

MEETING:	SCHOOLS FORUM
DATE:	29TH SEPTEMBER 2009
TITLE OF REPORT:	DEDICATED SCHOOLS GRANT
FINANCIAL SERVICES	MALCOLM GREEN

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To inform Schools Forum of the final Dedicated Schools Grant (DSG) for 2009/10, the Outturn for 2008/09 and the rates rebates for the period 2000-2009.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT Schools Forum:

- (a) to note the final DSG settlement and the increase of 2.6% in the Individual Schools Budget;
- (b) to comment on any of the budget lines in the Section 52 Budget Statement as appropriate.
- (c) that the proposals for the use of the 2008/09 underspend (including the rates rebates) as set out in paragraph 16B and 19C be recommended to the Cabinet Member for ICT, Education and Achievement for approval in principle and;
- (d) that final approval on a project by project basis be granted by Schools Forum on receipt of a detailed business case for each project.

Key Points Summary

- Two elements of funding, both one-off, arising from an underspend of DSG in 2008/09 and rates rebates relating to the period 2000-2009 are available for consideration by the Schools Forum:
- The DSG underspend available for consideration is: £1,280,408. This comprises of

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

- Underspend of £904,690 on central expenditure: mainly from Banded funding, early years and Joint Agency Management of out county placements (detail in paragraph 11).
- Underspend of £252,513 on the Individual Schools Budget (excluding the rates rebates of £185,668 for of 2008/09, which is shown separately below for separate consideration in accordance with the legal opinion received)
- Recovery of the £123,205 music service overspend
- The rates rebates totalling £1,054,205 including £868,537 for the period 2000-2008 and £185,668 for the period 2008-2009.
- It is proposed that the rates rebate 2000-2008 be delegated out to schools as recommended through legal advice and this be distributed according to a formula to be developed by the Schools Forum Budget Working Party. This formula to ensure fair distribution over a set period of time to ensure that the additional funding is not immediately clawed back from schools through the balance claw-back scheme.
- It is proposed that the rates rebate 2008-2009 be distributed to schools for this financial year.
- It is proposed that the DSG underspend be considered to provide for a range of initiatives to bring about improvements for schools and the children and young people of the county.
- Such initiatives will be considered through detailed business cases prior to final approval by Schools Forum at the next meeting.

Alternative Options

- 1 No alternative options or projects have been identified at this stage. Schools Forum can propose initiatives to be developed and considered alongside those identified in this report.

Reasons for Recommendations

- 2 The recommendations seek to ensure considered decisions for the use of the Dedicated Schools Grant underspend from 2008/2009 and the school rates rebates as detailed.

Introduction and Background

- 3 The report provides a full breakdown of the DSG carry-forward balances and the rates rebates. It also updates Schools Forum on the final amount of DSG for 2009/10 and provides some background information on the increase in school budgets compared with inflation. The increasing trends in the cost of the Minimum Funding Guarantee are identified.
- 4 The report is in three parts as follows;
 - A The Budget 2009/10
 - B The DSG Outturn for 2008/09
 - C The rates rebates for the period 2000-2009

Key Considerations

A. The Budget 2009/10

- 5 Three year budgets have been completed and issued to schools. The Section 52 Education Budget Statement has been completed for financial year 2009/2010 and submitted to the Department for Children, Schools and Families (DCSF). Full details of all the Section 52 tables will be published on the Council's website. Table 1 setting out an overview of school and central expenditure is attached as Appendix 1 for School Forum's information.
- 6 Dedicated Schools Grant has been confirmed at £84,519,000 which is based on 22,752 pupils (including early years) funded at £3,830 per pupil. £2,630,000 has been recouped by DCSF for onward payment to the Hereford Academy. The final DSG received was £33,000 greater than the budget planning total used to prepare and issue school budgets in March.
- 7 Overall DSG is a tighter settlement than in previous years. The increase per pupil is 3.9% however the cash increase is 2.4% compared with the Consumer Prices Index published in April 2009 at 2.9%.
- 8 After adjusting for the delegation of banded funding (equivalent to 1% in school budgets)
 - a. 68 schools have received an adjusted budget increase greater than 2.9% per pupil
 - b. 27 schools have received an increase of less than 2.9% per pupil
 - c. 20% (19 out of the 95) of primary and secondary schools are on the Minimum Funding Guarantee (MFG) compared with 15.8% last year and 21% the previous year.
- 9 The overall percentage increase in the Individual Schools Budget (after adjusting for the part year effect of the Academy) is 3.8%, only marginally less than the 3.9% DSG per pupil settlement - reflecting the work of the budget working group last year in making savings through the school rates rebates and broadband costs. However this percentage increase includes a transfer of £881,000 for the delegation of Banded Funding to school budgets from central budgets. This is not new money and adjusting for this funding transfer reduces the real increase to 2.6% - i.e. less than inflation (as measured by the Consumer Price Index in April). These headline percentages show that in broad terms most school budgets are at least keeping pace with inflation in 2009/10. The indicative DSG for 2010/11 is more generous and is based on a 4.5% pupil increase equivalent to a cash increase of 3.7%.
- 10 It is also interesting to note that the cost of the Minimum Funding Guarantee has increased in the last two years equivalent to a cost of £10 per pupil and is projected to rise further in future years. The cost and breakdown by school sector is shown in the table below.

Financial Year	Primary (£'000)	High (£'000)	Special (£'000)	Total (£'000)	Number of pupils (excl nursery & VI forms)	Cost per pupil (£)
2006/07	114	0	0	114	22,681	5.01
2007/08	122	4	0	125	22,268	5.62
2008/09	44	62	122	226	21,928	10.31
2009/10	104	0	113	216	21,605	10.01
<i>Indicative 2011/12</i>	222	111	93	426	21,240	20.06

B. DSG Outturn 2008/09

- 11 As required by grant regulations a total DSG underspend of £1,342,871 has been carried forward from 2008/09 comprising £904,690 on central expenditure and £438,181 on the Individual School Budget, made up as follows

The main underspends on central services to pupils were as follows:

- a. Banded Funding £332k due to reduced applications from schools prior to delegation from April 2009
- b. Early years £300k due to the use of £217k of general surestart grant to support the budget that was not planned for when the budget was originally set
- c. Savings on the Joint Agency Management budget and other budgets for pupils with complex needs of £268k due to placement of fewer pupils in high cost out-county provision

The main underspends on the Individual Schools Budgets were:

- d. Rates rebates for 2008/09 received for voluntary aided schools of £186k
 - e. Additional income in DSG due to extra pupils of £279k
- 12 The Music Service overspent by £123,205 which has been carried forward to 2009/10 and a budget recovery plan is in preparation.
- 13 Hence the total underspend available for distribution comprises the DSG carry forward of £1,342,871 less the rates rebates for 2008/09 of £185,668 (which are dealt with separately in part C below), and adding the recovery of the music service deficit of £123,205 gives a total of £1,208,408.
- 14 It is proposed that the underspend (£1,280,408) should be used for investment purposes in the proposed projects as outlined below. These projects will be designed to ensure on-going improvements, developments and efficiencies.
- 15 It is suggested that approximately half of the available funding should be set aside for ICT developments to deliver on-going benefits and the balance set against a range of smaller scale projects.

- 16 A preliminary list of individual projects and indicative one-off budgets has been identified and is set out in the table below. Additional projects can be added to the list as necessary. Each project would be subject to individual approval by Schools Forum through a detailed business case setting out the costs and benefits. The identified projects are as follows;

<u>C</u>	<u>Dedicated Schools Grant underspend</u>	<u>Indicative Spend</u>
1.	<p>Schools Resources Development</p> <p>£268,000 of the underspend has arisen from the Joint Agency Management budget which supports our most vulnerable and disabled children and young people and the costs of out-county placement where necessary. These recommendations aim to develop early intervention projects to support such children within their current placements. These have been identified from an analysis of needs presented and requests that have been received from schools for additional support throughout the year. This also takes into account the £2m capital project underway in High Schools to establish Additional Resource Centres.</p> <ul style="list-style-type: none"> ▪ Nurture Groups: EYFS: ABG has supported the implementation of one Nurture Group pilot at a cost of £20,000. It is proposed that a further 5 be established across the county and that these settings be identified through formula and identified need. Total cost: £100,000. ▪ Additionally Resourced Provision: KS2: in line with the High School Alternative Provision Pilot – this will offer opportunities to explore approaches and resources at an earlier stage and to link to the APP in order to ensure effective transition. It is proposed that 4 projects be established across the county and that these settings be different from those receiving Nurture Group development and identified through formula and identified need. Total cost: 4x£25k = £100,000. ▪ In-Year Fair Access Protocol / Placements following PLASC: The pressure on schools finances when accepting pupils in-year as either part of a managed move or as a result of late placement can be significant where such children have additional needs. This proposal should allow for an amount of funding to be provided to the receiving school in order to ease such pressure. The allocation would be managed through the placement panel. Total cost: £20,000. 	£220,000
2.	<p>Building Schools for the Future</p> <p>Herefordshire should establish a team to prepare for Building Schools for the Future (BSF) programme. BSF is not simply a programme to rebuild and refurbish high school provision, but expects to deliver community transformation across the whole age range. Initial work is expected to develop a strategy for BSF and engage schools and communities. This should follow on from the work of the Herefordshire Schools Task Group. The DCSF expects to approach Herefordshire in 2011/2012 and expects</p>	£200,000 - £500,000

that much of the preparatory work will have been done by then. The DCSF estimate is that for a £85 million project, the local area will have to spend c.£2.6m. However, other local authorities have found that costs on such a programme have actual been more in the region of £3.5m. Funding such amounts has proved a challenge for many areas, and a combination of DSG, Council funding and prudential borrowing has been used. The Directorate proposes to begin Herefordshire's approach through the appointment of a Programme Manager, with administrative support and then expand this as required. The DSG underspend provides an opportunity to "bank" some necessary funding for this development, which would provide a level of funding for Herefordshire that would not otherwise be available.

3. High school kitchen refurbishment programme

Continued refurbishment of high school kitchens for Weobley, Wigmore and Lady Hawkins. DCSF have provided a grant of £75,000 which requires match funding. £75,000

4. Schools ICT investment £250,000 - £550,000

To build on existing applications and extend them to improve the efficiency of schools:-

- Improve the flow of information between schools and the local authority
- improve the quality and security of data
- improve quality and timeliness of access to attendance data
- reduce data entry and re-entry
- ensure that the right people have the access to the right data at the right time.
- Schools intranet developments e.g. governors
- Other smaller projects to be identified

These solutions will allow us to ensure that pupil and staff data is held more securely and transferred quickly and easily ensuring that decision making at both the local authority and school is fully informed by being based on accurate and up-to-date data. It is intended that the project will bring efficiency improvements in both small and large schools.

5. Governor Service Development: £70,000

This has previously been considered by SF and is currently being developed as an SLA strategy for 10/11. However, there are a significant number of pressing issues which Governors require help, support and training for and requests to the service and to DLT have risen significantly. This proposal outlines a business case to meet these demands for this year whilst options for sustainable service developments are designed and approved. Business case attached.

6. Schools Task Group – future implementation costs £75,000

To meet the expected continuing costs of the independent chair, consultation costs and a contingency for the next phase of the schools review.

D. The rates rebates for 2000-2009

17. In total rates rebates of £1,054,205 have been received for charitable rates relief for voluntary aided schools going back to 2000. The current year rebates (£186k) relating to 2008/09 were carried forward as part of the DSG underspend and the remaining £868,537 for the period 2000-2008 has been carried forward as a reserve.
18. On the recommendation of the Department for Children, Schools and Families legal advice has been sought on the possible uses of the rates rebates. The advice is that the rates rebates relating to the period 2000-2009 should be added to the overall schools budget within the education budget in order that it can be available for the benefit of all the Council's schools. Specifically, it is advised that "there is a one-off increase in the per pupil allocation in the year that the allocation is made".
19. In view of the legal advice it is therefore proposed to distribute all the £1,054,205 rates rebates money to schools on a formula basis to schools as set out in the table below. .

<u>School Rates rebates for the period April 2000-March 2009</u>		<u>Revenue Spend</u>
1.	Distribute to all schools at £8.55 per pupil (excl nursery and VI forms)	£185,668
2.	Distribute to all schools in future years by a formula to be developed by the Budget Working Group	£868,537

Community Impact

- 20 No direct impact

Financial Implications

- 21 As set out in the report. The allocation of DSG carry forward to one-off projects will have no impact on future year's allocation of DSG.

Legal Implications

- 22 These proposals comply with the Council's legal duties. Legal opinion has been sought to ensure that the use of the rates rebates complies with school funding regulations.

Risk Management

- 23 Business case for each capital project will be subject to a further consideration by Schools Forum before a final decision is taken. If the business case does not justify the capital investment then alternative projects will be brought forward for consideration.
- 24 Legal opinion has been sought regarding the allocation of the schools rates rebates.

Appendices

Section 52 Budget Statement 2009/10

Background Papers

Legal Opinion from Lachlan Wilson QC, 3PB, Temple, London