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To:	Education Cabinet Committee –18 January 2013
Subject	2013/14 Final Draft Budget
Classification:	Unrestricted

Summary :	The late announcement of the Local Government Finance arrangements for 2013/14 means that final draft budget could not be available in time to include in this report. The Director School Resources will provide a verbal update on the proposals affecting the Education, Learning & Skills portfolio for the Committee to consider.
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1. Introduction

1.1 At the last meeting the Committee was given an update on the consultation on the draft budget launched in September 2012. The consultation closed on 1st November. A report was presented to Cabinet on 3rd December and analysis from the independent MORI research and responses to KCC consultation document were published at the same time. These reports are available at http://www.kent.gov.uk/your_council/council_spending/budget_proposals.aspx

1.2 The consultation identified that the Council faced estimated reductions in government grant/council tax collection of £28m (excluding Dedicated Schools Grant) and estimated additional spending demands of £32m. Together these required savings and income of £60m to balance the budget. The consultation also identified that for schools we estimated no change in the value of DSG funding per pupil but there would be an increase due to rising rolls and a reduction to reflect academy conversions. For simplicity we did not include any other changes affecting schools such as pupil premium or the transfer of funding for the expansion of free early years places for 2 year olds into DSG. The potential impact of the national funding changes on schools and the LA was reported in detail to the previous meeting of this Committee and to Cabinet on 3rd December 2012, but did not form part of the Public Consultation.

1.3 Since the KCC consultation was launched there have been a number of funding changes announced by central government and details of the new business rates arrangements are still to be resolved. These were reported to Cabinet on 3rd December and Cabinet was asked to note the likely overall detrimental impact. Cabinet resolved that the impact would only be quantified after the provisional local government grant is announced in December.

2. Consultation Responses

2.1 There were a number of issues affecting the Education, Learning & Skills portfolio in the consultation as reported to Cabinet on 3rd December. Cabinet's response was included in the report and is set out below for Cabinet Committee to comment.

Schools

2.2 In principle, participants at the MORI workshops were keen to see greater responsibility for school improvement by schools, reducing Council spend. They felt that there should be increased responsibility from individuals and communities. They also felt that schools should share best practice and that underperforming schools should learn from better performing ones. However some participants were concerned about whether this would work in practice. Participants also felt that parents would be more likely to try to get their children into a better school rather than play a role in improving their local under-performing school.

2.3 Cabinet agreed with the participants' view that responsibility and financial autonomy should be devolved to schools wherever possible. KCC has already put this into practice and is committed to devolving responsibility as the best way for schools to meet the needs of their pupils and achieve excellent outcomes. However, whilst schools should be financially autonomous, it is important that the total investment into Kent schools is sustained. Cabinet will work with schools to ensure that the changes to schools funding being proposed by the Government are fair, and do not reduce the comparative level of funding available for Kent schools..

2.4 In response to the changing landscape, Cabinet is ensuring that a new transactional relationship is developed in the way that KCC supports schools. EduKent allows schools and academies to buy the support services they need from KCC to run their school effectively. Cabinet also agrees that schools are best placed to help each other improve and the Kent Association of Head Teachers is focused on schools working together to support each other in collaborative partnerships.

Transport

2.5 Respondents thought that the community could get more involved in running transport services. In the case of SEN transport, participants welcomed more control and responsibility for parents in getting their children to school, but felt that some vulnerable families would still need support. People felt that given the existing costs of running a car and using public transport, they would not be willing to pay more to use transport services. The exception was the Freedom Pass, which participants felt was offering an exceptional deal. Views were mixed on increasing council tax to support this service or reducing service levels.

2.6 The increase in SEN transport costs over recent years is unsustainable, and KCC must do everything we can to bring costs down. Cabinet agreed with participants that it is good for parents to have more say in how their child is transported to school, and the more personalised approach will be a positive change. However, the needs of the child are a priority, and parental involvement would only be on a voluntary basis. Cabinet will also oversee the renegotiation of SEN transport contracts to get maximum value from them, including working with other South East region councils through SE7 to see whether larger scale commissioning and procurement of SEN transport can deliver better value.

2.7 Cabinet is pleased that participants think the Freedom Pass offers such a good deal. The Freedom Pass supports Kent's young people to make the most of education, employment, social and cultural opportunities, and is a service that many other Councils do not provide. Cabinet realises that increasing the individual contribution would only be a short-term solution, and therefore we are considering how we can make changes to the offer in future years to make it more financially sustainable.

2.8 However, we need to be clear that it is a parent's responsibility to get their children to school and they should consider this when choosing a school. We only have to provide transport assistance where a child lives beyond the statutory distance from their nearest school. The Freedom Pass means KCC already goes much further in its support for children and families beyond the statutory minimum and invests upward of £10m on subsidy for the Kent Freedom Pass and the Post 16 Travel Card. These enable Kent's young people to access public transport not just to and from school and places of education, but also for use at evenings and weekends. Cabinet believes it is essential that all young people should be able to access schools and other facilities best suited to their learning needs.

2.9 Cabinet also agreed with participants' views that subsidy of bus routes could be reduced. In the current financial climate, it will not always be viable or fair to continue to subsidise individual routes which are hardly used. Cabinet will ensure that this is reviewed on a case by case basis, taking into account the needs of users in the area and local alternatives. Where a bus route is supporting a vital need, for example, helping people to get to a hospital, Cabinet will seek to maintain funding for it.

3. Medium Term Financial Plan and Budget Book

3.1 The published Medium Term Financial Plan (MTFP) 2012/15 set out the main changes between 2011/12 and 2012/13 budget for each portfolio. The published plan included an overall three year plan for the whole Council setting out the anticipated funding reductions and additional spending demands and the broad areas where the authority anticipated identifying savings to balance the budget. The 2012/13 plan for the Education, Learning & Skills portfolio is included as Appendix 1.

3.2 The Budget Book continued to be produced in an A to Z service format rather than portfolio basis. This change was introduced in 2011/12 and has generally been well received as it focuses attention on the services KCC provides rather than how the authority is organised. In 2012/13 KCC introduced detailed variation statements for each line in the A to Z to explain movements between 2011/12 and 2012/13. The final version of the Budget Book published in March included details of individual directorate/service unit budgets and an extract of the A to Z for each portfolio. This extract of the 2012/13 A to Z for the Education, Learning & Skills portfolio is included as Appendix 2.

3.3 The Budget Book included a revised presentation of the capital programme. This set out the overall capital investments under each portfolio and how expenditure in 2012/15 was planned to be funded. This revised presentation provided a more appropriate focus on overall spending and funding rather than concentrating on the phasing of expenditure. The 2012/15 investment plan for the Education, Learning & Skills portfolio is included as appendix 3.

3.4 The final draft MTFP and Budget Book 2013/14 adopts these same principles. In order to be compatible with the spending Review we have only included a 2 year overall plan for the whole council. The MTFP also includes more detail on the national and local economic context and revised revenue and capital budget strategies.

3.5 The timing of the local government provisional settlement (expected 22 December 2012) means that Committees have had little opportunity to consider the final draft proposals in advance of the meeting. Committees are invited to consider whether individual Informal Member Groups (IMGs) should be convened to consider the draft proposals prior to final consideration at County Council on 14th February. The final proposals have been launched with a very short period for comments.

4. Recommendations

4.1 Members are asked TO:

- (a) NOTE the late announcement of the provisional local government finance settlement and the impact on budget timetable;
- (b) COMMENT on the issues affecting the Education, Learning & Skills portfolio raised in consultation and Cabinet's response; and
- (c) CONSIDER convening an IMG to consider the final budget proposals affecting the Education, Learning & Skills portfolio in advance of County Council meeting on 14th February

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