

LEWISHAM SCHOOLS FORUM			
REPORT TITLE	Changes to Services to Schools		
KEY DECISION	Yes	Item No.	5
CLASS	Part 1	Date	10 December 2015

1. Purpose of the Report

This report looks at the future financial position of the Council and the savings currently proposed to the Mayor. It considers in detail the savings related to the traded services and schools non-traded services and their impact on schools budgets. It then looks at the proposals for the services that impact on schools, parents and children.

2. Recommendation

A).The Schools Forum indicates its support for the proposal to increase the charges for services provided to schools and the range of services that are charged for within the following sections of this report

- 4.2.1 Increase of traded services charges
- 4.2.2 Attendance and Welfare

B) To note the position on the Music charges

3. Background

The financial outlook for the Council and the public sector as a whole remains extremely challenging. The Government has re-affirmed its commitment to deliver significant reductions in public sector expenditure.

The Council's Medium Term Financial Strategy considered by members, suggests a further reduction in resources of a minimum of £30.4m (12.3%) between 2015/16 and 2019/20. At the same time spending projections, including national insurance changes, pay and prices and provision for budget pressures related to an increasing population and changing demographic needs, estimate that minimum additional spending of £52.7m (21.4%) will be required to meet those needs.

The Medium Term Strategy can be seen via the following link

<http://councilmeetings.lewisham.gov.uk/documents/s37678/10MediumtermfinancialstrategyPAC140715.pdf>

The Chancellor announced his Comprehensive Spending Review (CSR) on the 25 November 2015. The exact details of the Local Government Settlement will not be published until 17 December 2015 when the funding for next year will become clear. The longer term position is even more uncertain due to the withdrawal of central government funding and the retention of business rates. Whether settlement details will provide full details on these issues is unknown.

Currently the Council estimates the level of savings required for the four year period 2016/17 to 2019/20 at £83.1m. Of this £11.1m of savings were agreed in the 2015/16 budget. The Council's budget model therefore estimates the remaining savings requirement over the next four years to be £72.0m (2016 - 2020).

.4. Children and Young People's Directorate

- 4.1** Within the Children and Young People's Directorate total savings of £2.2m are being considered, with existing saving of £1.3m agreed last year for 2016/17, the total savings for next year are £3.5m. The net budget of the CYP directorate is £51.1m, the savings proposals represents 7% of the budget.

The savings are grouped into strands

4.2. School Related Services (Total Saving £660k)

The services and activities within this strand provide support to schools in delivery of their responsibilities.

The Local Authority already charges for services provided to schools with an annual income of £3.3m (2015/16). The overall proposals below would increase the level of traded services in this strand by £0.4m representing 0.2% of the totality of schools' delegated budgets.

- 4.2.1 To increase the charges to schools** for all existing Service Level Agreements by 2.5% above rate of inflation to raise £100k in 2016/17. This would better reflect the actual cost of delivering the services.
- 4.2.2 Attendance and Welfare (AWS).** It is proposed to increase the proportion of activity traded with schools and reduce the cost of the core service. The increased income is estimated at £150k. While the attendance of vulnerable pupils would

continue to be the subject of attendance casework centrally, schools would be charged for routine casework currently undertaken as part of the core service. Under this proposal, the AWS would better reflect the statutory duties of the LA and there would be greater clarity about the responsibilities of schools either to undertake the casework themselves or to pay for the LA to undertake it.

The current council funded budget of £498k represents a cost of £19 per pupil which benchmarks against average English spending of £12 per pupil. The budget has the last two years been reduced to move towards national and local comparators and this further saving would achieve the English average benchmark.

- 4.2.3** It is proposed that the **Schools Strategic IT** post will be wholly covered by charges to those schools that wish to purchase the service.
- 4.2.4** Increase in charges for training by **Education Psychology** service to PVI child care providers raising £5k.
- 4.2.5 School Estates:** Some staffing savings have already been made in this area through the voluntary severance scheme releasing £30k. It is anticipated a further efficiency of the estates team can release savings of £190k through greater collaboration within the Council and a reduction in provision for property consultancy fees.
- 4.2.6 Free School Meals Eligibility Assessment:** It is proposed to transfer the service to the Customer Services financial assessments team. The saving would remove the Council's remaining General Fund contribution of £17k towards costs by the reduction in hours employed and a change of line management. There would still be a cost borne by the DSG for the FSM eligibility activity.
- 4.2.7 The Standards and Achievement Team** monitors the performance of schools, identifies where action is required to secure improvement and broker or provide that support to the schools requiring it. A management restructure is in process which would ensure the senior capacity required for the school improvement agenda especially for secondary schools and continue work for primary and early years while delivering savings. The re-organisation would deliver £50k of savings through a reduction in staffing budget, with the remaining staffing/commissioning budget sufficient to meet the local authority's duties to secure improvement of schools.

The reduction in staffing costs will not result in redundancies because of existing vacancies.

4.2.8 Corporate HR (£100k)

The proposal in this strand is to realign the HR charges to the schools for recruitment, occupational health, policy advice, HR systems, DBS clearance, trade union secondments and employee relations. No firm proposals is however available but it could impact to the extent of £100k on schools delegated budgets.

4.2.9 Insurance

This proposal is to adjust the insurance recharge model to introduce a 'premium for risk'. The revised charges will more accurately reflect the whole risk to the Council arising from the higher levels of excess applicable to school properties and provide a contribution to the risk that the Council carries in respect of the gap between the level of risk insured (self-insured and via external premium) and the actual exposure.

4.3 Targeted Services (Total saving £550k)

The savings are detailed below

4.3.1 Sensory Teachers: The DSG regulations states assessment and monitoring should be funded through the General Fund but any individual support can be funded from DSG resources. An assessment of the time on activities provided by the team is that 2.5fte would count as support and can be charged to the DSG. This would provide a saving of £190k to the General Fund or 40% of the budget.

4.3.2 Sensory Teachers: A reduction in the equipment budget to reflect actual levels of demand would provide a saving of £60k. This would amount to a reduction of 33% in the budget and could be achieved without impact on service delivery.

4.3.3 Educational Psychologists: Further reduction in staffing through not replacing staff or replacing vacant roles on lower grades to save £35k or 10% of the budget.

4.3.4 Occupational Therapy – The management restructure will align the OT service within the LA with the health OT service provided by Lewisham and Greenwich Trust. This would produce a saving of £50k or 50% of the budget.

4.3.5 Reduce Carers Funding £40k

This saving is achieved through reducing the commissioning of Contact a Family (charity organisation) to co-ordinate the provision of short breaks to families with disabled children and young people (£14k). This can be achieved without significantly impacting on service delivery and makes a small impact on the overall commissioning from Contact a Family. The remainder of this saving (£26k) results from the non-renewal of a small contract with Carers Lewisham (charity organisation). Carers Lewisham has a larger contract with the council which will continue. These grants are funded from the Short Breaks Budget of £1.2m.

- 4.3.6** Review of Multi Agency Planning Pathway (MAPP) Team - This saving to the General Fund is achieved through increasing the Health contribution to the service by £120k. This saving is under negotiation and would represent 50% of the current budget provision.

4.3.7 Joint Commissioning of Health services

This saving is achieved through increasing the contribution from the Clinical Commissioning Groups (CCG) towards joint commissioning work for children's services. This will deliver £50k in savings to the General Fund (9% of the budget).

- 4.3.8** In May 2015, the CCG will be transferring responsibility for maternity commissioning to the CYP joint commissioning team and a financial contribution will accompany this transfer to reflect the work undertaken by the team on behalf of the CCG.

- 4.3.8** In October 2015, NHS England will be transferring responsibility for commissioning of 0-5 services to the Local Authority. There is a contribution of approx £30k for this. As the team has effectively managed Health Visiting services prior to the transfer, it is anticipated that this can be offered up as a saving and included in these saving figures.

4.4. Youth Services (Total Saving £300k)

The service is currently developing proposals for the creation of a staff and young people led mutual for the youth service. A report on this, outlining the business plan and demonstrating the viability, will be presented to Scrutiny and Mayor and Cabinet in the late autumn, including the potential savings that will be achieved.

This proposal is to include an initial financial tapering for the mutual at £150k per annum, to a total of £300k by the end of 2017/18. There is no direct impact on school budgets.

4.5 Safeguarding Services (Total Saving £670k)

The proposals in this area looks at savings to the supplies and services budget, the procurement of placement costs and to reduce spend through a focus on the use of specialist foster carers for challenging young people rather than residential placements.

5. Public Health

As part of the council's savings, reductions in the public health service will be made which will potentially impact on schools.

1. The cycling in schools programme which provides cycling proficiency and road safety training to children of school age will cease. Currently the service is provided to 40 schools.

2. The funding for free swimming for children will cease. This programme allows children to swim free outside schools hours in public and general swimming sessions.

6. Financial Impact

The table below shows the average purchase of SLAs by schools for 2014/15 and projected for 2016/17. This indicates that the impact of savings proposals is to increase the average primary purchase by £8,990, the average secondary purchase by £11,910 and the average special school purchase by £7,942. This calculation assumes that the average level of buy back of services by schools is 74%. It does not assume that all schools buy back all services.

Narrative	Primary	% of budget	Secondary	% of budget	Special	% of budget
Average spend before proposals	63,788	4	96,432	2	63,457	2
Average spend after proposals	72,778	4	108,342	2	71,396	2
Increase	8,990		11,910		7,942	

7 Traded Services Review

7.1 The Council is considering how best to inject a more commercial expertise into its income earning activities. An external consultant is undertaking a fundamental review of the arrangements for charges for services to schools as part of that work being directed under the auspices of the Lewisham Futures Board. The initial report of the consultant is shown in Appendix A.

7.2 A final report is due 29 February 2016 and this will be brought to the Forum on 17 March.

8. Music Charges

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8.1 Lewisham Music Service is funded by Arts Council England (ACE), through ring-fenced DfE funding, to deliver and support music education provision in Lewisham as a 'music education hub'. The Music Service receives no Council grants, but the Council does provide in-kind support including HR, finance management and payroll services, in addition to office space at Laurence House.

8.2 The current ACE grant period expires on 31 March 2016. On 3 December 2015, ACE announced that the DfE is 'protecting funding that goes directly to music hubs to spend on music education' and that 'further details will follow in due course'. The Music Service does not know what 'protecting' means in this context either in terms of levels of funding or for how long funding may be available. ACE has advised the Music Service that it will in all probability not know its grant allocation until January 2016.

8.3 In September 2015, ACE advised the Music Service to prepare for a 20% reduction in its current level of grant and an indicative budget for 2016/2017 has been prepared on this basis as the recent announcements do not provide any guarantees that this will not be necessary. The Service also has to prepare for increased staff costs as its programmes expand and develop. In addition, the Music Service is preparing to 'spin out' of the Council and become an independent charity in order to develop service delivery models for schools and users that can allow the service to operate with greater autonomy and flexibility, and to facilitate wider access to funding streams. The costs of transfer will need to be met from Music Service funds and this puts further pressure on the service's budgets.

- 8.4** In order to create a balanced budget for 2016/2017 it may be necessary to raise charges to schools by 8% from the current charge of £36 per tutor hour to £39 per tutor hour. Instrument hire will also rise by at least 10% from £17 per term to £19 per term although we are aiming to continue to provide sets of instruments for first access, whole class provision free of charge. These rises in charges will also be applied to out of school programmes but we will continue to fund a concession of at least 66% for children eligible for Pupil Premium and for Looked After children.
- 8.5** We will confirm charges for schools as soon as we have further news from DfE and/or ACE about the music education hub funding allocation for Lewisham in the New Year.

9. Conclusion

In the current economic climate it is essential all services are reviewed for efficiencies and the priorities of the council. The level of savings is such that no area of the council's services can be immune from this process. It is important that schools receive value for money for the services they purchase. These services have to compete in the open market place and the review now underway will hopefully inject a more commercial expertise into its income earning activities.

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