

MEETING:	SCHOOLS FORUM
DATE:	24TH FEBRUARY 2012
TITLE OF REPORT:	DEDICATED SCHOOLS GRANT 2012/13
OFFICER:	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

All schools

Purpose

To recommend to the Cabinet Member for Corporate Services and Education that the Dedicated Schools Grant budget for 2012/13 is approved.

Recommendations

THAT Schools Forum recommends to the Cabinet Member for Corporate Services and Education the basis for the schools budget 2012/13 as set out below:

- (a) **the budget options, before the Minimum Funding Guarantee protection, that were broadly supported in the consultation be approved as follows (options refer to the consultation paper items):**
- 1. Option B(ii): Reduce small schools protection by £100k via a cash reduction applied equally to all high schools and primary schools**
 - 2. Option C: Reduce social deprivation by £500k – to be offset by changes within the grants review E(vii), E(viii) and E(ix)**
 - 3. Option D: Reduce personalised learning by £500k – to be offset by changes within the grants review E(vii), E(viii) and E(ix)**
 - 4. Option F: Reduce “per pupil funding” by 0.25% i.e. £125k**
 - 5. Option H: No reductions to PVI nursery funding in 2012/13**
 - 6. Option J: Reduce central DSG by -3% with the exception of a**

Further information on the subject of this report is available from
Malcolm Green, Finance Manager on (01432) 260818

1% reduction for PRUs

- (b) the grant review options, that were broadly supported in the consultation be approved as follows;
7. Option E(i): School Development Grant - be paid at £164 per pupil and a £10,000 fixed base per school to be phased in over three years. Special schools to be funded on four times pupil numbers to reflect their higher staffing levels.
 8. Option E(ii): Excellence cluster funding – further consultation in autumn 2012 for implementation in 2013/14 and 2014/15
 9. Option E(iii): Lunch Grant – funding is allocated to primary schools at £18 per pupil
 10. Option E(iv): Specialism funding – the Herefordshire Association of Head Teachers to develop proposals for further consultation in autumn 2012 for implementation in 2013/14 and 2014/15
 11. Option E(v): School Standards Grant – to implement the DfE formula and use any surplus to add a percentage increase for all pupils as follows;
 - a. Primary schools £12k base plus £120 per pupil
 - b. High schools £12k base plus £130k per pupil
 - c. Special schools £29k base plus £120 per primary age pupil and £130 per secondary age pupil to be paid on four times pupil number to reflect the higher staff ratios.
 - d. PRUs £12k base plus £120k per pupil
 12. Option E(vi): Advance Skills Teachers – pay £16,000 to meet salary costs for actual ASTs for the one day outreach per week until March 2015 and share the balance (approx £60k) by pupil numbers.
 13. Option E(vii): School Standards Grant Personalisation – distribute by social deprivation formula all in 2012/13 to offset the budget reductions in social deprivation and personalised learning.
 14. Option E(viii): Disadvantage Subsidy - distribute by social deprivation formula all in 2012/13 to offset the budget reductions in social deprivation and personalised learning.
 15. Option E(ix): One to One tuition - distribute by social deprivation formula all in 2012/13 to offset the budget reductions in social deprivation and personalised learning.

- 16 Option E(x): Extended schools sustainability – allocate per pupil all in 2012/13
- 17 Option E(xi): Primary and secondary strategy funding – allocate per pupil all in 2012/13.

(c) The further delegation of banded funding, broadly supported in the consultation be approved as follows;

- 18. Option G(i): Delegate Band 3 and full band 4 to high schools including an additional fixed sum of £215k to the Bishop of Hereford’s Bluecoat schools to provide for the higher pupil numbers with banded funding in the Kielder centre.
- 19. Option G(ii): Delegate Band 3 to primary schools according to the sliding scale as follows;

Band 3 proposals for primary schools	Percentage funded by formula	Percentage funded at actual cost
300 pupils or more	100%	0%
150 to 299 pupils	75%	25%
100 to 149 pupils	50%	50%
75-99 pupils	25%	75%
Less than 75 pupils	10%	90%

- 20. Option G(iv) : retain Band 4 centrally for all primary schools.

(d) that the £200k funding provisionally set aside for the SEN complex needs budget be allocated as follows;

- 21. to support the delegation of Band 3 and Band 4 by reducing the impact of the savings in the Minimum Funding Guarantee £100k
- 22. to provide further training for schools and governors by delegating a fixed sum of £150 per school which can be used by schools to cover supply costs for the release of the SENCo to attend the training at a cost of £15k
- 23. to provide a budget for in-year funding for out of county pupils and in-year managed moves and transfers in County of £67k
- 24. to reduce the impact of budget cuts on Pupil Referral Units to a 1% reduction (Option J above) at a cost of £18k

- (e) that the Budget Working Group be asked to review the impact of the 2012/13 budget proposals as part of the preparation for the 2013/14 budget.
- (f) that if a final budget adjustment is necessary, then the age weighted per pupil funding be adjusted to cover any surplus or deficit when final pupil numbers are known from the January 2012 census.

Key Points Summary

- After careful consideration the Budget Working Group considers that the budget proposals recommended to Schools Forum are presented as the fairest possible proposals to ensure equitable funding for all schools.
- An overall budget shortfall of £901k has been identified in the Dedicated Schools Grant (DSG) for 2012/13. This comprises of £401k from additional cost pressures and additional costs of £500k resulting from the additional costs to the Minimum Funding Guarantee resulting from the implementation of the first year of the grant review proposals (see option E in the budget consultation paper). Following a budget consultation with schools, governors and PVI nurseries the budget proposals have been considered in detail by the Forum's Budget Working Party.
- The budget options, comprising savings of £918k had the broad agreement of responses to the consultation exercise with two exceptions; reductions to Pupil Referral Units should be limited to 1% and the reductions in social deprivation funding should be reconsidered.
- Following the budget consultation and further correspondence from schools, the Budget Working Group has carefully reviewed the impact of the proposed budget reductions in social deprivation and personalised learning. For schools with high numbers of free school meals the proposed budget reductions will be more than offset by an increase in additional grant funding from the proposed changes to Schools Standards Grant (Personalisation), Disadvantage Subsidy and One to One tuition.

Alternative Options

- 1 The Budget Working Group has considered the budget proposals in detail and has amended the proposals regarding Pupil Referral Units, Advance Skills Teachers and the use of £200k SEN funding that is no longer required for the complex needs budget. Beyond these relatively minor adjustments the Budget Working Group has not identified any alternative options.

Reasons for Recommendations

- 2 Final budgets must be issued to schools before 31st March 2012.

Introduction and Background

3. Schools Forum on the 20th January 2012 received a report on the schools budget settlement announced by Secretary of State in December. The report to Schools Forum confirmed that the schools financial settlement was as planned in the autumn consultation with schools. This confirms the expected £901k budget shortfall identified in the consultation paper.

4. The Budget Working Group (BWG) met on February 3rd 2012 to consider the responses to the autumn consultation and whether any changes should be recommended to Schools Forum in light of the funding settlement.
5. On the advice of the BWG, Schools Forum in December, resolved that subject to the Department for Education funding announcement that
 - a. A cash reduction of £100k be applied equally to all high schools and primary schools who receive small schools protection (Budget option B(ii))
 - b. the delegation of Band 3 and full Band 4 to high schools (budget option G(i)) and the delegation according to the sliding scale for primary schools (budget option G(ii)) and the retention of Band 4 funding centrally for primary schools be supported
 - c. The £200k previously set aside for SEN complex needs be reallocated as follows
 - i. Delegation of Band 3 and 4 by reducing the impact of savings in the Minimum Funding Guarantee (£100k)
 - ii. Reducing the impact of the budget cuts on PRUs by limiting their reduction to 1% broadly in line with schools (£18k)
 - iii. The proposals to create a contingency fund of £50k to provide for SEN in year pupil movements from out of county to be referred back to the Budget Working Group for consideration.
6. The notes of the budget working group have been circulated separately to members of School Forum. The Budget consultation paper and the summary of responses from schools and PVI nursery settings are attached as an appendix.
7. Particular attention has been paid by the BWG to the proposals to reduce social deprivation funding for schools with high free school meal numbers. These schools receive additional funding from the proposals to distribute three of the former standards fund grants by the existing social deprivation formula within the Herefordshire funding formula. Except where there has been a fall in the percentage of free school meals the additional income from the former grants exceeds the reduction in social deprivation funding in the budget proposals. In all cases the pupil premium is additional.
8. Schools Forum established a task and finish group in summer 2011 to develop proposals for the further delegation of SEN Band 3 and Band 4 funding. These proposals were part of the autumn budget consultation. The proposals to delegate Band 3 and 4 to high schools were supported as was the proposal to retain Band 4 funding for primary schools. The proposals to delegate Band 3 funding on a sliding scale for primary schools was mixed but with a majority of responses in favour. Within the proposals for full delegation to high schools are separate arrangements for the Kielder Centre at the Bishop of Hereford's Bluecoat school for an additional £215k to ensure that the funding allocated to the school continues to meet pupil needs. This is necessary because the sum delegated by formula is not sufficient to fund the higher numbers of SEN pupils at the Kielder Centre. However the cost is contained within the existing budget for banded funding. Similar arrangements apply for other special needs units in the county.
9. In addition to the spending pressures identified in the consultation paper, the Young People's Learning Agency (YPLA) has yet to confirm the grant for post-16 funding. The final grant allocations will not be confirmed until towards the end of March.
10. Schools Forum is also asked to note that work has been on-going with Pupil Referral Units to provide a formula funding model which will be trialled in 2012/13 in preparation for a full

implementation of delegated formula funding in 2013/14. The PRU management committee has been fully involved in discussions and fully supports the formula work so far. It is intended to bring the hospital teaching budgets into the funding formula and also the retained library service budget so that PRUs pay for the school library service from their own formula funding.

Budget consultation

- 11 Headteachers, governors and PVI nurseries have been consulted on the budget proposals for savings from 7th October 2011 to 11th November 2011. The options developed provided for some choice and were also broadly based to take best advantage of the limitations imposed by the Minimum Funding Guarantee (MFG). The Budget Working Group took into account the consultation responses in determining the recommendations to Schools Forum prior to submission to the Cabinet Member.

Budget finalisation after Schools Forum in mid-March

- 12 There still remain a number of cost pressures that cannot yet be confirmed and the DSG income will depend on the precise pupil numbers in all pupil censuses. Pupil numbers and free school meals have not yet been confirmed from the January pupil census and there may still be minor amendments to the budget particularly if there is an increase in free school meals or differences in DSG income arising from pupil number changes from the estimate. The YPLA has not confirmed the SEN grant and the Teachers Pay Grant contributions for post-16 pupils
- 13 Estimates of the 2012/13 spend on PVI nurseries and nursery classes in schools suggest an increase due to an estimated 4% increase in the number of children attending PVI nurseries. This increase will also be reflected in the DSG income. Only when the early years' census is available in mid-March can an accurate assessment of DSG income be determined.
- 14 It is proposed that all these minor amendments will be dealt with through changes to the per pupil unit of funding (AWPU) as the fairest way of smoothing the impact. These changes will not be finally known until after Schools Forum.

Dedicated Schools Grant - Future Budget outlook

- 15 The DfE Spending Review indicates the same cash freeze per pupil for the DSG will apply in 2013/14. Cost pressures of approximately £1m or more would seem likely in future years arising for much the same reasons as this year i.e. from falling rolls and increasing SEN costs. It will be particularly important to start planning for the 2013/14 financial year now so that consultations with schools and PVIs can occur in the autumn term. This will require the BWG to consider the financial options in the summer term and prepare a consultation paper for the autumn term to be approved by Schools Forum. Options for Excellence Cluster funding and school specialisms will need to be included in the budget consultation paper.
- 16 Additionally, further consultation is expected in summer 2012 on the national school funding formula. This may include national shadow budgets for schools which will provide a useful comparison with school budget determined locally and may provide further opportunities to converge to the national formula in 2013/14.

Key Considerations

- 17 The Council is required to set Dedicated Schools Grant budget within the funding allocated

by government. The proposals within this report provide for a balanced budget for the estimated grant.

Community Impact

18 None directly identified.

Financial Implications

19 The Budget agreed for DSG for 2012/13 must balance. The proposals set out in this report achieve this. Additional budget pressures can only be agreed if compensating cuts are made elsewhere.

Legal Implications

20 These proposals comply with the Council's legal duties.

Risk Management

21 Schools Forum commissioned a detailed consultation exercise with schools, governors and PVI nurseries prior to considering detailed budget proposals for 2012/13 and this report reflects the views of from the consultation exercise and the Budget Working Party. Final budgets will not be issued to schools until pupil numbers have been confirmed and adjusted as necessary. Any small under or overspend on Dedicated Schools grant can be carried forward to 2013/14. Any significant overspend will require the re-issue of school budgets.

Consultees

22 All schools and PVI nurseries have been consulted.

Appendices

- Dedicated Schools Grant 2012/13 Budget consultation for schools and response form
- Summary of responses to the consultation paper.

Background Papers

None.