

<b>MEETING:</b>	<b>SCHOOLS FORUM</b>
<b>DATE:</b>	<b>20 JANUARY 2011</b>
<b>TITLE OF REPORT:</b>	<b>REPORT OF THE BUDGET WORKING GROUP</b>
<b>REPORT BY</b>	<b>DEMOCRATIC SERVICES</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To consider a report from the Budget Working Group (BWG).

### **Recommendation(s)**

**THAT Schools Forum adopts the recommendations of the Budget Working Group and recommends them to the Cabinet Member – Corporate Services and Education as follows:**

- (a) as originally recommended by the Group on 19 October the remaining £361k of the 2010/11 underspend be allocated to Early Years settings and schools based on pupil numbers as at January 2011; and**
- (b) in principle the future policy should be that any underspend should be allocated to schools and early year settings based on pupil numbers.**

### **Key Points Summary**

- The BWG has given further consideration to the allocation of the remainder of the DSG underspend from 2010/11 and proposes that the sum should be allocated to Early Years settings and schools based on pupil numbers as at January 2011.
- In December the Forum agreed that a policy be developed to govern how any future underspends might be used. The BWG considers that in principle the future policy should be that any underspend should be allocated to schools and early year settings based on pupil numbers.

### **Alternative Options**

- 1 No alternative options are proposed by the BWG at this stage. There is a range of alternatives open to the Forum.

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Further information on the subject of this report is available from  
Tim Brown, Democratic Services on (01432) 260239

## Reasons for Recommendations

- 2 To consider the BWG's views on two issues reported to the Forum in December.

## Introduction and Background

- 3 The BWG met on 14 December. Copies of the Minutes of that meeting have been circulated separately to Members of the Forum.

- 4 There are two issues for the Forum to consider:

- dedicated schools grant – 2010/11 underspend
- policy for the use of any future underspends

### Dedicated Schools Grant – 2010/11 Underspend

- 5 On 23 September the Forum referred to the BWG a proposal to retain the 2010/11 DSG underspend of £421k for a contribution to the Music Service and to provide a reserve for deficit schools. On 8 December the Forum accepted the BWG's recommendations that the creation of a Financial Difficulty Reserve should not be supported and that a one of contribution of £60k to the Music Service should be made.
6. The Forum was informed that the BWG had originally proposed that the balance of the underspend (£361k) should be allocated to Early Years settings and schools based on pupil numbers as at January 2011. However, a subsequent proposal had been made to the BWG that it reconsider whether distributing the one-off underspend of £361k to settings and schools was the best use of that money' suggesting instead that consideration should instead be given to holding at least some of the underspend as a reserve to fund strategic change on a time limited basis. The Forum accepted the BWG's recommendation that consideration of the allocation of the £361k underspend in 2010/11 to schools and early years settings be deferred pending a further report to the Budget Working Group on 14th December 2011
- 7 On 14 December the BWG received a discussion paper exploring the possible creation of a Schools Financial Strategic Change Fund. The paper explained that it was becoming clear that a significant number of schools in the Herefordshire Learning Community required new and innovative futures in order to sustain high quality educational opportunities for children and young people whilst remaining financially viable. The paper aimed to identify options and opportunities to assist schools and collaborations to move forward with solutions and timescales tailored to meet local needs. The BWG is to give further consideration to the proposals at its next meeting before bringing recommendations to the Forum. This will include further consideration of funding options and financial modelling and other matters as necessary.
- 8 The BWG has also agreed that the following issues should receive further consideration: the possibility of some schools assisting the authority by providing support to and building capacity in other schools, perhaps funded from a loan from school balances; and the importance of a strong education and communication process making School Governors, in particular, aware of the strategic and financial issues. It has also requested that a briefing note be circulated providing clarification on the various groups established by the Council to work on educational matters in an advisory or decision making capacity, and giving consideration to reporting lines to the Schools Forum.
- 9 It was emphasised to the BWG that the proposals in the discussion paper were new and did not seek to reopen the discussion about meeting school deficits. The BWG discussed the

allocation of the balance of the 2010/11 underspend and the policy towards underspends accordingly. The consensus was that the BWG should adhere to its original recommendation that the 2010/11 underspend should be allocated to all schools and Early years settings.

### **Policy for the use of any Future Underspends**

- 10 In considering policy to govern the use of future underspends, the BWG discussed the possibility of using underspends to restore funding to areas to which cuts had reluctantly been made. However, as underspends represented a one-off sum the BWG concluded that the best course would be to agree that in principle the future policy should be that any underspend should be allocated to schools and early year settings based on pupil numbers.

### **Community Impact**

- 11 No direct impact

### **Financial Implications**

- 12 The recommendations, if agreed, will fully distribute the available underspend from the 2010/11 Dedicated Schools Grant.

### **Legal Implications**

- 13 These proposals comply with the Council's legal duties.

### **Risk Management**

- 14 The BWG reviews proposals in detail prior to making recommendations to Schools Forum. This two stage process helps to ensure greater scrutiny of budget proposals.

### **Appendices**

None

### **Background Papers**

None