

MEETING:	SCHOOLS FORUM
DATE:	12 MARCH 2012
TITLE OF REPORT:	REPORT OF THE BUDGET WORKING GROUP
REPORT BY	DEMOCRATIC SERVICES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider a report from the Budget Working Group (BWG) on the following issue: Dedicated Schools Grant 2012/13 – proposals for delegation of Band 3 and Band 4 funding and make recommendations to the Cabinet Member for approval.

Recommendation(s)

THAT (a) Schools Forum recommends to the Cabinet Member for Corporate Services and Education amendments to the delegation proposals for Band 3 and Band 4 SEN funding as follows:

(i) The delegation proposals for band 3 and band 4 funding should provide protection for primary and high schools by protecting the delegation formula against average spend over the previous three years and ensuring the delegated funding is subject to a minimum of known commitments in 2012/13 as set out in Option C of the appended report: Delegated proposals for Band 3 and Band 4 2012/13;

(ii) the £100K previously proposed to be set aside for Minimum Funding Guarantee protection be added to the retained £234k available for primary new band 4 and part band 3 funding as part of the increased funding for special educational needs in 2012/13 and be used to support any higher than anticipated applications including those for March 2012; and

(b) Schools Forum considers whether it wishes to recommend to the Cabinet Member for Corporate Services and Education that the protection for

Further information on the subject of this report is available from
Tim Brown, Democratic Services on (01432) 260239

known commitments should be reduced over a four year period by a quarter each year to further protect existing pupils in Key Stage 2 moving onto high schools.

Key Points Summary

- The Forum asked the BWG to consider two of the recommendations made as part of the report to the Forum in February on the Dedicated Schools Grant 2012/13 relating to the delegation of Band 3 and Band 4 funding for Special Educational needs.
- The BWG proposes that option C as set out in the appended report (protect against average spend over the previous 3 years but subject to a minimum of known commitments in 2012/13) should be agreed.
- The BWG proposes to revise the allocation of £100k for Minimum Funding Guarantee protection. The Group concluded that as protection would now be provided within Option C that the £100k should be added to the £234k to act as a safety net for any funding decisions from the March 2012 Banded Funding Panel.
- The Forum is also asked to consider a proposal, outlined at the BWG, that the protection for known commitments should be reduced over a four year period by a quarter each year to further protect existing pupils in Key Stage 2 moving onto high schools.

Alternative Options

- 1 No alternative options are proposed by the BWG at this stage. There are a range of alternatives open to the Forum including those set out in the appendix to this report.

Reasons for Recommendations

- 2 To consider the BWG's views on an issue referred to it for consideration by the Forum.

Introduction and Background

- 3 The BWG met on 1 March 2012. Copies of the Notes of that meeting are being circulated separately to Members of the Forum.
- 4 On 24 February the Forum considered a report on the Dedicated Schools Grant 2012/13. This incorporated the views of the BWG. The Forum approved the recommendations for consideration by the Cabinet Member – Corporate Services and Education, with the exception of recommendations 19 and 21 relating to the delegation of Band 3 and Band 4 funding:

(c) ***The further delegation of banded funding, broadly supported in the consultation be approved as follows;***

19. Option G(ii): Delegate Band 3 to primary schools according to the sliding scale as follows;

<i>Band 3 proposals for primary schools</i>	<i>Percentage funded by formula</i>	<i>Percentage funded at actual cost</i>
<i>300 pupils or more</i>	<i>100%</i>	<i>0%</i>

150 to 299 pupils	75%	25%
100 to 149 pupils	50%	50%
75-99 pupils	25%	75%
Less than 75 pupils	10%	90%

(d) that the £200k funding provisionally set aside for the SEN complex needs budget be allocated as follows;

21. to support the delegation of Band 3 and Band 4 by reducing the impact of the savings in the Minimum Funding Guarantee £100k.

- 5 Concern was expressed at the Forum that the overall financial effect on some schools of the application of the proposals to delegated Band 3 funding for special educational needs (recommendation 19) was not clear. It was noted that the implications for schools had been worked through and explained to the Head Teacher's Task and Finish Group that the Forum had established to consider the further delegation of banded funding and whose findings underpinned the budget proposals. However, some members of the Forum considered that the Forum itself needed to be provided with a more detailed analysis.
- 6 It was noted that recommendation 21 was linked to recommendation 19, and that it was open to the Forum to set aside an additional sum. The Forum deferred consideration of recommendations 19 and 21 and referred them to the Budget Working Group to consider and report back to the Forum on 12 March, with the information presented to the BWG also being submitted to the Forum.
- 7 The BWG met on 1 March and the papers submitted to the Group are appended. The following options were put forward by the Schools Finance Manager for consideration:
- Option A: As originally proposed in the consultation paper;
 - Option B: Protect against average spend over the previous three years
 - Option C: As per option B but subject to a minimum of known commitments in 2012/13
 - Option D: Amend the delegation table to phase in over three years.
- 8 The BWG considered the proposed options emphasising the need for the system adopted to be fair and workable and address the unsustainable and spiralling increases in costs of placing pupils with special educational needs.
- 9 Referring to the spreadsheet headed 'Protection options for delegation of Band 3 & 4' the Group considered how the various elements (known commitments, level of protection afforded, level of formula) within the options A-C affected the overall budget for any given school. The spreadsheet showed that in many instances budget differences balanced themselves out or had a minimal overall impact. The Schools Finance Manager noted, however, that because of the value of band 3 funding movements of small numbers of individual pupils could have a significant impact on school budgets particularly those of small schools. It was also noted that exact pupil figures for 2012/13 were still unknown. The Schools Finance Manager added that if Option D was preferred it would be necessary to

continue the current system of banded funding applications for a further two years and given the complexity of the delegation table that a degree of confusion could arise in schools regarding the amount of expected funding.

- 10 Option A had been the original proposal submitted to the Forum. The Group considered instead that Option C should be recommended to Schools Forum and be applied to Primary and High Schools as it was considered to be the nearest and best fit to the current levels of expenditure on banded funding. It was considered important that all schools should receive sufficient funding to meet their known commitments for 2012/13. The Schools Finance Manager, as outlined to the BWG, proposes that to provide further protection, the protection for future commitments should be tapered down over four years by a quarter each year, to allow for pupils in Key Stage 2 moving on to high schools.
- 11 Having reached a view that Option C was best, the Group considered whether recommendation 21 made to the Forum in February: the allocation of £100k for Minimum Funding Guarantee protection, was still necessary. The Group concluded that protection would now be provided within Option C and that the £100k should be added to the £234k to act as a safety net for any funding decisions from the March 2012 Funding Panel. The Schools Finance manager commented that the sum of £234k was subject to variance. Any underspend could be considered for further delegation or inclusion in the 2013/14 budget.
- 12 The Schools Finance Manager advises the Forum that due to the delays to the process it will not now be possible to provide budgets to schools until after the end of March i.e. after the Easter Holidays.

Community Impact

- 13 No direct impact

Financial Implications

- 14 The recommendations, if agreed, will be contained within existing funding and will not have an impact on the overall Dedicated Schools Grant.

Legal Implications

- 15 These proposals comply with the Council's legal duties.

Risk Management

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

Appendices

Report to Budget Working Group – 1 March 2012 (Spreadsheets presented are enclosed separately)

Background Papers

None