

EXECUTIVE SUMMARY

1. The Council will receive £11m less in formula grant from government in 2011/12 requiring the Children and Young People’s Directorate (CYPD) to make savings of £1.75m to their budget. Additional cost pressures particularly re SEN complex needs and looked after children will also increase spending in CYPD by an extra £1.5m. The Department for Education (DfE) has announced the withdrawal of £2.5m of grants in 11/12 on top of the £0.9m in year reductions already passed onto the council in 10/11.
2. A pupil premium is to be introduced for 2011/12, to be paid to schools at £430 per pupil on free school meals and for service children an extra £200 per pupil. It is estimated that the pupil premium will be worth over £1m to Herefordshire schools in the first year. It is expected that the pupil premium grant will rise to over £4m by 2014/15 and eventually be worth £1,720 per free school meal pupil although this is not confirmed by government.
3. Grants paid directly to schools, such as school standards grants, school development and specialisms grant, national strategies funding, extended schools (including disadvantage subsidy) and school lunch grant will be included in Dedicated Schools Grant (DSG) in 2011/12. These grants have been protected by DfE so that the “per pupil” grant funding received by schools in 10/11 is protected by the Minimum Funding Guarantee in 11/12 to provide stability and protection to individual school budgets.
4. The Minimum Funding Guarantee (MFG) has been set by the DfE at -1.5% protecting budgets for schools whilst ensuring budget savings can be made in Dedicated Schools Grant as a whole. The MFG, although complicated, ensures that schools will receive at least 98.5% of their per pupil unit funding in 2011/12 when compared with the level of funding received per pupil in 2010/11.
5. Dedicated Schools Grant faces a shortfall of £1.5m due to falling rolls and increased cost pressures as set out below;

Cost Pressure	£'000
Falling rolls	500
More pupils with complex needs	482
Statutory teaching hours in PRUs/medical	186
Increasing Special school places/needs	163
Trade union consultation	41
SEN banded funding increases	120
School funding formula Review	23
TOTAL NEW SPENDING COMMITMENTS	1,515

6. Budget proposals for savings have been developed by School Forum’s budget working group to meet the increased costs in 2011/12 providing some choice from the options listed below. The proposed savings are a guide only and may be increased or reduced following consultation with schools and finalization of pupil numbers after the January pupil census. The chosen options are mainly focused on those DSG budgets that will generate significant savings.

REDUCTIONS IN SCHOOL BUDGETS

Option	Description	Savings £'000
A	Reduce small schools protection	121
B	Reduce social deprivation funding	188
C	Reduce personalized learning funding	156
D	Reduced SEN Banded funding levels 3 & 4	99
E	Reduce school grants by 1.5%	144
F	Reduce “per pupil funding” by 0.5%	200
G	Delegate £376k of SEN Support services	137
TOTAL PROPOSED REDUCTIONS IN SCHOOLS BUDGETS		1,045

REDUCTIONS IN NON-SCHOOL BUDGETS

Option	Description	Savings £'000
H	Abolish flexibility grants to PVI nurseries	172
I	Charge for early years training	100
J	Reduce PVI nursery funding by 2%	72
K	Reduce contingencies	100
L	Reduce central DSG services by 3%	118
TOTAL PROPOSED REDUCTIONS IN NON-SCHOOL BUDGETS		562
OVERALL TOTAL OF PROPOSED SAVINGS		1,607

7. Schools Forum is undertaking a budget consultation with schools to ensure that the necessary budget reductions can be made in the fairest way possible. The budget consultation paper has been approved by Schools Forum for presentation to Headteachers on the 3rd February. Responses to the consultation paper are due back by the 11th February and the Forum’s budget working group will analyzing the feedback from schools to develop final budget proposals for Schools Forum’s consideration on 2nd March.
8. To ensure that your views are taken into account please return the consultation response form to malcolm.green@herefordshire.gov.uk by the 11th February.