2
MI	Additional school census returns - FYE from 2008/09		33	0	0	
ASK (EY)	Foundation Stage Profile modernisation programme - FYE from 2008/09		23	0	0	
ASK (EY)	Phase 2 Setting Improvement Partner Programme - FYE from 2008/09		62	0	0	
ASK (EY)	Phase 3 SIP rollout to remaining 60% plus children's centres		0	250	0	

Draft of MTP financial appendices for Children, Families and Educational Achievement portfolio (continued)

	Summary of MTP Pressures	New	2009-10	2010-11	2011-12	DSG
			£'000	£'000	£'000	Funded
ASK (EY)	Targeted leadership programme for settings Phase 1-3 - FYE from 2008/09		30	90	0	
ASK (EY)	Increase in Early Years Practitioners		150	200	0	
ASK (EY)	Kent Quality Assurance Mark - FYE from 2008/09		100	0	0	
ASK (EY)	Leading Early Years Teachers (LEYT) improvement project - FYE from 2008/09		145	0	0	
Children's SS	Looked after children - pledge, personal education allowances and top up to children trust fund accounts	*	1,300	0	0	
Educational Psychology	Educational psychology entry training	*	63	0	0	
Commissioning General	Tribunals Courts and Enforcements Act 2007	*	235	15	17	
Commissioning General	Web based Arete system	*	100	-100	0	
Commissioning	Common Assessment Framework (CAF) / Lead Professional (LP) - Support for staffing	*	200	0	0	DSG
Commissioning	Common Assessment Framework (CAF) / Lead Professional (LP) - eCAF roll out and training	*	150	-50	-50	DSG
Commissioning	Common Assessment Framework (CAF) / Lead Professional (LP) - Recruitment and dedicated CAF co-ordinators in local partnership areas	*	575	-115	0	DSG
Commissioning	CAF Module - continuation of temporary system due to delay by central government	*	80	-80	0	DSG
A&B	Alternative curriculum PRU places - increase rate to £9k per place	*	300	300	500	DSG
STS	Mandatory qualifications for HI, VI and MSI	*	50	0	0	DSG
Children's SS	Children and Young Persons Bill	*	0	339	575	
			5,766	7,163	1,042	
Demand/Demographic Led:						
Children's SS	Family support - FYE from 2008/09		83	0	0	
Children's SS	Fostering and Adoption - FYE from 2008/09		61	0	0	

Draft of MTP financial appendices for Children, Families and Educational Achievement portfolio (continued)

	Summary of MTP Pressures	New	2009-10	2010-11	2011-12	DSG
			£'000	£'000	£'000	Funded
Children's SS	Special Guardianship - FYE from 2008/09		88	0	0	
Children's SS	Adoption Support - FYE from 2008/09		64	0	0	
Children's SS	Adoption (British Association of Adoption & Fostering) - FYE from 2008/09		19	0	0	
Children's SS	Independent sector residential care - non secure	*	1,140	0	0	
Children's SS	Independent sector residential care - secure	*	400	0	0	
Children's SS	Legal services	*	753	0	0	
Children's SS	Training	*	200	0	0	
Children's SS	Therapeutic fostering	*	300	150	0	
Children's SS	Family group conferencing	*	100	100	100	
Children's SS	16+ service	*	90	0	0	
Policy	Legal services	*	60	0	0	
A&B	Health needs education service	*	200	0	0	DSG
A&B	Home tuition	*	200	0	0	DSG
A&B	Children missing education officers	*	50	0	0	DSG
MCAS	Increase demand on service from unaccompanied asylum seeking children and young people	*	160	0	0	DSG
MI	Additional payments to PVI providers to cover inflationary pressures, sustainability issues and EY foundation stage curriculum	*	4,000	0	0	DSG
			7,968	250	100	
Dedicated Schools Grant Increase:						
Contingency	Dedicated School Grant (DSG) increase		-2,163	-2,267	-2,341	
Contingency	New Specific grant for increase in early education entitlement		0	-6,176	0	Ref 2
Contingency	New Specific grant for increase in early education entitlement		-1,919	112	0	Ref 2
			-4,082	-8,331	-2,341	
Service Strategies and Improvements:						
MI	Software licenses - FYE from 2008/09		25	28	0	

Draft of MTP financial appendices for Children, Families and Educational Achievement portfolio (continued)

	Summary of MTP Pressures	New	2009-10	2010-11	2011-12	DSG
			£'000	£'000	£'000	Funded
ASK (Sec)	Personal, Social and Health Education (PSHE) adviser - FYE from 2008/09		29	0	0	
Policy & Serv Dev	Local Children's Trusts - FYE from 2008/09		45	45	0	
MI	Additional Capita modules - FYE from 2008/09		33	0	0	
MI	Increased analysis of pupil data - FYE from 2008/09		33	0	0	
Children's Commissioning	Occupational Therapy Equipment		97	0	0	
	YOS Board post inspection recommendations	*	90	10	0	
			352	83	0	

Ref 2 - Additional standards funding provided by DCSF to increase early years free entitlement from 12.5 hours per week to 15 hours per week

Appendix 6 – Existing 2008-11 MTP

Operations, Resources and Skills (CFE) Portfolio Revenue Budget					
		Staffing FTE	2008-09 £000s	2009-10 £000s	2010-11 £000s
Base budget controlled by this portfolio			0	60,893	61,849
	Transfer from E&SI portfolio		33,815	0	0
	Transfer from C&FS portfolio		17,047	0	0
Revised base budget after transfer from previous portfolios			50,862	60,893	61,849
Base Budget Adjustments:					
	Airwave		-10	0	0
	Kent Scheme		530	0	0
	Full year effect of transfer of recruitment assistant to CED in 2007/08		-18	0	0
	E-Recruitment saving		-64	0	0
	Development Opportunities - Prudential Borrowing		-215	0	0
	Special Schools Review - Prudential Borrowing		0	-559	-334
	Reduction in Formula Grant - student finances		-142	-432	-164
	Kent Rewards		-61	-22	0
	Remove increase in employer's pension contribution		-291	0	0
	14-24 Unit	5.0	280	0	0
	Area Based Grant		9,114	2,015	-1,855
		5.0	9,123	1,002	-2,353
Revised base budget after corporate adjustments		5.0	59,985	61,895	59,496
Dedicated Schools Grant increase:					
Contingency	Dedicated Schools Grant (DSG) increase		-21,111	-25,776	-30,690
Contingency	Adjustment (Academies and Primary falling roll)		-11,955	0	0
			-33,066	-25,776	-30,690
Pay:					
All	Pay		1,206	1,012	986
			1,206	1,012	986
Prices:					
Awards	College Transport		48	50	52
Sch Org	Mainstream Transport		673	703	735
Sch Org	Mainstream Transport - Impact of Freedom pass		300	0	0
AEN&R	SEN Transport		674	704	736
AEN&R	Independent/non-maintained schools		781	843	911
ICT	SIMS Licence		55	60	66
Awards	Free School Meals		67	69	72
			2,598	2,429	2,572
Government/Legislative Pressures:					
Awards	Free School Meals		38	25	26
Personnel	Criminal Records Bureau (contact point)	1.0	32	16	0
School Org	Public consultation		35	0	0
All	Academy central recoupment		120	356	0
Awards	Phasing of student award reductions		142	432	164
Capital Strategy	Tree safety and hiring and moving mobile classrooms		970	0	-100
		1.0	1,337	829	90
Delivery of Towards 2010 Targets:					
14-24 unit	Expand pre-vocational 14-16 programme	1.5	250	0	0
14-24 unit	Double student participation in Skill Force programme		125	0	0
			375	0	0

Operations, Resources and Skills (CFE) Portfolio Revenue Budget

		Staffing FTE	2008-09 £000s	2009-10 £000s	2010-11 £000s
Service Strategies and Improvements:					
School Org	Support to Sheppey reorganisation		50	0	-50
Capital Strategy	Prudential borrowing		215	559	334
		1.5	265	559	284
Schools Block:					
Schools	Schools Delegated Budgets		30,850	23,442	28,938
			30,850	23,442	28,938
Income generation:					
Finance	Charge schools for finance training		0	-120	0
Client Services	Charge schools for client services		0	-217	0
H&S	Charge schools for outdoor education support		0	-185	0
			0	-522	0
Savings:					
Bus Man	Postage costs		-95	0	0
Bus Man	Photocopying/stationery		-100	0	0
Bus Man	Administrative support	-10.0	-135	0	0
Awards	Home to college transport		-48	0	0
Personnel	Recruitment budget		-70	0	0
AEN&R	Reduce database team	-1.0	-30	0	0
AEN&R	Full year effect of 2007/08 staff savings		-56	0	0
ICT	Savings on broadband connectivity		-1,532	0	0
All	Efficiency savings across all units		-463	0	0
All	Technology refresh project		-132	0	0
All	Use of PRG funding to help with phasing issue		192	0	0
All	Cross cutting savings		-188	0	0
All	Targeted reduction in net spend		0	-2,019	-1,344
		-11.0	-2,657	-2,019	-1,344
Budget controlled by this portfolio		-3.5	60,893	61,849	60,332

Children, Families and Educational Achievement Portfolio Revenue Budget

	Staffing FTE	2008-09 £000s	2009-10 £000s	2010-11 £000s
Base budget controlled by this portfolio		0	132,090	133,504
Transfer from E&SI portfolio		20,999	0	0
Transfer from C&FS portfolio		81,278	0	0
Revised base budget after transfer from previous portfolios		102,277	132,090	133,504
Base Budget Adjustments:				
Budget disaggregation with Adult Social Services		300	0	0
Paediatric Occupational Therapists		242	0	0
e-Recruitment saving		-171	0	0
Transfer to communities - Church in Society - Appropriate Adult		-41	0	0
Volunteer Service				
Teenage Pregnancy		180	-90	-90
Swift Disaggregation		88	0	0
Kent Rewards		-10	-4	0
Formula Grant - Childrens Services		4,477	0	0
Remove increase in employer's pension contribution		-400	0	0
Area Based Grant		20,731	1,103	610
		25,396	1,009	520
Revised base budget after corporate adjustments		127,673	133,099	134,024
Contingency	Dedicated Schools Grant (DSG) increase	-2,153	-2,154	-2,259
Contingency	New specific grant for increase in early education entitlement	0	0	-6,176
Pay:				
All	Pay	2,542	2,017	2,053
		2,542	2,017	2,053
Prices:				
Childrens	Childrens social services unavoidable price increases	1,249	1,311	1,350
A&B	Alternative Curriculum Placements	199	205	211
Policy & Serv Dev	Collective Licences	18	19	20
MI	Payments for 3 Year olds in private and voluntary settings	850	799	831
MI	Payments for 4 Year olds in private and voluntary settings	365	343	356
MI	Software licences - Integrated childrens system (ICS)	100	0	0
All	Legal Prices	39	40	40
		2,820	2,717	2,808
Government/Legislative Pressures:				
Commissioning	Data Sharing/Common Assessment Framework (CAF)		350	-350
General				0
ASK (EY)	Supporting improvement in 740 Early Years settings	4.0	251	251
MI	Increase in early education entitlement for 3 yr olds (from Apr 2010)		0	0
MI	Increase in early education entitlement for 4 yr olds (from Apr 2010)		0	0
MI	Additional school census returns	2.0	47	33
ASK (EY)	Foundation Stage Profile modernisation programme		32	23
ASK (EY)	Phase 1 Recovery Programme		56	0
ASK (EY)	Phase 2 Setting Improvement Partner (SIP) Programme		86	62
ASK (EY)	Phase 3 SIP rollout to remaining 60% plus children's centres		0	0
ASK (EY)	Local public service agreement (LPSA) Project Extension - Private, Voluntary and Independent early years providers		55	0
ASK (EY)	Targeted leadership programme for settings Phase 1 to 3		0	30
ASK (EY)	Early childhood environment rating scale (ECERS) validation		48	0
ASK (EY)	Increase in early years practitioners		0	150
ASK (EY)	Kent Quality Assurance Mark		30	100
ASK (EY)	Leading Early Years Teachers (LEYT) improvement project		45	145
Childrens	Therapeutic support foster treatment		80	0
Childrens	Family support		500	0
Childrens	Estimated shortfall of care matters grant	97	591	0
		6.0	2,171	444
			6,967	

Children, Families and Educational Achievement Portfolio Revenue Budget

		Staffing	2008-09	2009-10	2010-11
		FTE	£000s	£000s	£000s
Demand/Demographic Led:					
MI	Take up of additional places for 3 Year olds in private and voluntary settings		254	0	0
MI	Take up of additional places for 4 Year olds in private and voluntary settings		88	0	0
Childrens	Family support		578	83	0
Childrens	Secure Accommodation		200	0	0
Childrens	Fostering and Adoption		672	61	0
Childrens	Special Guardianship		62	88	0
Childrens	Adoption Support	2.0	26	64	0
Childrens	Adoption (British Association of Adoption and Fostering)	1.0	26	19	0
		3.0	1,906	315	0
Delivery of Towards 2010 Targets:					
ASK (Sec)	Expand competitive sport in schools		75	0	0
			75	0	0
Service Strategies and Improvements:					
MI	Software licences		20	25	28
ASK (Sec)	Personal, Social and Health Education (PSHE) adviser	1.0	41	29	0
Joint Commissioning	Full year effect of Joint Commissioning - Head of Service		44	0	0
Joint Commissioning	Full year effect of Joint Commissioning - Support/Development post		25	0	0
Policy & Serv Dev	Local Children's Trusts		0	45	45
MI	Additional Capita modules	2.0	47	33	0
MI	Increased analysis of pupil data	2.0	47	33	0
MI	Education Management System (EMS) module update		150	-150	0
Childrens	Occupational Therapy Equipment		0	100	0
Childrens	Competency payment for foster carers		89	0	0
		5.0	463	115	73
Savings:					
Childrens	Out of Hours	-1.0	-20	0	0
Childrens	Section 17 (Children's Act)		-200	0	0
Childrens	Adoption staffing	-2.0	-62	0	0
Childrens	Administration staffing and infrastructure costs	-8.0	-175	0	0
Childrens	Ready for practice and training	-10.0	-117	0	0
Childrens	Business Unit	-2.0	-29	0	0
Childrens	Interagency/specialist fees		-20	0	0
Childrens	Rebadge of Early Years expenditure		-50	0	0
Childrens	Closure of Alderden House		-450	0	0
Childrens	Review all residential placements		-132	0	0
ASK (LI)	Capitalisation of Building Schools for the Future (BSF) advisers		-1,120	0	0
ASK (LI)	Management		-20	0	0
ASK (LI)	Full year effect of 2007/08 staff savings		-195	0	0
ASK (PD)	Training & development		-75	0	0
ASK (PD)	Curriculum development funding		-79	0	0
ASK (Primary)	Modern Foreign Language (MFL) adviser		-30	0	0
Commissioning - All	Existing staff savings	-17.0	-506	0	0
JCO	Joint commissioning officer (JCO) and central admin support	-1.5	-50	0	0
Policy & Serv Dev	Local Authority Initiatives		-27	0	0
Childrens	Service review / use of Area Based Grant (ABG)		-447	0	0
All	Use of Performance Review Grant (PRG) funding to help with phasing issue		795	0	0
All	Cross Cutting savings		-398	0	0
All	Targeted reduction in net spend		0	-3,049	-1,917
		-41.5	-3,407	-3,049	-1,917
Budget controlled by this portfolio		-27.5	132,090	133,504	135,573

Appendix 7: Further details of DSG proposed pressures

The Table below provides details the proposed DSG pressures and funding gap for 2009-10:

Dedicated Schools Grant Budget Position Statement

		2009/10		
		£'000		
Indicative DSG increase		-20,541		
Reuse existitng DSG from falling rolls		-6,041		
Available funding		-26,582		
Based on central expenditure limit rules and current split, the DSG increase should be split as follows:				
		Schools & PVI	Central	Totals
		£'000	£'000	£'000
Total Available funding		-24,384	-2,198	-26,582
Pressures				
<u>Schools & PVI</u>				
		Schools & PVI	Central	Totals
		£'000	£'000	£'000
Schools Delegated Budgets	Schools	22,384		22,384
Additional energy	Schools	2,510		2,510
PVI inflation increase	Prices	1,138		1,138
PVI	Demand	4,000		4,000
Units Review	Schools	1,167		1,167
Sub Total - Schools & PVI pressures		31,199	0	31,199
<u>Centrally Retained</u>				
Pay	Pay		1,524	1,524
Independent/ Non Maintained	Prices		823	823
Alternative curriculum	Prices		218	218
Free school meals	Prices		120	120
SiMS licences	Prices		60	60
Collective Licences	Prices		19	19
Free school meals	Gov/Leg		25	25
Academy recoupment	Gov/Leg		770	770
CAF	Gov/Leg		1,005	1,005
Alternative curriculum PRU places	Gov/Leg		300	300
Mandatory Qualifications for HI, VI, MSI	Gov/Leg		50	50
Health Needs	Demand		200	200
Home tuition	Demand		200	200
MCAS (Asylum)	Demand		160	160
Children missing education officers	Demand		50	50
LCSP Managers and support (from 1 Sept 08)	SSI		2,146	2,146
Replace PESE IT system	SSI		85	85
Sub Total - Central DSG pressures		0	7,755	7,755
Removal of LEO and JCO posts (from 1 Sept 08)	SSI		-2,146	-2,146
Sub Total - Central DSG pressures less realised savings		0	5,609	5,609
Current Funding gap		6,815	3,411	10,226

Dedicated Schools Grant (DSG)

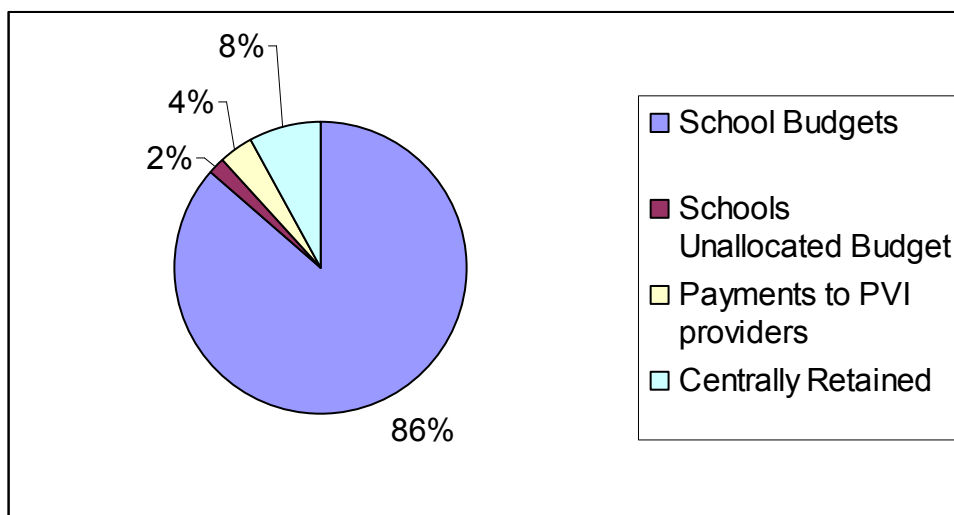
As the name implies this is a ring-fenced grant provided to support schools, and other services supporting pupils, including all three and four year olds accessing the Free Entitlement to Early Years education in non-local authority maintained settings.

The grant is calculated in a highly simplistic way. A single count in January of all pupils for whom the grant is intended is multiplied by a single value per pupil. For 2008-09 the January 2008 pupil count totalled 197,113 pupils. Multiplied by the DSG pupil value set by DCSF for Kent of £3,938 produced a DSG total of £773.9m. The DCSF also provided indicative DSG totals for 2009-10 and 2010-11 using estimated pupil numbers and **guaranteed** DSG pupil values. We already know, therefore, the rate of increase that can be anticipated in DSG for the next two years, subject to final pupil counts in January 2009 and January 2010.

Many DSG services, and indeed many elements of the school funding formula are not, however, directly geared to pupil numbers; they are more akin to fixed costs varying only if there are very major changes in the pupil population or age profile. Other elements of costs such as supporting very severe and complex special educational needs pupils may rise, even if the overall pupil population is falling – as is the case now in Kent. So the grant calculation does not take account of any service pressures other than raw total pupil numbers, nor does it recognise localised cost pressures. DSG annual pupil rate increases are based only on government's broad perception of expected RPI and pay movements, which for the current 3 year CSR period did not anticipate the energy price and credit crunch issues.

There are complex and restrictive rules governing the use of this grant, and the way in which it is divided up between the main services it supports. Government regulations give priority to delegated school budgets requiring them to increase annually by a minimum percentage (set each year by DCSF). Regulations also prohibit the non-school parts of DSG increasing annually at a greater rate than the schools part, **unless** agreed by the Schools Funding Forum or, exceptionally, the Secretary of State. This is referred to as the Central Expenditure Limit (CEL).

In 2008/09, Kent's £773.9m DSG is used to fund the following:



These structural features and restrictions have significant implications for the 2009-10 and 2010-11 MTP periods. These are itemised below:

- i) The overall forecast increase in DSG for 2009-10 is £20.5m. This is only a 2.6 % cash increase. The value of the grant per pupil will increase by 3.6%, but because of falling school rolls, the cash grant will rise by a lower percentage. Similarly in 2010-11, the grant per pupil rises by 4.2%, but because of continuing falling rolls, the cash grant will only rise by £26m or 3.2%
- ii) School rolls (mainly primary) are forecast to fall by around 1800, resulting in a loss of DSG of £7.6m in 2009-10, but the saving in amounts that have to be delegated to schools by formula will only reduce by around £6.0m. This immediately creates an effective loss of grant in real terms of £1.6m.
- iii) Although this loss of grant relates mainly to primary schools, the CEL mechanism results in the loss of grant having to be shared between the centrally retained budgets, and school budgets, adding to other central budget pressures.
- iv) The identified budget pressures affecting centrally managed DSG services in 2009-10 total £7.8m, an increase of 9.6%. Identified pressures on the schools' elements of DSG total £31.2m, an increase of 4.5%. Because of the limit on central expenditure increases (CEL), there cannot be any rebalancing of the shares of these pressures in favour of the centrally retained side, unless agreed by the Forum. Only £2.2m of the £20.5m DSG increase is automatically allowed to be used for centrally managed services, leaving a funding gap of £3.4m (4.1% of centrally retained budgets).
- v) On the schools side, the picture is slightly more favourable, although still tough. When school rolls reduce, there is a saving in the amounts

delegated by formula which are available to contribute to other school and/or PVI pressures. Thus increased funding available to the schools' part of DSG services comes in two parts: the share of the DSG cash increase (£18.4m) plus the cash released by falling rolls (£6.0m).

- vi) There is therefore a total of £24.4m available towards the identified pressures of £31.2m, leaving a gap of £6.8m (1% of schools-related budgets)
- vii) One further feature of the grant regime that adds to budget pressures is the way the DCSF adjusts DSG for schools transferring to Academy status. As well as reducing Kent's DSG for the delegated funding that an Academy receives (as this is paid directly to Academies by DCSF) a further top-slice from DSG is taken based on the presumption that a direct proportion of certain centrally managed services budgets are attributable to the Academies. There is in fact no linear relationship between these services and the number of schools, and this adjustment merely adds therefore to the shortfall of funding needed to maintain these services at current levels.
- viii) DCSF and Ofsted now expect PVI providers of early years education to meet high standards of quality, particularly in the qualification levels of staff. To achieve these standards most settings would need to incur significantly increased costs, but the DSG assumptions about price rises make no allowance for this. In addition, from 1 September 2008, POVI providers are required to deliver the early years foundation stage curriculum like maintained settings. There is, therefore little or no scope to respond to this pressure without an adverse effect on the remainder of the schools' part of DSG budgets, ie the direct formula funding of maintained schools.