

MEETING:	SCHOOLS FORUM
DATE:	3 DECEMBER 2010
TITLE OF REPORT:	REPORT OF THE BUDGET WORKING GROUP – 5 NOVEMBER 2010
REPORT BY:	LMS ACCOUNTANT

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To report on the Schools Forum Budget Working Group meeting on 5th November

Recommendation(s)

THAT Schools Forum notes the content of the report

Key Points Summary

- Refresh of membership of the Budget Working Group
- Comprehensive Spending Review and its impact on school budgets 2011/12
- Budget proposals 2011/12

Alternative Options

- 1 There are no alternative options for consideration

Reasons for Recommendations

- 2 To update Schools Forum on the work of the Budget Working Group

Introduction and Background

- 3 The report gives an overview of what was discussed at the Budget Working group meeting.
- 4 Refresh of membership - Michael Goodman has replaced Chris Barker as a representative of HASH. As at 5th November the Primary Heads Forum meeting hadn't been held so no additional members representing primary schools were at the meeting.
- 5 Comprehensive Spending Review - The group discussed the content of the Department for

Further information on the subject of this report is available from
Louise Devlin LMS Accountant on (01432) 261859

Education press notice, together with slides prepared by Pearson (for an F40 group presentation) summarising the implications for schools.

6 Both documents provide a high level overview and it was felt that until more specific information on funding is released in early December it is impossible to plan effectively as there are too many uncertainties. The Pearson slides have been sent to all Heads for information.

7 Key points affecting 2011/12 budgets:

- Overall schools' budget increasing annually by 0.1% (increase includes Pupil Premium)
- Reduced ring fencing of funding – several grants historically paid through Standards Fund are to be delegated as part of the main school budget, increasing flexibility.
- Pupil Premium – being implemented from September 2011, targeting the most disadvantaged pupils. Premium will be calculated on Free School Meals indicators.
- Early Years – 15 hours a week of education for 3 and 4 year olds is being maintained (additional 2.5 hours previously funded through Standards Fund)
- Capital – Education capital budget being cut by 60%, mainly through scrapping of BSF. Effect on Devolved Formula Capital allocations is unknown.

School Funding 2011/12

9 The group considered the models for the affordability of a good, fair and poor Dedicated Schools' Grant (DSG) settlement.

10 The estimated 2011/12 budgets issued in April, based on 1.9% DSG increase, 1% inflation and estimated 1% Minimum Funding Guarantee (MFG) are no longer affordable due to changes in the cost of rates. Given the changes to funding outlined in the Comprehensive Spending Review it is unlikely that an increase in DSG of this level will be achieved.

11 The fair settlement modelled increases funding by 1.5% and assumes that no inflation is applied to school budgets and uses an MFG of 0% or -1%. The model suggests that a fair settlement would be affordable if set on this basis.

12 A poor DSG settlement of 1% is unaffordable and would require a reduction in central and/or school budgets.

Budget Proposals 2011/12

13 Factors traditionally causing budget pressures were discussed (see background papers - Draft School Budgets 2011/12) and the Group have asked that alternative options are developed once more information on funding is known, so that funding for pupils with the greatest need is protected as much as possible.

14 The amount of DSG that we are likely to receive is uncertain, and the treatment of grants previously distributed by other funding streams is unknown. Consequently there is insufficient information available to make any recommendations to Forum on how to treat specific formula factors which may cause pressures if a challenging settlement is received.

15 The group will be meeting again in mid December when better information on which to base recommendations will be available and will present to Forum again on 31st January. If there

has been insufficient time to consider how best to respond to changes in our funding before the end of term, draft school budgets may be delayed until the New Year.

Key Considerations

16 None identified.

Community Impact

17 None identified.

Financial Implications

18 No decisions made on 2011/12 budgets so no financial implications at present.

Legal Implications

19 None identified.

Risk Management

20 None identified

Consultees

21 None

Appendices

None

Background Papers

DfE Spending press notice

Pearson F40 CSR Briefing

Draft School Budgets 2011/12 report

DSG Financial Modelling 2011/12