

DEDICATED SCHOOLS GRANT 2011/12

BUDGET CONSULTATION FOR SCHOOLS AND RESPONSE FORM

The budget response form must be returned by 11th February to
malcolm.green@herefordshire.gov.uk

1.0 INTRODUCTION

- 1.1 This report sets out the financial position for council and school budgets for 2011-12 and the approach to consulting with schools on the budget options available for the next financial year.
- 1.2 It is important that headteachers and governors are aware of the overall budget position of Herefordshire Council, the Children & Young People's Directorate (CYPD) and the schools budget in particular. This briefing paper summarises the council's forthcoming financial position and detail of the Schools Budget for 2011/12 and the choices that must be made to set a balanced budget within the Dedicated Schools Grant.
- 1.3 In summary, the Council has received £11m less in formula grant from government which is equivalent to an 8% cut of the council's revenue budget. The front loading of the funding reductions, 13.3%, 8.6%, 1.9% for the next three years, adds to the pressure faced in 2011/12 requiring greater savings and use of reserves in the first year. Additionally there will be a different formula grant distribution methodology in two years time. CYPD are required to find savings of £1.75m in 2011/12 and a further £840k in 2012/13 as their contribution to balancing the budget.
- 1.4 Additionally many grants have either been stopped or reduced (totalling £2.5m); other direct grants to schools have been included in Dedicated Schools Grant. The remaining central grants have been consolidated into a single new Early Intervention Grant worth £6.4m in 11/12. This is a reduction of nearly £2m on the previous grants and has been reduced from an original £7m council-wide baseline in 2010/11. Additionally, in year cuts to the Area Based Grant of £0.9m were made by DfE in summer 2010. These grants have previously been used to support school developments, fund children's centres and other Sure Start services, fund positive activities for young people and connexions services, and commission a variety of services from the voluntary and community sector on behalf of children and young people in Herefordshire. Statutory duties have not been reduced.

- 1.5 In short, without including any additional service pressures, estimated at £1.5m (mainly relating to looked after children & complex needs) Herefordshire’s children services have to manage the financial impact of £4.25m in lost grant and budget reductions required to balance the budget in 2011/12.
- 1.6 Dedicated Schools Grant is predicted to be £106.125m in 2011/12 and due to falling rolls and additional cost pressures will have a shortfall of £1.5m. This shortfall has to be found from within individual school budgets (£81.4m), central education services (£8.8m) or school standards fund grants transferring to DSG (£16.2m).

2.0 THE COUNCIL’S OVERALL FINANCIAL POSITION

- 2.1 The local government and schools finance (provisional) settlement for 2011/12 plays a major part in the national Government’s deficit reduction plan. In year savings for 2010/11 have already been made by the council as directed by government.
- 2.2 The finance settlement gives local government greater flexibility to take decisions locally. Restrictions have been lifted on how local government spends its money by removing “ringfences”. The intention is to give councils extra flexibility to make decisions about where savings are found. However, this is subject to the usual rules to ensure that capital funding is used on capital expenditure. The settlement has been “front loaded” with cuts to formula grant of 13.3% in 2011/12, 8.6% in 2012/13 and 1.9% in 2013/14.
- 2.3 The number of specific grants has reduced dramatically. In 2011/12 Herefordshire will receive only six specific grants compared with approximately 70 it received in 2010/11. The majority of funding is now via the general Formula Grant and this has been subject to a significant reduction of £11.008m for 2011/12 when compared with a like for like 2010/11 total for Formula Grant (plus grants rolled into Formula Grant for 2010/11). In summary this is as follows, and the table shows its impact of the overall savings target:

HEREFORDSHIRE COUNCIL	£’000
2010/11 Formula grant	57,583
Grants rolled into Formula Grant	13,550
TOTAL	71,133
2011/12 Formula Grant	60,155
TOTAL LOSS IN FORMULA GRANT	11,008

2.4 The Council's Joint Management Team has conducted detailed financial planning for the two year period based on the Joint Corporate Plan. The settlement announced on 13th December 2010 was worse than expected in terms of total reduction and timing of the reductions. Directors have worked to a further set of principles to help refine the budget proposals. These principles are as follows:

- Grant reductions and grants that have ceased will not be funded.
- Any growth requirement will need to be self funded by directorates.
- Additional sums provided for Adult Social Care as part of the settlement and will be added to Adult Services, £1.9m. In addition £2.4m of government funding will be available from the PCT.
- There will not be any additional capital borrowing in 2011 apart from meeting agreed prior year decisions, any Health & Safety issues or existing projects already being delivered.
- Inflation at 2% will be applied to non-pay budgets. There is also an assumption that fees and charges will be raised by inflation and that any subsidy of services through under recovery of fees will end. A review of fees will be undertaken.
- The savings put forward as part of the Star Chamber process are to be signed off and delivered.

3.0 SAVINGS PROPOSALS

3.1 Although the settlement identifies an £11m funding gap, Herefordshire only needs to deliver a slightly lower level of £10.3m because of the assessment of spending requirements in some areas. The directorate savings requirements are as follows:

Savings Targets	2011/12	2012/13	TOTAL
	£'000	£'000	£'000
Adult Services	2,649	2,383	5,032
CYPD	1,747	839	2,586
Deputy CE	1,033	853	1,886
Public Health	297	278	575
Resources	576	338	914
Sustainable Communities	2,200	1,092	3,292
Commercial Strategy	1,800	0	1,800
TOTAL	10,302	5,783	16,085

4.0 THE CHILDREN & YOUNG PEOPLE'S FINANCIAL POSITION

4.1 The CYPD budget is funded from three main sources; the council, government grants and Dedicated Schools Grant.

5.0 SERVICES FUNDED BY THE COUNCIL IN 2010/11 ARE

SERVICE AREA	£M
Local Authority Education Functions	1.4
Special Educational Needs	0.9
School Improvement	1.1
School Transport	5.3
Education Welfare	0.2
Asset Management and performing arts	0.8
Services for young people including youth work and connexions	2.7
Youth Justice	0.4
Children Looked After	6.8
Children and Young People's Safety	0.1
Family Support Services	1.7
Other Children's and Family Services including adoption	1.1
Children's Services strategy and social work	4.9
TOTAL (including recharges)	27.4

Source: Section 251 Schools Budget Statement 2010/11

- 5.1 It is from these services that cuts of £1.75m must be delivered to contribute to the overall balances of the council's budgets.
- 5.2 The reduction for schools moving to academy status from formula grant is £650k in 2011-2012 and a further £500k in 2012/13; this is irrespective of the number of schools transferring. Services will have to charge academies to mitigate this reduction, for example within school improvement, strategic management and property.

5.3 Services pressures for CYPD have been submitted to council for approval on the 4th February. These include

Reduction in social worker caseloads	£200k
Safeguarding – front line pressures	£109k

Further pressures to be absorbed by CYPD are

Looked After Children	£1,000k
Complex Needs	£500k

6.0 SERVICES FUNDED IN 2010/11 BY DEDICATED SCHOOLS GRANT ARE

SERVICE AREA	£M
Individual School Budgets	81.4
PVI nursery funding	2.9
SEN	1.9
Complex Needs Out County Places	1.4
Early Years	0.5
PRUs	0.9
Support for Inclusion	0.4
Education out of school	0.2
Admissions	0.2
Other services & contingencies	0.4
Total	90.2

It is from these services that the DSG savings of £1.5m must be made.

7.0 GOVERNMENT GRANTS

7.1 Additionally, many grants have ceased or been reduced, for Children's Services these are set out in the tables below. Note that the Early Intervention Grant is not ring fenced to CYPD.

8.0 CYPD GRANTS CEASED
2010/11

AREA BASED GRANT	£'000
School Development Grant	82
Extended Schools Start-Up Grants	334
Primary National Strategy - Central	115
Secondary National Strategy Central Co-ordination	141
Secondary National Strategy - Behaviour and Attendance	68
School Improvement Partners	108
Education Health Partnerships	55
School Travel Advisers	32
Choice Advisers	20
School Intervention Grant	70
14 - 19 Flexible Funding Pot	48
Sustainable Travel - General Duty	16
Designated Teacher Funding	15
	1,104
STANDARDS FUND	
Assessment for Learning (AfL)	122
Communication, Language and Literacy development (CLLD)	65
Early Years/Primary (Foundation)	26
Behaviour & Attendance	29
Primary (MfL) - missing one-third	43
Leading Teachers	10
Targeted gifted & talented support	2
Assessment for Learning AfL	64
Gaining Ground	191
Aim Higher DCSF	179
Key Stage 4 Engagement Programme	58
	789

9.0 CYPD GRANTS REDUCED
2010/11

EARLY INTERVENTION GRANT (EIG)	£'000
2010/11 former grants	
Sure Start, Early Years and Childcare	4,482
Youth Opportunity Fund	90
Aiming High for Disabled Children	573
Targeted Mental Health in Schools	150
Think Family Grant	360
Two Year Old Offer - Early Learning and Childcare	167
Contact Point	75
Foundation Learning	58
Connexions	1,394
Children's Fund	357
Positive Activities for Young People	112
Teenage Pregnancy	99
Children's Social Care Workforce	40
Young Peoples Substance Misuse	27
January Guarantee	17
Child Trust Fund	3
2010/11 DfE Savings	(934)
	7,070
2011/12 REDUCTIONS	(597)
NEW EIG 2011/12	6,473

Note: DfE will announce in February 2011 final 2011/12 grant allocations for Extended Travel Rights (£330k in 10/11) and Music (£292k in 10/11).

DEDICATED SCHOOLS GRANT 11/12 – BUDGET OPTIONS

1.0 SCHOOLS BUDGET SETTLEMENT 2011/12

- 1.1 The Government has announced the schools budget settlement for 2011/12 which confirms that there will be no increase nationally in the per pupil allocation for DSG in 11/12. Herefordshire will continue to receive the same rate as 2010/11 i.e. £4002.11 per pupil and the Minimum Funding Guarantee (MFG) is set at -1.5%.
- 1.2 The DfE have also confirmed that direct school grants have been mainstreamed into the DSG unit of funding. Schools are to required to receive the same amount in grants per pupil in 2011/12 as in 2010/11 (subject to the MFG of -1.5%). This has increased the amount of per pupil funding in DSG from £4,002.11 to £4,723.65 per pupil. Schools will be protected for School Standards Grant and School Development Grant (including specialism grants). This change is in line with the national expectation that schools will be responsible for identifying their needs and purchasing support to meet those needs. It also ensures that the grants will reduce automatically in the same way that DSG reduces as a result of falling rolls.
- 1.3 The pupil premium has been set at £430 per “free school meals” pupil and £200 for “service children”. This is estimated to bring an additional £1m into Herefordshire schools for the basic pupil premium. This is the first instalment of the four year phased implementation of the pupil premium so it is expected to be eventually worth up to £1,720 per free school meals pupil although if the basis of the entitlement changes to “ever free meals” or universal benefit then the amount per pupil is likely to reduce.
- 1.4 A “per pupil grant” factor will be added to the schools funding formula so that the actual 2010/11 per pupil grant amounts received by each school can be included in the 2011/12 school budgets and protected by the MFG. The constituent grants and the average amount per pupil are shown in the table below;

DIRECT GRANTS TO SCHOOLS IN 2010/11	£'000
Schools Standards Grants	4,372
Schools Standards Grants (P)	967
School Development Grant (SDG) – Main	5,675
SDG - Specialist Schools	1,395
SDG - High Performing Specialist Schools	522
School Lunch grant	239

Ethnic Minority	46
1-2-1 tuition	760
Extended Schools Sustainability	723
Extended Schools - Disadvantaged Subsidy	514
National Strategies – Primary	745
National Strategies – Secondary	283
Diploma Formula Grant	34
SUB TOTAL	16,275
AVERAGE PER PUPIL (£)	£721.54

- 1.5 There is a varying range in the amount per pupil of grant allocated to individual schools depending on the particular grants that each school previously received. For primary schools the range varies from £352 to £1,370 per pupil; for high schools the range is £559 to £1,284 per pupil and for special schools the range is from £2,400 to £3,638 per pupil (calculated on fewer pupils in special schools).
- 1.6 The predicted shortfall in the Herefordshire schools budget is estimated at to be £1.5m which arises from a budget loss of £500k due to falling rolls and a potential increase in 2011/12 spending commitments of £1m – this includes £482k for SEN complex needs out county placements. Further details of all the spending pressures are set out at paragraph 11.
- 1.7 *Additional spending pressures from growth in pupil numbers, free school meals or other school budget factors (e.g. Teachers UPS costs) cannot be confirmed until January PLASC details are available and the final banded funding allocation meeting in February*
- 1.8 As a by-product the inclusion of grant funding in the DSG per pupil amounts has moved Herefordshire from 3rd from bottom of the funding league to 29th from bottom. It doesn't give any more money but reflects the greater delegation that schools in Herefordshire have always enjoyed.

2. ESTIMATED DSG 2011/12

- 2.1 The 2011/12 DSG will be confirmed by DfE in early July 2011, this is in common with previous year's practice. An accurate estimate will be calculated based on January pupil numbers and until these are available in mid-February all budget projections are estimates and subject to revision.
- 2.2 Based on September 2010 pupil numbers (estimated at 22,293 plus an extra 174 for the extension to 15 hrs per week for pupils in early years PVI settings), DSG prior to academy recoupmnt, is estimated as £89.915m. This does not include Standards Grants transferring to DSG which are estimated £16.21m (22,467 pupils at a further £721.54 per pupil). The total DSG is calculated as £106.125m.
- 2.3 Additionally, In 2011/12 there is an estimated academy recoupmnt from DSG of £226k due to the four academies that have been established prior to the start of the financial year. The recoupmnt is determined by DfE based on the authority's expenditure on admissions, additional needs services, behaviour support and the trade union facilities agreement. Because these are services that can be purchased by academies through the Service Level Agreement (SLA) process the loss of DSG income will be offset by additional income targets for these services from academy buy-back. This will ensure that there is no extra cost to be met by the DSG as a whole. Further school transfers to academies during 2011/12 will result in additional top-slices which will dealt with by income budgets as above.
- 2.4 Central DSG spend is estimated as £9.9m, an increase of £1.1m from 2010/11. This arises mainly from an increase of £482k in out county complex needs placements and £650k for the 15hrs increased entitlement for PVI nurseries.
- 2.5 Hence £96.2m is available for individual school budgets (plus the YPLA sixth form grant of £2.885m). The £1.5m budget shortfall will need to be addressed from individual school and central services budgets.

3. BUDGET STRATEGY

3.1 School Forum's Budget Working Group (BWG) accepted that it would be impossible to make budget reductions in excess of £1m in any single area of the schools budget and agreed that a package of funding cuts be prepared for further discussion at the BWG on January 11th and Schools Forum on the 31st January 2011. In broad terms the BWG has attempted to offer a range of similar sized budget cuts to range of spending as follows;

- Small schools protection -£250k
- Social Deprivation -£250k
- Personalised Learning -£250k
- School Development Grant -£250k
- Early Years -£250k
- Central contingencies etc -£100k

3.2 In addition, and in order to ensure that all aspects of the budget are reviewed, the Budget Working Group asked for proposals to be developed to achieve further savings in the following areas

- SEN Banded Funding 3 & 4
- Central DSG funded services

3.3 The Minimum Funding Guarantee will provide protection to schools so that the full value of the proposed reductions in school budgets will not be realised in 2011/12. For example, a cut of £250k to small schools protection only saves £121k due to increases in the protection to individual schools offered by the MFG. It does have the advantage that in future years the protection will be gradually phased out over a number of years and that further savings will be released in 2012/13 and 2013/14.

4. BUDGET CONSULTATION TIMESCALES

4.1 The budget process and timeline is:

- The BWG agreed a consultation plan with schools so that budget options could be considered by Schools Forum on 31st January 2011.
- This would be followed by a briefing for all schools at the director's meeting on 3rd February and an individual response form to be returned by the 11th February.
- The BWG would then meet on 17th February to consider the responses from schools and draw up budget proposals for Schools Forum on the 2nd March.
- Schools Forum will meet on 2nd March to recommend a budget to the Cabinet Member for ICT, Education and Achievement for final approval in mid-March.

- 4.2 The BWG stressed that the eventual budget reductions need to be transparent to all schools, PVI settings and DSG funded services.

5. BUDGET OPTIONS

- 5.1 Each option set out below has been considered cumulatively because of the impact on the Minimum Funding Guarantee.

6. SAVINGS IN SCHOOLS

- 6.1 The £1.5m shortfall could be funded by a range of options as set out below

- A **REDUCE SMALL SCHOOLS PROTECTION BY £250K OR 25%**
The protection offered to schools by Minimum Funding Guarantee reduces the savings achieved in 2011/12 to £121k.

SMALL SCHOOLS PROTECTION	10/11 BUDGET £'000	11/12 PROPOSED £'000	REDUCTION £'000
Primary	697	520	-177
High	286	214	-72
TOTAL	983	734	-249

- B **SOCIAL DEPRIVATION - REDUCE BY £250K OR 19.4%**
The protection offered to schools by Minimum Funding Guarantee reduces the savings achieved in 2011/12 to £188k. The reduction in social deprivation funding will be offset by additional pupil premium grant in 2011/12.

SOCIAL DEPRIVATION FACTORS	10/11 BUDGET £'000	11/12 PROPOSED £'000	REDUCTION £'000
Primary	772	623	-149
High	518	417	-101
TOTAL	1,290	1,040	-250

C REDUCE PERSONALISED LEARNING BY £250K OR 16%

The protection offered to schools by Minimum Funding Guarantee reduces the savings achieved in 2011/12 to £156k. The reduction in personalised learning funding will be offset by additional pupil premium grant in 2011/12.

PERSONALISED LEARNING (EXCLUDING SEN)	10/11 BUDGET £'000	11/12 PROPOSED £'000	REDUCTION £'000
Primary	545	458	-88
High	1,017	856	-161
TOTAL	1,562	1,314	-249

D OPTIONS TO REDUCE SEN BANDS TO SAVE £99K

Either a) 5% from all bands 3 & 4 or

Or b) 10% from band 3 only

The Minimum Funding Guarantee does not apply to individually assigned SEN resources and hence the full savings of £99k are achieved in 2011/12.

- 6.2 The MFG remains unchanged because individually assigned resources are outside the MFG and are also not subject to an Academy top-slice.
- 6.3 Proposal (a) is to reduce the value of bands 3 & 4 by 5%. It is assumed that the level of applications from schools will remain at the same volume as 10/11. If not then further cuts may necessary to compensate for any additional growth.
- 6.4 An alternative, Proposal (b) on which we would welcome views, is that the value of Band 3 is reduced by 10% whilst the value of the Band 4 allocation kept the same. This would deliver the savings but ensure that the most vulnerable band 4 children continue to be protected.

- 6.5 The available budget for SEN grants to early years providers will also be reduced by 5% as set out in the table below.

SEN BANDS 3 & 4	10/11 BUDGET £'000	11/12 PROPOSED £'000	REDUCTION £'000
Reserved for commitments	166	158	-8
Primary	546	519	-27
High	735	698	-37
New Bands	477	453	-24
Early Years SEN grants	60	57	-3
TOTAL	1,984	1,885	-99

E SCHOOL GRANTS INCLUDING SDG – CUT BY 1.5% I.E. £243K

The protection offered to schools by Minimum Funding Guarantee reduces the savings achieved in 2011/12 to £144k.

- 6.6 Further savings may be possible, for example £15k has been used in 2010/11 for central kitchen purchases within the school lunch grant and this will no longer be possible in 2011/12. We are still compiling a list of all the grants distributed to schools in 2010/11 which will form the basis of the 2011/12 allocations.
- 6.7 The Ethnic Minority grant of £46,564 has previously been retained centrally and it is intended that this grant will be delegated to schools and buy-back arrangements via an SLA are put in place.
- 6.8 Grants transferred into DSG are £16.2m at £721.54 per pupil.
- 6.9 BWG was interested in making cuts or re-allocating some of these grants. There are DfE restrictions that ensure the same amount per pupil in 10/11 is allocated in 2011/12.
- 6.10 There are historical differences in how these grants have been allocated to schools e.g. excellence cluster, behaviour improvement plan, training schools, specialisms and higher fixed base allocations to smaller schools in the original School Standards Grant. Due to time constraints a full review will be completed for April 2012.

F PER PUPIL REDUCTIONS BY ½%

The protection offered to schools by Minimum Funding Guarantee reduces the savings achieved in 2011/12 to £200k.

- 6.11 Any further savings required in the schools budget can only be made by reducing the “per pupil” unit of funding. This will reduce the funding for all schools pro-rata to pupil numbers. For example a reduction of ½% will reduce primary school funding by £12 per pupil, high schools by £17 per pupil and special schools by an average £87 per pupil and will save approx £289k however the protection offered by the MFG increases by £91k resulting in a net savings of £200k.
- 6.12 Further reductions in the “per pupil” funding amount will save significantly less because the MFG increases disproportionately to protect school losses.

G DELEGATION OF LEARNING AND BEHAVIOUR SUPPORT SERVICES

- 6.13 It is proposed to delegate £376k of funding for the learning, behaviour and EAL support teams. This sum includes the former ethnic minority grant which has been mainstreamed into DSG. A service level agreement (SLA) will set out the arrangements for buying back these services.
- 6.14 The delegation of extra funding for these support services will reduce expenditure incurred on the Minimum Funding Guarantee by £137k effectively reducing the protection offered to those schools on the MFG who will receive less than their full allocation of funding to buy back the SEN support services SLA.
- 6.15 For example,

A primary school – prior to delegation

LMS formula budget	£299,000
MFG protection	£ 13,500
 Total Allocated Budget 11/12	 £312,500

A primary school – after delegation of learning and behaviour support services

LMS formula budget	£299,000
Delegated Learning support services	£ 4,000
MFG Protection	£ 9,500
 Total Allocated Budget 11/12	 £312,500

- 6.16 The government requires that the Minimum Funding Guarantee (MFG) is included within school funding formulae and is designed to provide stability of funding to

schools by protecting the per pupil funding level from year to year. The MFG is a complicated calculation that ensures if a school received £3,500 per pupil in 10/11 then the school will receive at least the MFG percentage increase (or decrease) in the next financial year. For example in 2011/12 with an MFG of -1.5% the school will receive a minimum per pupil unit of funding of £3,447.50 (i.e. 98.5% of £3,500 per pupil received in 10/11). The treatment of fixed costs within the MFG often increases a school budget despite falling pupil numbers.

7. NON SCHOOLS EXPENDITURE – EARLY YEARS

H RESTRICT FORMER ENTITLEMENT GRANT TO 15 HOURS FREE ENTITLEMENT PROVISION ONLY

- 7.1 The cost of the additional 2.5 hrs entitlement in the early years single funding formula is estimated at £650k in 2011/12. This was previously met by free entitlement grant in 2010/11.
- 7.2 However the extra 2.5 hours is being added to DSG by extra pupil numbers, for example 12.5 hrs is 0.5fte and 15 hrs is 0.6fte. If all the additional hours translate into increased pupil numbers then this will be equivalent to 174 pupils (20% of 871 early years fte numbers)
- 7.3 This will provide increased DSG income of 174 x £4,723.65 i.e. £822k compared with the previous grant of £1.15m.
- 7.4 In 2010/11 the additional funding in the grant has been used to fund flexibility grants of upto £2,000 to PVI nurseries. Savings of £172k are possible (£822k -£650k) by ceasing these flexibility grants to PVI nurseries.

I CHARGE FOR EARLY YEARS TRAINING – SAVINGS £100K

- 7.5 DSG funding provides for £100k of free training to early years providers. Schools will be charged for school improvement training from 2011/12 and charging PVIs on a similar basis will save £100k. The training will be downsized so that fewer or no external consultants will be used and cheaper venues/ courses will be offered. This is already in hand.

J PVI NURSERY FUNDING FORMULA -2% REDUCTION EQUIVALENT TO £72K

- 7.6 A reduction of 2% in the budget of £3,594k would save £72k and would be proportionate with the savings made by schools. It is fair that all services funded by DSG contribute towards meeting the budget shortfall. The 2% reduction would be applied to the single early years funding formula for PVIs and school nurseries.

K REDUCE CONTINGENCIES BY £100k

7.7 See section 8 below on Central DSG savings.

8. NON SCHOOLS EXPENDITURE – CENTRAL SERVICES
L CENTRAL DSG SAVINGS AT 3%

8.1 No impact on MFG as savings are made centrally. These savings and cost pressures have been assumed in the budget planning as set out in the table below.

	10/11 BUDGET £'000	ADJUSTMENT '000	11/12 PROPOSED £'000	NOTES
Absences/TU facilities	32	41	73	To ensure minimum service consistent with legal requirements
Casework	84	-3	81	-3%
Excluded Pupils	-46	0	-46	Excluded from -3% cut because demand led budget
Complex Needs	1,353	482	1,835	Three extra pupils in 11/12. Overspend of £330k in 10/11
Nursery PVI's	2,944	650	3,594	15hrs for all PVI's
Early Years	319	-10	309	-3%
Recharges	357	-11	346	-3%
PRUs	944	-28	916	-3%
Recoupment	95	0	95	Excluded from -3% cut because demand led budget

	10/11 BUDGET £'000	ADJUSTMENT '000	11/12 PROPOSED £'000	NOTES
Additional Needs services	1,536	-35	1, 501	-3%
Admissions & School Planning	165	-4	161	-3%
Travellers	128	-4	124	-3%
LMS Review	23	-23	0	Agreed by Forum subject to available funding
PRU Extra hours costs – proposals	0	156	156	Forum still to consider for 11/12
Medical Provision – extra hours proposal	0	30	30	Forum still to consider for 11/12
DSG Contingency	40	-25	15	
Primary Heads Forum	13	0	13	
School Specific Contingency	30	-30	0	
Schools Related Expenditure	25	-25	0	

	10/11 BUDGET £'000	ADJUSTMENT '000	11/12 PROPOSED £'000	NOTES
Special Schools September numbers	75	-20	55	
TOTAL	8,117	1,141	9,258	

- 8.3 The items for TU facilities agreement, LMS formula review and PRU/medical provision extra hours proposals will need to be considered by Schools Forum as part of the budget process.
- 8.4 The -3% budget reduction has been applied equally to services funded by DSG. In practice these may vary between services but the total savings will be 3%.

9. IMPACT ON SCHOOL BUDGETS

- 9.1 The Appendix sets out the estimated impact on individual school budgets of implementing this package of budget cuts. The table includes all schools and shows the estimated 2011/12 budgets pre- and post the proposed budget reductions. The additional funding from the pupil premium has been included to give the overall impact of these proposals.
- 9.2 Comparisons with the 2010/11 budget are more difficult to assess for an individual school due to other budget changes from arising from pupil numbers, SEN funding and class size grant for primary schools. There will be further budget amendments when final pupil numbers are available from the January pupil census.

10. ADDITIONAL BUDGET PRESSURES

Additional funding requirements identified to date are as follows

BUDGET PRESSURE	£'000
Budget reductions due to less DSG income from falling pupil numbers	500
Complex Needs – increasing pupils requiring out county placements	482
Proposals for PRU extra teaching hours to meet statutory 25 hours teaching requirement	156
Proposals for medical extra teaching hours to meet statutory 25 hours teaching requirement	30
LMS formula review approved by Schools Forum subject to funding availability. National consultation paper expected in summer 2011.	23
Increasing demand for special school places in 11/12. Seven extra pupils from April 11	105
Trade union facilities consistent with statutory minimum	41
Overspend on in-year banded funding allocations (3 & 4)	120
Four extra enhanced needs pupils in special schools	25
Additional split site costs for Barrs Court from Sept 11	20
Additional places at Bishop's autism unit	13
Possible increase in September special school places	
TOTAL	1,515

11. SAVINGS OPTIONS - SUMMARY

11.1 The savings set out above are summarised below with the impact and risk attached to each option. This table allows you to assess the full impact of the required savings and will be helpful when completing the consultation response form.

	DESCRIPTION	SAVINGS £'000	IMPACT	RISK
A	Reduce small schools protection by 25% or £250k	121	Will reduce viability of small schools although protection offered by Minimum Funding Guarantee	Medium
B	Reduce social deprivation by 19.4% or £250k	188	Will reduce funding to disadvantaged schools however will be offset by extra funding from pupil premium.	Low
C	Reduce Personalised Learning by 16% or £250k	156	Will reduce funding to disadvantaged schools however will be offset by extra funding from pupil premium	Low
D	Reduce SEN Banded funding by a) 5% bands 3 & 4 b) 10% Band 3 only	99	Will affect ability to provide for most vulnerable pupils. Schools would need to make up the difference for e.g. Band 4 which is intended to provide full time support.	Medium
E	Reduce school grants by 1.5%	144	Reduces budgets of all schools in proportion to pupil numbers	Low
F	Reduce schools "per pupil funding" by 0.5%	200	Each 0.5 Reduces budgets of primary schools by £12 per pupil, high schools by £17 per pupil and in special schools by £87 per pupil in proportion to pupil numbers	Low
G	Delegate £331k SEN support services and £45k of former Ethnic Minority grant –	137	Reducing the cost of the MFG means that schools with protected funding will not receive the full budget for SEN support services to buy services	High

	reduces cost of MFG		back via SLA. Delegation will change the way schools receive their support services and will no longer be free at the point of referral. Schools will need to work and purchase services in clusters to avoid high impact on small schools.	
H	Restrict former early years extra entitlement grant to 15 hrs only	172	Removes flexibility grants paid to PVI nurseries in 09/10 and 10/11	Low
I	Charge for early years training	100	Reduced numbers attending courses, no external speakers, increased charges	Low
J	Reduce PVI nursery formula funding by -2%	72	Will impact on smaller and more rural nurseries. LA may incur additional set up costs for replacement providers.	Medium
K	Reduce contingencies	100	Increased risk of DSG overspending	Low
I	Reduce central DSG by -3%	118	Reduces central services to schools e.g. will reduce additional needs service by 0.6 FTE teacher impacting on services to schools and pupils.	Medium
	TOTAL	1,607		

CONSULTATION RESPONSES BY 11TH FEBRUARY

A separate consultation form is attached and must be returned to malcolm.green@herefordshire.gov.uk by 11th February in order that your views can be considered by Schools Forum at their meeting on 2nd March.