

Schools Forum 8 July 2008

Report of the Director of Children's Services

Breach of the Central Expenditure Limit (CEL)

Purpose of Report

1. To advise Schools Forum of the central expenditure limit calculation for the three year period: 2008-11 and request Forum's approval to the forecast breach in 2009/10.

Budget Working Group Discussed

2. No

Actions for Schools Forum

3. To consider the financial information presented and give approval to the forecast breach in the central expenditure limit calculation for 2009/10.

Attachments:

4. Appendix A – Central Expenditure Limit table 2008-2011.

Karen Cocker
Children's Services Finance Manager
23 June 2008

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Purpose of Report

1. To advise Schools Forum of the central expenditure limit calculation for the three year period: 2008-11 and request Forum's approval to the forecast breach in 2009/10.

Background

2. It is a requirement of the DCSF that three year budget plans are established to cover the Schools Budget for the period of the current 2007 CSR (Comprehensive Spending Review): 2008-2011.
3. Dudley's three year budget data was issued on 31 March 2008 in the form of the Section 52 (S52) Budget Statement. Within the S52 statement there are a number of financial reporting tables including the Central Expenditure Limit (CEL); these tables were discussed with Schools Forum at the May meeting.
4. The CEL table is a one page summary covering the three years 2008-11, as shown in Appendix A. The information for 2008/09 reflects the final budget position. For 2009/10 and 2010/11 this reflects the 'forecast' budget position. The forecast budget position is difficult to pre-empt without accurate pupil numbers; it is based on Dudley's best estimate at March 2008.
5. 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 2008/09 is £188m, of this the ISB is £168m and the centrally

retained budget is £20m. This is a ratio of 89:11. Under the CEL calculation, for each additional £100 received through the DSG in 2008/09, £89 should be directed to the ISB and £11 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.

6. The forecast data for 2009/10 and 2010/11 assumes pupil number reductions of 700 for each year. The budget for 2009/10 will be revised in March 2009 to become the final budget and likewise in March 2010 for 2010/11.
7. At the time of preparing the 2009/10 and 2010/11 indicative budgets the Authority is aware that Cradley High school will close during 2008/09. However, the final application of the premises budget required for the school will depend upon the timing of the disposal of the asset. So for 2009/10 the full premises budget for Cradley High of £230k has been set aside within the schools specific contingency. It is anticipated that once the site disposal is complete then the funds would be returned to the ISB for distribution to all schools.
8. The movement of funds from the ISB to the centrally retained budget areas will generally cause a breach in the CEL due to the distortion in the base budget data. For 2009/10 the forecast transfer of £230k from the ISB for Cradley High to the schools specific contingency has resulted in a breach of the CEL. Schools Forum is asked to approve this breach given the technical background to the breach.
9. The DCSF do not impose any penalties on local authorities who breach the CEL.

Finance

10. The funding of schools is prescribed by the DCSF through the School Finance (England) Regulations 2008.
11. 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.
12. From 1st April 2006, the Schools Budget has been funded by a direct DCSF grant: Dedicated School Grant (DSG)

Law

13. 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

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

Recommendation

15. Schools Forum approves the forecast breach of the Central Expenditure Limit (CEL) for 2009/10 due to a technical adjustment in relation to Cradley High school.



John Freeman

Director of Children's Services

Contact Officer:

Karen Cocker, Children's Services Finance Manager
karen.cocker@dudley.gov.uk