

**Schools Forum 9 December 2008**

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

**DSG 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. No.

**Action for Schools Forum**

3. To note the contents of the report.

**Attachments to Report**

4. None.

Karen Cocker  
Children's Services Finance Manager  
24 November 2008

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**Purpose of Report**

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

**Background**

2. A report to the February 2008 meeting of the Forum outlined the DCSF funding announcement in respect of the Dedicated Schools Grant (DSG) for the three year Comprehensive Spending Review (CSR) period 2008-11. This places a requirement on local authorities to provide school budgets to cover the CSR period.
3. The report outlined the per pupil funding levels guaranteed by the DCSF for each of the three years covered by the CSR, summarised in Table 1 together with the Minimum Funding Guarantee (MFG) for school budgets.

**Table 1 -Dudley DSG Per Pupil Funding**

<b>Financial Year</b>	<b>£ per pupil funding guaranteed</b>	<b>% increase per pupil funding</b>	<b>MFG level set</b>
2008/09	3,949	4.3%	2.1%
2009/10	4,092	3.6%	2.1%
2010/11	4,263	4.2%	2.1%

4. For 2008/09 the actual allocation of the DSG is as detailed in Table 2.

**Table 2 – DSG Allocation 2008/09**

<b>Dedicated Schools Grant (DSG)</b>	<b>2008/09 £m</b>
Individual Schools Budget (ISB)	<b>168.470</b>
Nursery Education Funding (NEF)	<b>3.185</b>
Central Budget Areas	<b>16.648</b>
<b>Total DSG</b>	<b>£188.303</b>

**DSG 2009/10 and Schools Census Data.**

5. Forum will recall that forecasting the DSG in previous years has been difficult due to the lateness of the January schools census data. However, with the introduction of the Autumn school census data for all sectors, combined with the single point of intake for primary schools, this has now put Dudley in a better position to estimate the future years DSG; the actual DSG is based on the January census data.
6. Using the latest Autumn 2008 school census data as a proxy for the January 2009 census data would indicate that the pupil numbers for Dudley schools will decrease by an estimated 750 or 1.5% when compared with the final January 2008 data.
7. Forum should note that the introduction of a single method of counting pupils in both the maintained and PVI sectors from January 2009 may change the pupil forecast assumption in paragraph 6 above; we are currently seeking DCSF advice.
8. Overall, taking the latest Autumn 2008 school census data and assuming that the nursery intake, SLASC (School Level Annual School Census) the Alternative Provision and Early Years census remain static at January 2008 numbers the overall DSG would be £192.044m; this is a cash increase of 2% on the 2008/09 DSG of £188.303m.
9. In April 2008, schools were advised of the first indicative budgets for 2009/10. Using the November 2008 estimated DSG of £192.044m indicates that the first indicative budgets to schools for 2009/10 will be overstated by £200k or 0.1% in total.

### **Budget Fact Sheet and School Budgets 2009/10**

10. A budget fact sheet will be issued to schools to advise them on the latest budget forecast for the 2009/10 second indicative budgets and also highlighting that, subject to the outcomes of the consultation, there are likely to be a number of formula funding changes introduced in April 2009 which need to be taken into their budget planning assumptions. The detailed, second indicative schools budgets will be issued during the week commencing 2 March 2009. Schools Forum will be presented with an updated position in February 2009.

### **Central Budgets 2009/10**

11. Work in respect of budget planning for 2009/10 has already commenced in respect of the central budget areas and it is expected that with careful management of the relevant service areas these can be maintained within the 2% cash DSG inflation available; albeit pay inflation is 2.5%. On these assumptions the Central Expenditure Limits (CEL) calculation would not be breached. However, further details will be presented to the February 2009 meeting.

### **Academy Status**

12. There is currently a proposal for two academies in Dudley; one to replace Crestwood and Pensnett schools and one to replace Castle High school. An academy is entitled

to LACSEG (Local Authority Central Spend Equivalent Grant). Whilst this is payable to the academy by the DCSF, this is funded from a top slice of the local authority's Dedicated Schools Grant (DSG); the LACSEG relates directly to central functions provided by the local authority, such as admissions and special education needs, and is a grant to the academy in order that it can fulfil these obligations. It is estimated that for two academies the LACSEG will cost Dudley £70,000 in a full year; this will need to be found from within the DSG resources.

13. The change of school status from maintained to academy will have a number of implications for Dudley. For school reserves, capital and revenue, surplus or deficit, these return to the local authority at the point of the school closure. For Pensnett school, due to the falling pupil numbers, there is a forecast deficit budget for 2009/10. The local authority is currently working with the school to minimise this deficit but Forum should note that the responsibility to fund this deficit will fall on the DSG and therefore funds may need to be set aside to accommodate this cost. A progress report will be presented to the February 2009 meeting.

### **2010/11 Budgets**

14. This report deals predominantly with the 2009/10 budget position; however as part of the three years CSR, the DSG has been calculated and schools have received indicative budgets for 2010/11.

15. The 2010/11 DSG and school budget estimates will be revised in March 2009 in line with more accurate pupil census data collected at that date. Actual budgets will be finally based on the January 2010 census data. However, changes which are expected to impact on the 2010/11 indicative budgets include:

- Changes in pupil census data; estimate originally calculated in April 2008;
- Formula funding changes (currently out for consultation);
- Changes to funding the early years sector; by April 2010 there will need to be a single local formula for funding early year's provision in both the maintained and PVI sectors. Financial work is ongoing in this area, however some pilot local authorities are reporting that the overall exercise has resulted in an increased cost for the early years sector. The DCSF will not provide additional resources to fund such changes to early years reforms therefore it is crucial that any proposal is moderated by nursery representatives before being finalised.

16. The 2010/11 DSG position will be presented to the February meeting.

### **Finance**

17. The funding of schools is prescribed by the DCSF through the School Finance (England) Regulations 2008.
18. 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.
19. From 1<sup>st</sup> April 2006, the Schools Budget has been funded by a direct DCSF grant: Dedicated School Grant (DSG).

### **Law**

20. 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**

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

### **Recommendation**

22. Schools Forum to note the report and budget planning exercise for 2009/10. A further report, updating the position, will be presented to the February 2009 meeting.



**John Freeman**

**Director of Children's Services**

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