

MEETING:	SCHOOLS FORUM
DATE:	9 JULY 2010
TITLE OF REPORT:	REPORT OF BUDGET WORKING GROUP - 20 APRIL 2010
SCHOOLS FINANCE MANAGER	MALCOLM GREEN

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider the recommendations of the Budget Working Group.

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 role of the Budget Working Group be agreed as set out in the report and included in the School Forum's constitution
- b The initial budget assumptions for 2011/12 be noted
- c That the Budget Working Group undertake further work on the local pupil premium and that a detailed report on social deprivation funding including a budget strategy that ensures achievement of the 100% funding target by 2014/15 be considered by Schools forum in the autumn as part of the 2011/12 budget preparation.
- d To approve the method of allocating the balance of the School Lunch Grant for 2010/11.

Key Points Summary

The report is a summary of the Budget Working Group's meeting and presents proposals on

- The role of the group
- Initial assumptions on the 2011/12 Schools Budget
- Further work options on social deprivation funding

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

- Choices for allocating School Lunch Grant to schools in 2010/11.

Alternative Options

1. There are no alternative options at this stage.

Reasons for Recommendations

2. Recommendations of the Budget Working Group on 20th April 2010.

Introduction and Background

3. The Budget Working Group (BWG) met on 20th April to consider the role and membership of the group, the preliminary budget information available for 2011/12 including the latest proposals for social deprivation funding and to make recommendations for the 2010/11 school lunch grant. . The agenda papers considered by the Budget working party are attached in the Appendices.

Present were

Julie Powell (Lugwardine), Nigel Griffiths (John Kyrle), Chris Barker (Fairfield), Peter Box (Lord Scudamore), Tracey Kneale (Marlbrook). Kathy Roberts, Malcolm Green, Louise Devlin.

Election of chair, role of group & membership

4. The working party considered a report by Kathy Roberts (Appendix 1) and concluded
 - a. the membership of the BWG should be transparent and representatives elected by HASH and the Primary Heads Forum
 - b. appointments should be representative of their constituent schools
 - c. appointments should be for three years subject to re-election. Existing members can continue if they are re-elected by their respective group.
 - d. agreed that continuity of membership is important as representatives gain school finance expertise
 - e. small schools should be represented but it was recognised that it was difficult for Headteachers of small schools to be released from school.
 - f. special schools should be represented
 - g. nominated substitutes are permitted if a member couldn't attend.
 - h. the membership of BWG would be refreshed in September 2010 by the Heads groups.
 - i. Julie Powell was elected as Chair for the meeting
 - j. headteacher representatives would lead in feeding back a summary from the BWG to Schools Forum and preparing other reports.

2011/12 and 2012/13 school budgets (Lead headteacher - Peter Box)

5. The Working Party considered a two page summary of the Department for Education (DfE) finance paper "Investing for the future, protecting the front line: school funding 2010-13". The two page summary (included in Appendix A) will be useful to Forum members as an overview as the DfE report is very detailed, complex and long.
6. The schools budget is expected to be based around a Minimum Funding Guarantee (MFG) of 1%, efficiency savings of 0.9% to meet cost pressures in schools estimated by DfE to be 1.9%. The headroom between the MFG and the per pupil budget settlement will be required to be allocated to social deprivation if the 100% target is to be achieved. Schools are expected to make 10% savings on procurement, 10% savings on back-office costs, between 5 and 15% on energy and savings through greater collaboration and federation. The budget settlement will assume that schools are achieving these savings and if not schools will have to make compensating budget cuts.

Social Deprivation funding - Local Pupil premium (Lead headteacher – Tracey Kneale)

7. The local pupil premium will require the funding formula to be more explicit on the calculation of deprivation on a per pupil basis. The current model uses a "basket of indicators" but is over complex and also targets the available funding on the schools with the highest deprivation needs. As a result of this the amount of deprivation per free school meals pupil varies from £1,000 to £3,000. It will be necessary to bring all schools to the same £3,000 per pupil. This may mean that the social deprivation funding to those schools receiving the highest amounts per pupil are frozen whilst other schools catch-up.
8. School Forums and local authorities will have a choice to base their local pupil premium on free school meals, tax credits, Income Deprivation Affecting Children Index (IDACI) or a combination of indicators. Further announcements are due in the autumn from the Department for Education.
9. Initial calculations indicate that a payment of £3,000 per free school meals pupil to all schools would be broadly sufficient to meet the requirement to pass 100% of deprivation funding to schools by 2014/15. The BWG agreed that much more work was necessary and that the next step would be to consider a budget plan setting out how the deprivation target would be implemented by 2014/15.
10. Current progress against the deprivation targets was estimated at 72% (subsequently calculated as 82% in the Section 251 budget statement due to changes in the target figure), up from 49% in 2007/08. The 20% gap is equivalent to roughly equal to £2.0m. The deprivation budget plan would need to consider strategies for achieving an annual increase of between £0.4m and £0.5m in deprivation funding over the next four years.
11. More information is expected in the autumn when the outcome of the DSG review and the DSG funding rates are announced by government.
12. BWG comments included
 - Is advance information to schools necessary about the likely below inflation settlement in 11/12?
 - Not only schools with falling rolls will lose funding, schools in non-deprived affluent areas will potentially see a transfer of funding to schools in deprived areas and a below inflation settlement.

- Funding formula needs a drastic review so that it is more equal e.g. a “free school meals” pupil should be worth the same in all schools
- More up to date information on deprivation indicators such as IDACI and tax credits is needed before a choice can be made.
- How much Schools Development Grant can be used to fund social deprivation and hence count against the target?
- Savings can be made by managing supply costs within a cluster for example using pool staff across the cluster.
- Suggested schools federation but doubtful of financial savings

School Lunch Grant (Lead headteacher – Nigel Griffiths)

13. Proposals for distributing the school lunch grant to schools were considered by the BWG. Schools Forum has previously agreed that all schools would receive an allocation equivalent to the former school meals grant i.e. primaries/special £1,000 plus 50p per pupil and highs £1,500 plus 50p per pupil.
14. Three proposals to distribute the remaining £112k in 2010/11 as follows;
 - Option A Devolve to schools to meet existing meal transport costs, retain £10k for light kitchen equipment and allocate the remainder to all schools at £2.50 per pupil
 - Option B – distribute all the £122k to schools at £5.35 per pupil ignoring any transport costs
 - Option C – Devolve to schools to meet existing meal transport costs, retain £10k for light kitchen equipment and allocate the remainder to those schools NOT receiving transport costs at £3.10 per pupil.
15. Schools Forum in December 2008 previously agreed that the grant should be devolved by a method that takes account of the hot meals strategy i.e. supplying primary schools from the local high school.
16. The BWG debated the options and as there was no consensus agreed that Schools Forum should be asked to make a decision at the next meeting. It is expected that the School Lunch Grant will be absorbed into DSG from April 2011 and that a local formula factor will be necessary to replicate the allocation method within the Herefordshire funding formula.
17. Detailed funding models of the various options A-C are set out in the BWG agenda papers and attached as an appendix.

Key Considerations

18. The proposals represent very early considerations of the 2011/12 DSG budget and more work will be required by the Budget Working Group and Schools Forum particularly with regard to the social deprivation funding and the adoption of the local pupil premium. Much of this can only take place in the autumn after the publication of the DSG review and the new government's per pupil funding rates.

Community Impact

19. None assessed

Financial Implications

20. The financial implications of the 2011/12 Schools Budget form a significant part of the work of the BWG this year.

Legal Implications

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

Risk Management

22. The Budget Working Group's proposals for the 2011/12 Budget will be fully considered by Schools Forum prior to final decisions by the Cabinet Member in March 2011.

Consultees

23. 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

Appendix 1- Schools Forum Sub Working Group Discussion Paper

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

Background Papers

None