

**CENTRAL EXPENDITURE**

Contact Officer: Richard Schmidt, Head of Technical Accounting - MK 253570

**1. Technical Changes of Volume and Price**

1.1 Since the budget was agreed provisionally in March 2006 there have been a number of changes in circumstance which have an impact on the cost of services within the Central Expenditure. These are not changes in policy, but rather changes such as price variations, or changes in the demand of business. The main areas of change are listed below.

| <b>Budget Heading</b>       | <b>Amount (£k)</b> | <b>Explanation</b>  |
|-----------------------------|--------------------|---|
| Standards Funds             | (254)              | Reduction in Standards funds requiring a reduced match-funding contribution.  |
| Broadband Trading           | 90                 | Correction of error – Income moved to match expenditure in LEA Block  |
| Independent Special Schools | 300                | Increase in demand  |
| SEN – OLEA Provision        | (227)              | Reduction in net demand   |
| Speech Therapy              | 38                 | Increase in demand  |
| SEN Training                | (36)               | Shift in nature of service  |
| AER (EBD + Early Years)     | 111                | Increase in demand  |
| SEN Equipment               | 31                 | Increase in demand  |
| SEN Outreach project        | 36                 | Increase in demand  |
| SENDIS                      | 60                 | Increase in demand  |
| Home to School Link         | 68                 | Increase in demand  |
| Early Years Services        | 112                | Increases in the rates paid to Private, Voluntary and Independent providers as previously reported, off-set in part by a reduction in demand. |
| Primary PRU                 | 35                 | Increase in demand  |

|                 |            |                       |
|-----------------|------------|-----------------------|
| Tuition Service | 40         | Increase in demand    |
| Miscellaneous   | 15         | Various Minor Changes |
| <b>Total</b>    | <b>419</b> |                       |

1.2 As can be seen from the table above, even before looking at potential further developments there is an increased pressure on the central budgets. This is mainly due to increasing pressures on SEN, which is a nationally recognised phenomenon.

## 2.0 Further Developments

2.1 In addition to the technical adjustments described above there are a range of further development issues.

2.2 The Authority is proposing to link the increases in the rates paid to Private, Voluntary and Independent (PVI) providers of Early Years provision to the increases in AWPU rates for similar aged children. The figures shown in section 1 above include an inflationary increase of 4.5% in line with AWPU increases shown in provisional school budget shares. However, if as a consequence of the budget discussion AWPU levels are increased making this link would increase the central expenditure as well as the ISB. It would not, however, count against the Central Expenditure Limit, as increases in PVI payments are excluded from this calculation.

2.3 The Looked After Children Education Team (LACET) have in the past been funded by the Vulnerable Children's Grant (part of the Standards Fund). However, the grant ceased at the beginning of 2006/07 and this service is currently unfunded. This team provides direct service delivery in terms of education to an extremely vulnerable group of children and young people. Outcomes, in terms of performance indicators, are poor, and form a key part of judgements by external evaluations and inspections. The team has recently been subject to an internal review and significant changes are planned to improve performance. The work of this team would appear to be ideally suited to supporting the Every Child Matters agenda (and the recent government green paper on children in care) and as such a suitable fit for the Combined Services heading within the Schools Budget. To accept this the Schools Forum need to be satisfied that the costs are proportionate to the educational benefit derived from the expenditure. The anticipated cost of the team in 2007/08 is £175k.

2.4 There are a number of children and young people placed in establishments outside of the authority due to a combination of their special educational needs and their social care needs. Where such joint placements have been made there has been a historical apportionment of costs between the two budget headings. It is believed that the current apportionment of costs is capable of challenge in some cases. It is therefore recommended that a review of this area is undertaken with a view to implementing a more

appropriate mechanism for the start of the academic year in September 2007. It can be reasonably anticipated that such a review will see costs shift both ways between such budgets, however, on balance it is more likely that net costs will shift towards Special Educational Needs budgets. It is therefore proposed to include within the DSG a provisional budget of £200k to cover such an eventuality.

### 3.0 **Central Contingencies**

3.1 Listed below are the Central contingencies. The Schools Forum are invited to approve these contingencies.

|  | £'000        |
|--|--------------|
| School Specific Contingency                                    | 168          |
| LEA Initiatives (support for schools in categories of concern) | 87           |
| SEN AER Contingency  | 577          |
| Repair and maintenance emergency fund                          | 225          |
| Inclusion Contingency  | 204          |
| Small Class Size Contingency                                   | 175          |
| <b>Total Contingencies within the DSG</b>                      | <b>1,436</b> |
| School System Review – Staff protection (Non DSG)              | 965          |
| <b>Total Contingencies within the Schools Budget</b>           | <b>2,401</b> |