

# Additional Questions

## Children's Personal Social Services sub-block

### ***Further Analysis of Children's Social Services FSS Funding Options***

1. In paragraph 101 of the July 2005 Local Government Finance consultation document the Department for Education and Skills (DfES) committed to carry out work on the weights of the factors in the proposed new children's social services funding formula (SSC1) and on a damping scheme to make the step changes in allocations less severe. This paper reports back on that work.

### ***Changes to Weights***

2. Researchers from York University, who are leaders in this field, carried out extensive analysis to produce the proposed formula with a very large sample, using the most up-to-date data available.
3. Work on changing the weights of option SSC1 produced no evidence that this was a fairer way of distributing children's PSS FSS than the research produced by York University.
4. DfES do not intend to alter the weight given to the indicators of need in formula option SSC1.

### ***Damping Mechanism***

5. The current consultation asks for views on whether there should be a specific damping mechanism applied to the changes in the children's PSS FSS sub block. This would smooth the introduction of option SSC1; its effect would be at least in part to replicate the impact of the overall grant floors damping.
6. In designing any damping mechanism we have two choices. Either to implement a floor and ceiling mechanism similar to that operated on general formula grant in 2004/5, or to develop a floor and scaling factor model, similar to the damping applied to general formula grant in 2005/6. We would like to hear views on this issue. To aid the discussion an Excel children's PSS FSS floor, ceiling and scaling factor model has been added to the website at <http://www.local.odpm.gov.uk/finance/0607/sscdamp/index.htm> Instructions on how to alter the level of the floor and ceiling have also been provided.
7. This model allows individual authorities to change floors and ceilings so that they can see the affect different combinations of floors, ceilings and scaling factors would have on their formula allocation. No decision has been taken as to what level floors and ceilings/scaling factors would be set

at; comments from local authorities are welcome as to what type of damping they would prefer.

### ***How Floors, Ceilings and Scaling Factors Work***

8. A 'floor' guarantees an authority a minimum increase (or maximum decrease) on their allocation from the previous year after adjusting for changes in funding and function. Because the total increase in FSS is fixed, if some authorities receive a floor increase - that is, a larger increase than the formula would indicate - the formula allocations of authorities above the floor would need to be reduced in some way.
9. A 'ceiling' level is set so that no authority will receive an increase in funding from the previous year after adjusting for changes in funding and function above a certain level. For example if a ceiling is set at 10% and an authority stands to receive an increase in their FSS of 50% from the formula change, they will actually only receive an increase in FSS of 10%.
10. A 'scaling factor' would reduce the FSS allocations of authorities above the floor, and could be used on its own or in combination with a ceiling. The scaling factor reduces all authorities' allocations above the floor to meet the total increases needed for the floor allocations, less the reduction in allocations achieved by any ceiling. For example if the scaling factor was set at 10% then authorities affected by it would get 10% less of the increase in FSS above the floor which they would have expected to gain from the change in formula, after the imposition of floors and ceilings.

### ***Question***

11. We would like your views on:

**Question 40: If you agree that there should be floors on the children's social services FSS, would you prefer a damping scheme based on a floor, ceiling and scaling factor or just on a floor and scaling factor?**