

**Schools Forum 24 February 2009**

**Report of the Interim Director of Children's Services**

**Dedicated Schools Grant Indicative Budget Planning 2009/10**

**Purpose of Report**

1. The purpose of this report is to inform Schools Forum of the 2009-10 indicative budget planning process.

**Budget Working Group Discussed**

2. Yes – 23 February 2009.

**Action for Schools Forum**

3. To note the report and any supplementary information available at the meeting.

**Attachments to Report**

4. Appendix A – January 2009 Budget Fact Sheet

Karen Cocker  
Children's Services Finance Manager  
10 February 2009

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**Report of the Interim Director of Children's Services**

**Dedicated Schools Grant Indicative Budget Planning 2009/10**

1. The purpose of this report is to inform Schools Forum of the 2009-10 indicative budget planning process.

**Background**

2. Calculation of the Dedicated Schools Grant (DSG) is necessary for budget planning in respect of the forthcoming financial year.
3. A report was presented to the December 2008 Schools Forum meeting to highlight the background to the budget planning process and the limitations on the pupil number verification process due to the DCSF timescales.
4. The data required to calculate the 2009/10 DSG i.e. School Census, SLASC (School Level Annual School Census), Alternative Provision and Early Years Census is now being recorded and validated. Therefore at the time of writing the report, no detailed pupil data information is available to include in the report and this will be reported at the meeting on 24 February.
5. The calculation of the DSG will determine the overall budget available to fund the ISB (Individual Schools Budget) and the Central Budget areas (such as special education needs or early years).

**DSG Estimate 2009/10**

6. The report in December 2008, highlighted that with an estimated reduction in pupil numbers of 700 this would provide a DSG budget of £ £192.044m; this is a cash increase of 1.98% on the 2008/09 DSG of £188.303m. Forum Members should note that the DCSF regulations apply a 2% cash floor increase for those authorities with falling pupil numbers; on the basis of the pupil numbers estimated for 2009/10 Dudley would take advantage of this cash floor regulation which would increase the DSG to £192.069m and has the impact of cash protecting the rapid fall in pupil numbers.
7. Using the estimated DSG of £192.069m then the budget allocation in Table 1 would be proposed:-

**Table 1 – Estimated Dedicated Schools Grant Allocation 2009/10**

<b>Dedicated Schools Grant (DSG)</b>	<b>2009/010 £m</b>
Individual Schools Budget (ISB)	<b>171.841</b>
Nursery Education Funding (NEF)	<b>3.248</b>
Central Budget Areas	<b>16.980</b>
<b>Total DSG</b>	<b>£192.069</b>

8. The data in Table 1 excludes the LSC (Learning Skills Council) grant funding of £3.3m for 6<sup>th</sup> form provision.
9. Forum members are reminded that from April 2010, the DCSF propose that local authorities move to a single funding formula to bring both the private nursery funding and maintained nursery funding together. To aid this transition, the Nursery Education Funding (NEF) budget has been separated from the Central Budget areas shown in Table 1.
10. Second Indicative school budgets for 2009/10 will be issued during the week commencing the 2 March 2009. An impact assessment for individual schools will be highlighted to the Interim Director of Children's Services and Head Teachers Consultative Forum Budget Working Group before the budgets are released to schools. A further report will be presented to Schools Forum on 17 March 2009 to update on the DSG and school budget position with final school budgets being issued on 31 March 2009.
11. A copy of the Budget Fact issued in January 2009 is attached at Appendix A for information.

### **Central Expenditure Limit (CEL)**

12. The CEL calculation is set by the DCSF (The School Finance (England) Regulations 2008) and ensures that the allocation of the Dedicated Schools Grant (DSG) increase in funds from one year to the next is distributed (at least) in line with the initial value of the base budgets. So for example, the total DSG for 2009/10 is estimated at £192m, of this the ISB and NEF is £175m and the centrally retained budget is £17m. This is a ratio of 91:9. Under the CEL calculation, for each additional £100 received through the DSG in 2009/10, a minimum of £91 should be directed to the ISB and the remaining £9 directed to the centrally retained areas. If the CEL rule is not achieved then there is 'breach of CEL' and Schools Forum must approve this action. The DCSF do not impose any penalties on local authorities who breach the CEL.
13. On the basis of the information shown in Table 1, it is anticipated that the ISB will receive the appropriate increase in the DSG (estimated 2%). However, as reported to Forum in May 2008, due to the closure of Cradley High school part way through the 2008/09 financial year, the premises budget of £240k remains in the ISB. It is proposed therefore that this is removed from the ISB for 2009/10 until such time that the premises are disposed, after which date the budget will be returned to the ISB for distribution. This action will cause a breach in the Central Expenditure Limit (CEL) for 2009/10. As school budgets will not be

calculated in detail until early March a further report will be presented to the Forum meeting on 17 March 2009 to reflect the issues at that time with a formal request for Forum to approve the breach if this remains an issue; this is a DCSF requirement.

14. Forum should note that the 2008/09 school budget for Cradley High school was £633k. On the basis that £240k is removed temporarily for any on-going premises costs, as detailed in paragraph 13, this will leave a sum of £400k within the ISB for distribution to all schools. The basis of allocation will be discussed with Head Teachers Consultative Forum Budget Working Group meeting on 23 February.

### **Finance**

15. The funding of schools is prescribed by the DCSF through the School Finance (England) Regulations 2008.
16. Schools Forums are regulated by the School Forums Regulations 2002 as already amended by the Schools Forums (Amendment) Regulations 2004 the Schools Forums (Amendment) 2005 Regulations and the Schools Forums (England) (Amendment) Regulations 2008.
17. From 1<sup>st</sup> April 2006, the Schools Budget has been funded by a direct DCSF grant: Dedicated School Grant (DSG).

### **Law**

18. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

### **Equality Impact**

19. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

### **Recommendation**

20. Schools Forum to note the information contained in the report and any supplementary information presented at the meeting.



**Jane Porter**

**Interim Director of Children's Services**

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