

EYF Q&A

What is the Department doing on EYF?

The department is reducing its End Year Flexibility (EYF) requirements by £1bn to help ensure no additional borrowing this year. This is in line with the Government's plan to reduce the deficit, and the Treasury's announcement today that Departments have agreed to address unrealistic inherited spending commitments for 2010-11, where funding was reliant on under spends through the (EYF) system or additional funding from the Reserve.

How will the £1bn reduction be made?

The Department expects to be able to manage most of this through better financial management and tighter controls. For example, last year, capital EYF forecasts in June were £830m but the Department ended up drawing down only £330m – a 60% in-year reduction. This year, we will be managing finances even more tightly, working closely with local authorities and others to ensure that where projects are likely to underspend those underspends are given back, that projects are completed more cost efficiently where possible, and that low value spending is cancelled to relieve pressure on budgets.

Because of the size of the reduction, however, the Department will have to make some savings from capital budgets where commitments are no longer affordable. The £169.5m savings to be made are listed below.

	£m saving
Co-location projects – cancelling projects where progress has not been satisfactory or is not good value for money	24
School swimming – cancelling capital investment in school swimming pools due to low take-up of the offer	15
Eco-towns contribution – not funding pilot work on energy efficient schools in the CLG led eco-towns initiative	2.5
Harnessing Technology Grant – a further reduction to take this year's funding down to £100m, allowing schools to reconfigure their broadband and IT infrastructure projects onto a more sustainable funding model	50
Support for LAs not included in early BSF waves – cutting allocations to the 76 LAs which were not included in early BSF waves and were therefore allocated £8m each to support projects to adapt premises for 14-19 diploma provision. Their allocations will be reduced by c £660,000	50
Social Work IT support – not proceeding with plans announced just before the election of a formulaic allocation to LAs to improve social work IT provision	15
Youth Capital Fund – Reducing available funding from the Youth Capital fund by 50%	13
Total	169.5

Why are you doing this?

The action that the Government is taking today will help ensure no additional borrowing this year, consistent with the Government's plan to reduce the deficit. It will help create contingency in the Reserve to meet other pressures that might arise over the course of the year and ensure any additional costs of operations in Afghanistan can be funded without increasing borrowing.

Are these in addition to cuts previously announced?

We have previously announced small cuts of £8m to specialist schools capital, of £15m to the extended schools programme, and of £50m to Harnessing Technology grants, as contribution to the Chancellor's £6.2bn fiscal consolidation, and in order to make progress this year on the government's commitment to free schools.

What programmes are being cut?

Co-location funding: £24m. This was funding announced by the previous Secretary of State to support projects to co-locate services together in one place, paid for from underspends. We are having to cancel projects out of 101 where progress has not been satisfactory and which are not promising to show value for money for the investment. We will inform the sponsors of these projects individually.

Q Does this mean that you are no longer interested in co-location?

A No: in tightened circumstances it is even more important that assets are used efficiently and focussed on user needs. These projects are being cancelled because they are not achieving their aims – the rest [98] are continuing.

School swimming: £15m. We are cancelling this investment in school swimming pools, which contributed to the "free swimming" initiative where DCMS (as the lead department) has already cancelled the revenue funding because of lower than expected take up of the offer in the target groups, and the fact that more than 80 per cent of those who took up free swims would have paid for them anyway.

Q Does this mean that you are abandoning the health and fitness regime?

A No – but this initiative was not achieving the response that had been expected and therefore continuing it is not a good use of money.

Q Which schools are affected?

A No announcement of allocation of this money had been made. We are naturally sorry for schools which had applied and are now disappointed.

Eco-Towns contribution: £2.5m. We are withdrawing our contribution to support pilot work on energy efficient schools in the CLG led eco-towns initiative.

Q Does this mean that you are abandoning aims of cutting carbon emissions?

A No: and the sustainability of the schools estate, and the need to move to meet 2020 statutory targets for carbon reduction will be considered in the review of the department's capital programmes, including BSF, which has just been announced. We are continuing other immediate moves to reduce schools' carbon footprint, including the offer of free 'smart meters'.

Harnessing Technology: £50m. a further saving is being achieved. The programme will now be worth £100m to all local authorities. They have received the first quarterly payment and will get the second, giving them time to plan to reconfigure their broadband and IT infrastructure programmes.

Q Does this mean that you do not see IT as a contributor to the improvement of educational standards – you have just also disbanded Becta?

A Appropriate IT is a strong supported of good teaching and learning. It is however now well embedded in schools, and we do not think that further hypothecated capital investment is needed.

Q Does this mean that schools will have to abandon broadband contracts that are essential to a data rich IT environment?

A These contracts are a call on revenue, not capital, funding.

Support for LAs not included in early BSF waves: £50m. We are cutting allocations to the 76 local authorities which were not included in early BSF waves and were allocated £8m each for example to support projects to adapt premises for 14-19 diploma provision. Their 2010-11 allocations will each be reduced by c£660,000.

Q Isn't this a cut for the most vulnerable?

A The cut is only 8.25% of the total funding we were providing to each authority. Authorities have access to other sources of funding and can prioritise their needs and manage their cash flow.

[as many local authorities are being affected by today's announcement of a freeze on BSF, it is only fair that this is also reflected these authorities which received funding because they were not in BSF.]

Q Does this mean the Government no longer supports Diplomas?

A The new Government will be reviewing Diplomas in the next few months as part of their assessment of vocational education currently provided to young people, as set out in the Coalition Agreement.

Social Work IT support: £15m. We will not proceed with plans announced just before the election of formulaic allocation to local authorities to enhance social work IT provision

Q Why are you cutting the £15m promised by the previous government for social work IT/ Improvement of ICS systems?

A The previous administration announced a grant of £15m capital in 10-11, which will no longer be available. Ensuring that social workers are freed up from bureaucracy on the front line and able to make the most difference for children and their families is a critical priority for the Government. These issues are being examined by the Munro Review, including the question of how ICT can best support effective social work practice.

Ahead of that review, and in the present economic circumstances, we do not consider delivering the grant as announced by the previous government the most effective way of supporting the sector.

Local authorities will need to continue to address IT problems, where these are causing problems for social workers locally and there is guidance from the department to help them to do so. The Government has protected the £23m Social Work Improvement Fund for local authorities, which will be available from CWDC, and which local authorities may choose to use to address IT issues where these are a local priority.

Sure Start from under spends in the programme and through finding savings in discussion with local authorities.

In the context of tackling the unprecedented deficit we will need to manage down the capital expenditure from the Sure Start, Early Years and Childcare Grant (SSEYCG). We will do that by identifying savings and projected underspends in discussion with LAs. Making cuts over and above those identified as savings and underspends will be a last resort.

Q How will you determine where underspends and savings can be made?

A Officials from the Department, with Together for Children and the Architectural Consultants will contact LAs in the very near future to set out the process for identifying savings or potential underspends

Q Will you make a percentage reduction to allocations for all LAs?
We hope that it will be possible to manage down the expenditure without the need to cut allocations beyond the identified savings and underspends.

Youth Capital Fund: £13m from reducing the grant by 50 per cent.

The £13m saving will be made by not paying quarter 3 and 4 payments to local authorities. LAs will be advised to ensure that they use their quarter 1 and 2 payments to fulfill any commitments already made.

Q Does this decision mean the Government does not believe in youth empowerment?

A We recognise how important the YCF along with the Youth Opportunity Fund has been in giving young people choice and influence over facilities and spending decisions in their area, and after over four years

of discrete investment in youth capital fund the benefits of doing so are clear for local services. Many local authorities are already building on that experience by involving young people in other ways and we expect this will continue.

We firmly believe that young people should continue to be central to decisions and discussions that affect them, including being at the top table, and not just there for tokenism but as integral to the normal consultation process. We are committed to making sure that young people are involved in consideration of future arrangements for youth provision.