



Leicester  
City Council

**WARDS AFFECTED**  
None specific

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**TLL OVERVIEW BOARD**  
**OSMB**  
**CABINET**

**5<sup>th</sup> JUNE 2008**  
**18<sup>th</sup> JUNE 2008**  
**14<sup>th</sup> JULY 2008**

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## **TRANSFORMING LEICESTER'S LEARNING PLAN (TLL) – FINANCE**

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### **Report of the Interim Corporate Director, CYPS**

#### **1. Purpose of Report**

- 1.1 The purpose of this report is to present the current forecast additional costs of the Transforming Leicester's Learning Plan (TLL) and the proposed sources of funding, for the period from Autumn 2007 to July / August 2009.
- 1.2 The CYPS Departmental Management Team and the Schools Forum have considered reports on this topic and their comments are reflected in this report. *The Council's Cabinet will consider this report on 14<sup>th</sup> July 2008.*

#### **2. Estimated Additional Costs of Delivering the Plan**

- 2.1 The cost estimates are driven by the planned activity and initiatives. As the planning has developed and actual costs have started to be incurred, the cost estimates have become firmer. At this stage, the estimates are for additional costs for November 2007 to the end of the Summer term 2009, this being the lifetime of the current Plan.
- 2.2 Developing the capacity to sustain the improvements that will have been brought about by the Summer of 2009 is very important. Even so, some additional costs can continue to be expected from the Autumn Term 2009 and for some time thereafter. Further work nearer the time will be required to determine the activities and initiatives and hence the costs and funding. Schools Forum expressed concerns on this point.
- 2.3 The latest cost estimate for the themes, project management and leadership and additional School Improvement Advisers until Summer 2009 is in the order of £6.7m.
- 2.4 An additional £1.5m for School Improvement work at "hard to shift" and other relevant schools is anticipated. This includes the costs of Executive and Associate Heads, Lead Teachers, Federations and Collaborative Working.
- 2.5 The forecast costs therefore total £8.2m. **Table 1** overleaf shows the costs by theme and other category for each financial year, for the period November 2007 to July / August 2009 – showing the actual costs in 2007/08, the forecasts for 2008/09 and for 2009/10 and the overall total.

**Table 1 - TLL Actual and Forecast Additional Costs (by financial year)**  
**November 2007 – Summer Term 2009**

| <b>TLL - ACTUAL &amp; FORECAST COSTS</b><br><b>All figures in £000</b> | <b>2007/08<br/>Actual<br/>(Nov 07 –<br/>Mar 08)</b> | <b>2008/09<br/>Forecast<br/>(Apr 08 –<br/>Mar 09)</b> | <b>2009/10<br/>Forecast<br/>(Apr 09 –<br/>Aug 09)</b> | <b>Total<br/>Forecast<br/>(Nov 07 –<br/>Aug 09)</b> |
|------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|
| <b><u>Themes, Project Team &amp; Learning Services</u></b>             |                                                     |                                                       |                                                       |                                                     |
| Early Years and Foundation Stage                                       | 20                                                  | 413                                                   | 172                                                   | 604                                                 |
| Primary (KS1 and KS2)                                                  | 96                                                  | 507                                                   | 78                                                    | 681                                                 |
| Key Stage 4                                                            | 153                                                 | 690                                                   | 167                                                   | 1,010                                               |
| Leadership Development & CPD                                           | 34                                                  | 807                                                   | 314                                                   | 1,155                                               |
| Behaviour and Attendance                                               | 0                                                   | 426                                                   | 52                                                    | 478                                                 |
| Performance Management                                                 | 50                                                  | 873                                                   | 150                                                   | 1,073                                               |
| <b>Total of Themes</b>                                                 | <b>352</b>                                          | <b>3,717</b>                                          | <b>934</b>                                            | <b>5,003</b>                                        |
| TLL Project Team (DK's team)                                           | Charged<br>to CYPS                                  | 440                                                   | 150                                                   | 590                                                 |
| Project Lead and School Improvement Advisers in<br>Learning Services   | 78                                                  | 700                                                   | 300                                                   | 1,078                                               |
| <b>Total TLL Plan<br/>(Excluding School Improvement)</b>               | <b>430</b>                                          | <b>4,857</b>                                          | <b>1,384</b>                                          | <b>6,671</b>                                        |

  

|                                                                  |                            |              |            |              |
|------------------------------------------------------------------|----------------------------|--------------|------------|--------------|
| <b><u>School Improvement</u></b>                                 |                            |              |            |              |
| Executive Heads, Associate Heads and Lead<br>Teachers in Schools | 39<br>+ charged<br>to CYPS | 700          | 200        | 939          |
| Federations and Collaborative Working                            | 0                          | 400          | 150        | 550          |
| <b>Total School Improvement</b>                                  | <b>39</b>                  | <b>1,100</b> | <b>350</b> | <b>1,489</b> |

  

|                    |            |              |              |              |
|--------------------|------------|--------------|--------------|--------------|
| <b>GRAND TOTAL</b> | <b>469</b> | <b>5,957</b> | <b>1,734</b> | <b>8,160</b> |
|--------------------|------------|--------------|--------------|--------------|

2.6 A number of points should be noted about the cost forecast:

- The cost projections have arisen from work by Theme Leads; they have been consulted on the figures used as the basis for this report. Nonetheless, the activity plan and the associated costs are not fixed, and will continue to develop and change. Therefore the actual costs will undoubtedly vary to the forecasts in this report;
- The spending in 2007/08 was lower than envisaged in the initial plans. The impact on 2008/09 planned spending is assumed to be insignificant; this assumption is being discussed with Theme Leads and some changes to the forecasts may result;
- Some very significant activity levels are planned in 2008/09, and if these do not take place then the costs will reduce accordingly. The Schools Forum expressed some concerns that planned activities and spending could slip;
- The CYPS Departmental Management Team will review the details of the initiatives and costs proposed by Theme Leads, identify any duplication or areas where greater synergy with existing activity is required;
- The costs of School Improvement are particularly difficult to predict, as at this stage it is not known for how long the additional personnel will be in place at each school, nor necessarily which schools may come within the arrangements into the future. The costings are based on around eight Executive or Associate Heads at any one time, plus some Lead Teacher capacity. The forecast is significantly lower than previously, as only a small amount of spending was incurred in 2007/08 compared to the estimate and it is assumed in this report that this will not slip into 2008/09; and
- The costs of any Federations and Collaborative Working arrangements are highly indicative at this stage.

2.7 The forecast activity and costs will need regular review by Theme Leads in conjunction with CYPS Finance to keep them fully up to date, to ensure that all proposed spending is included and to identify efficiencies from collaboration and removal of any duplication across the themes.

2.8 A new financial hierarchy has been created on the Council's accounting system, with a cost centre for each theme. These will expand to give greater analysis as implementation gathers pace. A monthly budget monitoring report will be discussed with Theme Leads and the Strategic Lead and reported through to the Departmental Management Team. This will link with updates on performance and outcomes and enable a view to be taken on whether the financial investment is supporting commensurate improvements. Elected Members have asked to specifically monitor the Council's £500k investment in 2008/09 as part of the corporate budget growth monitoring arrangements.

2.9 Schools Forum commented on the need for the appropriate use of external consultants, with future capacity to be developed in the City wherever possible.

### **3. Funding of the Plan**

3.1 A number of funding sources were set out in the Plan when it was first published in November 2007, as summarised below. The contribution from each source was not identified at the time.

- Leicester City Council – 2008/09 additional budget and review of existing funding sources;
- Local Area Agreement – NRF and other LAA monies in 2007/08 and the new Area Based Grant in 2008/09;
- Partner Agencies – in cash and in kind;
- DCSF Support – by allocating funding for specific aspects of the Plan; and
- Schools' Block - Schools' Block Reserves and Dedicated Schools Grant.

3.2 The 2007/08 costs of £469,000 were met from £321,000 of reallocated grant funding (principally from the reallocation by the Local Strategic Partnership of underspends within the Children's Block of the Local Area Agreement) and £148,000 from the CYPs Departmental budget.

3.3 The funding of the Themes, Project Team and Learning Services and the funding of School Improvement Work are each considered in turn below.

#### Funding of the Themes, Project Team and Learning Services

3.4 Funding is available to support the cost of the Themes, Project Team and Learning Services, subject to the appropriate consents and consultations such as Cabinet and Schools Forum. Schools Forum has recorded its support for the proposals, building on its previously signalled support for the use of Schools Block resources to support the TLL.

3.5 The activities and costs of the TLL cover both Local Education Authority (LEA) and Schools Block activities. Only defined activities can be charged to the Schools Block (now funded by DSG), and that all other costs must be charged to the Council's General Fund (referred to as the LEA Block). Some costs are clearly Schools Block. Others are clearly the LEA Block, whilst others can fall in-between depending on the interpretation of the Regulations or on local definitions.

3.6 The Council's General Fund budget can be used to "top up" the Schools Block Budget, but the Schools Block cannot by law contribute to the funding of LEA costs. This presents difficulties, in that if TLL costs were to have to be charged against Schools Block and LEA Block funding streams, then more complex cost identification and accounting arrangements would be required and costs might have to be charged to individual schools with corresponding adjustments to their delegated budgets. Also, it may be that the total costs chargeable directly to a funding stream and the proposed funding from that stream would not match.

3.7 To minimise such potentially complex accounting practices and potential delays to TLL work both in and around schools, it is considered to be preferable to put as

many of the resources as possible together into one funding package for the TLL in its entirety. This supports the partnership approach and effectively is joint commissioning by all partners against improved outcomes.

- 3.8 The Council's planned General Fund contribution to the costs of Equal Pay Compensation (EPC) for Non-Teaching staff in schools has offered a way around these difficulties and secures the objective of a single overall TLL funding package. Schools Forum has agreed that an additional £2.8m of EPC costs can be funded from Schools Block Reserves (not from individual schools), so that the Council's planned General Fund contribution to EPC can be applied to funding the TLL, largely free of accounting restrictions. The impact on the Schools Block is the same, but the operation and accounting of TLL funding will be much more straightforward. After this contribution, the Schools Block Reserves (excluding individual schools) would amount to some £5.9m.
- 3.9 The Council's Chief Finance Officer has confirmed that (subject to Cabinet approval) the Council's General Fund EPC contribution will be reserved for the TLL, and that in the (unlikely) event of it not being fully required for the TLL, it would be "paid back" to the Schools Block.
- 3.10 **Table 3** below shows the proposed TLL funding package at this stage.

**Table 3 - Proposed Funding for Themes, Project Team and Learning Services**

| <b>£</b>     | <b>Source</b>                                                                                                                                                                             | <b>Status</b>                                                     |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| £0.47m       | LCC CYPS 2007/08 Reallocated Grant Funding and CYPS Departmental Underspend                                                                                                               | Actioned                                                          |
| £0.5m        | LCC CYPS Revenue Budget – one-off growth                                                                                                                                                  | Approved                                                          |
| £0.1m        | National College for School Leadership - £96k Urban Initiatives Funding for Consultant Support and Development Activity in identified schools                                             | Received                                                          |
| £3.8m        | LCC General Fund TLL Reserve – Comprising the CYPS 2007/08 Departmental underspend and the £2.8m provision for the Council's corporate contribution to equal pay compensation in schools. | Subject to Cabinet Approval                                       |
| £0.5m        | LCC CYPS Departmental Reserve                                                                                                                                                             | Subject to Cabinet                                                |
| £0.8m        | DCSF Support for the activities in the Plan via Standards Fund Grant 104 (Targeted Improvement Grant) – Initial tranche of support announced by DCSF.                                     | Received, to be spent by Aug 08 – need to agree detail with DCSF? |
| <b>£6.2m</b> | <b>Total Identified Funding</b>                                                                                                                                                           |                                                                   |

- 3.11 The unfunded balance (currently estimated at £0.5m, being £6.7m costs less £6.2m funding) could potentially be met from a number of sources. These include any DCSF support beyond August 2008, additional contributions from the CYPS Departmental Reserve / Departmental budget or Schools Block funds, the Local Area Agreement / Area Based Grant / Working Neighbourhoods Fund (around the 13-19 skills agenda and focus on statutory indicators) and the refocusing of current funding sources.

#### Funding of School Improvement Work

- 3.12 It is suggested that the funding for **School Improvement** (Executive and Associate Heads, Lead Teachers and Federations, etc) should come from a number of sources, as set out below. The detailed funding mix is yet to be determined, and will depend on the level of costs incurred and the capacity of Learning Services budgets. This approach is wholly in line with the approach of authorities dealing with school improvement in less challenging circumstances.

- **Learning Services budgets** for Schools in Difficulty (£153k), Schools in Special Measures (£103k), the Learning Services Central Budget and Standards Fund and Area Based Grant - Some Executive and Associate Heads are already been charged to these budgets in accordance with usual procedures, although evidently the numbers currently involved are much higher than usual. The charges being committed and the current capacity of the budgets is under examination, and longer term the budgetary position could be affected by the outcomes of the current review work with Learning Services.
- **Dedicated Schools Grant**, through School budgets and Schools Facing Exceptional Cost Pressures - Legal opinion sought by the Council has confirmed that Executive and Associate Heads can be charged to schools' delegated budgets, and then funded where needed through the Exceptional Cost Pressures Scheme so that the school's finances are not affected.

Therefore it is proposed to charge such costs to schools and enable schools to submit a bid for additional funding from the Exceptional Cost Pressures budget where the school's budget is unable to meet the cost.

Schools Forum has approved a specific extension to the criteria for the Exceptional Cost Pressures Scheme, together with an additional budget allocation of £500,000 to be funded from Schools Block reserves. Schools Forum noted that the Department would operate a simplified application and approvals process for this and that this additional funding would be monitored and reported separately.

- **Budgets of Individual Schools** – Should a school that requires additional support have sufficient balances, then the use of those balances should be considered to help fund the support work at that school.
- **DCSF Specific Funding** – It is understood that the DCSF may provide additional funding for bringing about federations or other alternative governance models.

#### **4. Recommendations**

4.1 It is recommended that the Overview Board:

- a) Support this report and makes any observations on the identified costs and the proposed funding package; and
- b) Advise on how it wishes to monitor the TLL spending.

#### **5. Headline Financial and Legal Implications**

5.1 This report is concerned with financial implications throughout.

#### **6. Report Author/Officer to contact:**

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