

MEETING:	SCHOOLS FORUM
DATE:	23RD FEBRUARY 2010
TITLE OF REPORT:	REPORT OF BUDGET WORKING GROUP - 22ND JANUARY 2010
SCHOOLS FINANCE MANAGER:	MALCOLM GREEN

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider the recommendations of the Budget Working Group in agreeing a final budget for schools.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT Schools Forum considers the recommendations of the Budget Working Party as follows;

- a The trade union facilities budget be cash limited at £32,000 for 10/11 and measures be introduced for improved financial control**
- b Subject to further investigations on the possible “double counting” of pupils in the 43% increase in banded funding and statements then the budget increase of £260,000 be recommended for approval**
- c That a fixed charge be introduced (£6,000 is suggested) for excluded pupils referred to all PRUs**
- d In –year special school pupil admissions – that additional budget of £75,000 be recommended**
- e Out of County placements – that the estimated additional funding of £138,000 be sought from other funding sources such as the Area Based Grant**
- f That sixth form free school meals be funded from the LSC funding allocated to schools and excluded from the percentage used to calculate all other factors relating to pre-16 pupils**

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

g That the changes contained in Proposal B of the Balance claw-back scheme i.e. the minimum amount for the primary schools and high schools be reduced by £5,000 i.e. primary £25,000 and high schools £45,000 for financial year 2010/11.

h Approve the rates rebates funding be distributed to schools as follows;

- Primary and High schools to receive £46.65 per pupil
- Special schools to receive £208.79 per pupil
- PRUs to receive £183.47 per pupil

And schools be given the choice of either full payment in 2010/11 or equal payment over the three years 2010/11-2012/13.

Key Points Summary

The Budget Working Group has considered the important budget issues for the 2010/11 Schools Budget and the key points are included in the report clearly listed in from paragraph 5 onwards. The report lists the Working Group's views in the Recommendations to Schools Forum.

Alternative Options

- 1 Schools will need to absorb any reductions in DSG through lower pupil numbers if the current level of central budgets is maintained.

Reasons for Recommendations

- 2 Recommendations of the Budget Working Group from meetings on 22nd January 2010.

Introduction and Background

- 3 The Budget Working Group met on 22nd January to consider final adjustments to the budget proposals that had been provisionally agreed at Schools Forum in December and other more recently identified budget pressures for 2010/11. .
- 4 Schools Budget Strategy – the working party was reminded of the existing budget strategy
 - a. Apply Minimum Funding Guarantee increase of 2.1%
 - b. Amend the DSG central budgets for individual budget changes
 - c. Any headroom to be distributed to schools, half on pupil numbers and half on deprivation
 - d. Small schools protection remains frozen at the 2006/07 funding levels
 - e. Changes to DSG funded budgets to reflect known budget pressures/savings

The draft budget strategy paper, including all the suggested budget amendments was considered. The working party did not think that the Governor Services SLA had been approved by Schools Forum and this would need to be checked before the budget meeting of Forum on the 23rd February. The draft budget paper indicated that DSG budget would potentially be £200,000 overspend if all the proposed budget increases were accepted

although the budget could not be finalised until pupil numbers from the January PLASC were available.

5 Budget Adjustments for 2010/11

The Working Party considered the following budget adjustments.

a) Trade Union (TU) Facilities Agreement (£32k) - considered a report from Mel Ganderton, HR Manager that set out the reasons for the estimated overspend of £30K in 2009/10 and the need for additional budget to cover the increasing cost and demand for TU meetings. The reasons for the overspend were presented as due to

- The issue of 300 vouchers (150 for trade union time and 150 for learning representative time) for use by the trade unions at £150 each, which if all used would cost £45,000 and well in excess of the existing budget
- The funding directly from payroll of two 0.2 fte trade union representatives for NUT and NASUWT in addition to the issued vouchers
- The payment to trade union representatives at actual pay rates which are in excess of the nominal value of the vouchers
- The back payment of a full year's worth of vouchers by one TU

The budget working group requested that the HR manager write to the TUs to advise that the learning time vouchers should be withdrawn. The Budget Working Group was firmly of the view that the TUs budget should be cash limited and control procedures be implemented to ensure that spend did not exceed the budget allocation. No additional budget allocation was accepted and improvements in joint representation and financial control were requested.

b) SEN Banded Funding - Schools Forum agreed a provisional budget increase of £260,000 for new allocations Banded Funding 3 and 4 (including banded funding and statements). The working party considered a report that set out a projected 43% increase in the number of approvals for banded funding and statements for 2009/10. The budget requirement for a further £260,000 was based on this trend continuing in 2010/11. The continued increasing trend was doubted by some Headteachers on the group who considered that the statistics for new approvals contained pupils receiving 3 applications each of one term. Other Headteachers considered that the percentage increase reflected the increased trends for SEN in society in general. Further information on the validity of the % increase was requested.

c) Pupil Referral Units - School Forum in December had provisionally reserved £100,000 additional budget on behalf of Pupil Referral Units pending further discussion at the budget working group. The Headteacher of Brookfield, who chairs the PRU management committee, had indicated that the extension to statutory 25 hours of teaching provision for all pupils in PRUs from September 10 would increase costs by £91k in 2010/11 (full year cost in 2011/12 £156k). The Budget Working group did not want to top slice this funding from DSG and strongly preferred a charging system whereby the required funding could be raised by charging the schools who exclude pupils. It is estimated that a fixed £6,000 charge per excluded pupil would be necessary. It was considered that the introduction of the new high school intervention units would reduce the need to exclude pupils.

d) In Year Pupil Admissions for Special Schools - The working party accepted in principle the need for additional budget to cover the estimated cost (based on spend in 09/10) of £75,000 for revisions to special school pupils both at the start of the autumn term in September and during the year. The working party accepted that the high cost of educating these pupils had to be provided for in the budget.

e) Out County Placements - Budget projections only recently available indicated that an additional £138,000 would be required to meet a projected shortfall in the 2010/11 budget for education out county placements. The Budget working party considered in view of the very difficult budget position within DSG that additional funding should be sought from the Area Based Grant

e) Sixth Form Free School Meals - In previous financial years the free school meals numbers provided through PLASC have not been separated into pre and post -16. Given the increasing use of free school meals as a funding factor for social deprivation, SEN and personalised learning the working party supported the authority's proposal to only use the pre-16 free school meals numbers in the schools funding formula. The DSG does not provide any funding for post-16 pupils; this is provided by the LSC. Other local authorities exclude the post-16 free meals numbers from their funding formula. It is estimated the restricting the free school meals will release £60,000 to help balance the budget.

6. Balance Clawback Scheme

The working party accepted the parity of the proposals for 2010/11 in regards of equal treatment for primary and high schools of equal budget size. Further details are set out in item 5 of the budget working party agenda attached as an appendix.

7. Capital Transfers from Revenue

An initial analysis from 2007/08 and 2008/09 showed that from the non VA school Capital plans submitted, plans were generally affordable from existing Capital sources. The working group agreed to recommend Proposal A to Schools Forum for implementation from 1st April 2010 i.e. that schools should not be able to transfer Revenue funding to Capital unless a Capital scheme had been approved by the local authority or in the case of a VA schools the Locally Controlled Voluntary Aided Programme (LCVAP) committee.

8. Rates Rebates

Two models were considered in detail by the working party at the meeting in November 2009 -

- a. Model 1 which allocated £965k at £45.17 per pupil to all pupils and £90k allocated pro-rata to the social deprivation funding received in 09/10.
- b. Model 2 which allocated £965k in proportion to the school budget allocations phase by phase with the same £90k social deprivation allocation as above. The phase allocation gave £38.76 per pupil to primary schools, £47.32 to high schools, £208.79 to special schools and £183.47 to PRUs.

The working party felt that the allocations to special schools and PRUs proposed in model 2 were fair but requested a revised model 3 which allocates the remaining money at an equal per pupil amount for primary and high school pupils.

The third model with a table setting out allocations to all schools was discussed by the working group and it was agreed to recommend the third model to Schools Forum

- Primary and High schools to receive £46.65 per pupil
- Special schools to receive £208.79 per pupil
- PRUs to receive £183.47 per pupil

The proposal to give schools the choice of either full payment in 2010/11 or equal payment over the three years 2010/11-2012/13 was accepted. The amounts to be paid will be based on January 2009 pupil numbers and will not be altered for changing rolls.

9 Review of Herefordshire Schools Funding Formula

It was agreed by the working party to review the factors used to allocate social deprivation funding at the next meeting on April 20th. This would include progress against the government's social deprivation target. This would be followed by school specific factors (including management flat rates, small schools protection and teachers pay grant) on the 25th June

School Lunch Grant – to be considered at the next meeting – April 20th

Key Considerations

- 10 The proposals represent the final adjustments to the 2010/11 DSG budget recommended by the Budget Working Party.

Community Impact

- 11 None assessed

Financial Implications

- 12 The financial implications are considered in the DSG Budget Strategy item on the agenda

Legal Implications

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

Risk Management

- 14 The Budget Working Group's proposals for the 2010/11 Budget will be fully considered by Schools Forum on 23rd February prior to recommending to the Cabinet Member a DSG Budget for 2010/11.

Consultees

- 15 There is a statutory requirement that Schools Forum is consulted on proposed changes to centrally held DSG budgets. No further consultation other than Schools Forum is required.

Appendices

None

Background Papers

Working papers considered by the Budget Working Party on 22 January 2010.