

MEETING:	SCHOOLS FORUM
DATE:	8 DECEMBER 2011
TITLE OF REPORT:	REPORT OF THE BUDGET WORKING GROUP
OFFICER	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider a report from the Budget Working Group (BWG).

Recommendation(s)

THAT Schools Forum adopts the recommendations of the Budget Working Group as follows:

- (a) the creation of a Financial Difficulty Reserve should not be supported**
- (b) the Council be advised that individual local authority maintained schools should be responsible for repaying their deficits over a period of time to be negotiated with the Council, with repayments to be based on a percentage of income, the precise details of each repayment plan to be subject to regular review by the Council and the relevant school**
- (c) the Forum's support for the music service be maintained at its current level of £25k for a further 4 years and a one off- contribution of £60k made from the 2010/11 underspend**
- (d) consideration of the allocation of the £361k underspend in 2010/11 to schools and early years settings be deferred pending a further report to the Budget Working Group on 14th December 2011**
- (e) The Group's displeasure at the way in which the issues had been brought forward to them without any written report having been circulated in advance be formally recorded**
- (f) A policy be developed to govern how any future underspends might be used**

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

- (g) A representative Group of say 8 people should be set up comprising representatives from the Budget Working Group, and a mix of primary and secondary headteachers from within and without the Excellence Cluster to consider changes to excellence cluster funding and report back to the Budget Working Group with a view to ensuring the implementation of changes by no later than 2013/14;
- (h) that budget option B(ii) be supported: a cash reduction of £100k applied equally to all high schools and primary schools;
- (i) that budget option G(i) the delegation of Band 3 and full Band 4 to high schools and G(ii) the delegation of Band 3 according to the sliding scale for primary schools and G(iv) the retention of band 4 funding centrally for primary schools be supported
- (j) the £200k previously set aside for SEN complex needs be reallocated as follows;
 - (i) delegation of Band 3 and Band 4 by reducing the impact of savings in the Minimum Funding Guarantee (£100k)
 - (ii) providing further training for schools and governors in meeting their SEN responsibilities (£30K)
 - (iii) reducing the impact of budget cuts on the PRUs by limiting their reduction to 1% i.e. broadly in line with schools (£18k); and
 - (iv) a contingency fund of £50k is created to provide for SEN in year pupil movements from out of county.

Key Points Summary

- The BWG's recommendations to Schools Forum
 - Do not support the proposals for a Financial Difficulty Reserve
 - Defer allocation of the remainder of the DSG underspend from 2010/11, pending further consideration by the BWG.
 - Support the responses to the DSG 2012/13 budget consultation

Alternative Options

- 1 No alternative options are proposed by the BWG at this stage

Reasons for Recommendations

- 2 To consider the BWG's views on two issues referred to them by the Forum in September and the response to the consultation on the Dedicated Schools Grant 2012/13.

Introduction and Background

- 3 The BWG met on 19 October and 25 November. Copies of the Minutes of those meetings have been circulated separately to Members of the Forum.
- 4 There are three issues for the Forum to consider:

- proposals for a financial difficulty reserve
- dedicated schools grant – 2010/11 underspend
- dedicated schools grant 2012/13 – budget consultation

Proposals for a Financial Difficulty Reserve

- 5 On 23 September the Forum referred a report on proposals for a financial difficulty reserve to the Budget Working Group (BWG). The BWG considered this matter on 19 October and concluded that rather than developing proposals for a financial deficit reserve, schools should be fully responsible for their deficits and should negotiate longer repayment terms with the Council.

Dedicated Schools Grant – 2010/11 Underspend

- 6 On 23 September the Forum also referred to the BWG a proposal to retain the 2010/11 DSG underspend of £421k as follows;

- i that the existing contribution of £25k for five years for the Music Service (already approved by Schools Forum in March 2011) is replaced by a one off contribution of £185k from the underspend to fund the music service deficit and avoid academy recoupment.
- li £236k to provide a reserve for deficit schools subject to School Forum's approval for individual withdrawals in accordance with the approved policy.

- 7 The BWG considered this matter on 19 October. Having rejected the creation of a financial difficulty reserve the Forum proposed to make a one of contribution of £60k to the Music Service. This left a balance of £361k which the BWG proposed should be allocated to Early Years settings and schools based on pupil numbers as at January 2011.

- 8 However, at the Group's meeting on 24 November the Director of People's Services reported that there was an ongoing need for strategic changes to schools. Resources were required to deliver this strategic change and this would be funded from the Dedicated Schools Grant (DSG). In these circumstances she invited the BWG to reconsider whether distributing the one-off underspend of £361k to settings and schools was the best use of that money. Her proposal was that consideration should instead be given to holding at least some of the underspend as a reserve to fund strategic change on a time limited basis.

- 9 The BWG was informed that if it agreed to defer putting forward the recommendation it had made in October on the allocation of the underspend a report could be made to its next meeting in December and recommendations then submitted to the Forum in January. This would not entail any delay in the distribution of funding should the original recommendation of the BWG stand.

Dedicated Schools Grant – Budget Consultation

- 10 The Forum approved a budget consultation paper for distribution to Schools and Private, Voluntary and Independent Sector nurseries. A summary of the consultation responses is appended.
- 11 The Forum is advised that, if approved, recommendations b-d will need to be recommended on to the Cabinet Member – Corporate Services and Education.

Community Impact

12 No direct impact

Financial Implications

13 . Schools Forum will consider the final DSG 2012/13 Budget proposals on 24th February 2012.

Legal Implications

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

Risk Management

15 The BWG reviews the proposals in detail prior to making recommendations to Schools Forum. This two stage process helps to ensure greater scrutiny of budget proposals.

Appendices

Summary of responses to the DSG 2012/13 Budget proposals

Background Papers

None