

Schools Forum 17 March 2009

Report of the Interim Director of Children's Services

Dedicated Schools Grant Indicative Budget Planning 2009/10- Update

Purpose of Report

1. The purpose of this report is to provide Schools Forum with an update on the 2009/10 Dedicated Schools Grant indicative budget planning process.

Budget Working Group Discussed

2. Yes and endorsed – 4 March 2009.

Action for Schools Forum

3. To note the information contained in the report and any supplementary information presented at the meeting;
4. Endorse the Directors proposal to fund 2009/10 school budgets using a Dedicated Schools Grant of £192.069m, which represents the DCSF minimum grant (paragraph 5);
5. Endorse Budget Working Group's proposal to allocate £1.3m of school funds in line with Ministerial priorities for personalisation (paragraph 14);
6. Endorse Budget Working Group's proposal to re-direct £933,000 of school funding in line with the details outlined in paragraph 18;
7. Approve the breach of the Central Expenditure Limit (CEL) for 2009/10 due to technical accounting adjustments (paragraphs 25 & 26).

Attachments to Report

8. None.

Karen Cocker
Children's Services Finance Manager
2 March 2009

Schools Forum 17 March 2009

Report of the Interim Director of Children's Services

Dedicated Schools Grant Indicative Budget Planning 2009/10 - Update

1. The purpose of this report is to provide Schools Forum with an update on the 2009/10 Dedicated Schools Grant indicative budget planning.

Background

2. Calculation of the Dedicated Schools Grant (DSG) is necessary for budget planning in respect of the forthcoming financial year.
3. Reports were presented to Schools Forum in December 2008 and February 2009 highlighting the background to the budget planning process and the limitations on the pupil number verification process due to the DCSF timescales. Table 1 outlines the pupil census data timetable for 2009/10.

Table 1 - Pupil Census Data – Timescales for 2009/10 Financial Year

2009/10 Financial Year DSG Census Data			
Pupil Data Census	Actual Pupil Count Data Recorded	Earliest First Verification Date of Data within Dudley	Final Verification DCSF
School Census (formerly PLASC) <i>School Census for maintained nursery, primary, secondary and special schools</i>	15 January 2009	5 February 2009	June 2009
SLASC <i>School Level Annual School Census for PRUs</i>	15 January 2009	13 February 2009	
Alternative Provision Census (formerly 8b) <i>For Independent schools, Hospital, Non maintained Special School and, Not at School.</i>	15 January 2009	13 March 2009	
Early Years Census <i>For PVI sector covering pupils aged 3-4</i>	15 January 2009	13 March 2009	

4. The data required to calculate the 2009/10 DSG, as identified in Table 1, is now being recorded and validated internally, this data will be subject to DCSF

final validation process, which will not occur until June 2009.

5. The authority is unable to wait for the final validated pupil number exercise from the DCSF due to the statutory requirement for school budgets to be issued by 31 March 2009, therefore Schools Forum is asked to endorse the Directors proposal to set a DSG budget of £192.069m at the 2% cash floor increase on the basis that the pupil census data detailed in Table 2 is still provisional. Any variation from this data will be discussed at Schools Forum in July 2009; however it is not expected to be significant.
6. Forum was advised in February 2009 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. As a benchmark, the pupil numbers for 2009 will need to be greater than 46,935 in order for the DSG to increase from £192.069m; each pupil is funded at £4,092.
7. Table 2 details the latest pupil census data.
8. Table 3 splits the Schools Census data over the sectors.

Table 2 – Latest Pupil Census Data

Census Data	2008/09 Pupil Number	2009/10 Pupil Numbers (Latest estimate)	Variance in Pupil Numbers
School Census	46,485.5	45,765.5	-720
SLASC	141	127	-14
Alternative Provision Census	110	110*	0
Early Years Census	942.2	942.2*	0
Total	47,678.7	46,944.7	-734

* not determined at 2 March 2009 therefore assumed same as 2008/09

Table 3 – Pupil Census Data for Dudley Schools

Sector	2008/09 Actual Pupil Numbers	2009/10 Latest Pupil Numbers	Variance to Pupil Numbers 2008/09 to 2009/10	% Increase
Nursery	1,216.5	1,204.5	-12	-1%
Primary	24,911	24,502	-409	-1.6%
Secondary	19,764	19,431	-333	-1.7%
Special	594	628	+34	+5.7%
Total	46,485.5	45,765.5	-720	-1.5%

DSG Estimate 2009/10

9. 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).

10. Using the estimated DSG of £192.069m the budget allocation (before adjustments) is detailed in Table 4.

Table 4 – Estimated Dedicated Schools Grant Allocation 2009/10- Prior to Adjustments

Dedicated Schools Grant (DSG)	2008/09 £m	2009/010 £m	Cash Increase £m	% increase
Individual Schools Budget (ISB)	168,470	171.841	3.371	2%
Nursery Education Funding (NEF)	3,185	3.248	0.063	2%
Central Budget Areas	16.648	16.980	0.332	2%
Total DSG	£188.303	£192.069	3.766	2%

11. Adjustments to the 2009/10 ISB are necessary for the following reasons:

- a. Individual Needs Centres (INCs). It was agreed that INC funding for mainstream schools would be removed from the ISB for 2009/10; this amounts to £616,000 and will be a centrally retained budget.
- b. Cradley High school. Until the premises are disposed of, the authority will be responsible for the uniform business rates and any other premises related costs. For 2009/10 an amount of £100,000 has been temporarily set aside from the ISB into the Schools Specific Contingency to fund such expenditure. Whilst the total premises costs for Cradley High were £240,000 only the minimum amount required will be removed from the ISB in order to give other schools the full advantage of the funding available from the closure of the school; this leaves £140,000 for redirection within the ISB.
- c. Academy schools are eligible for 80% mandatory relief. Given the position of academy status at the time of issuing school budgets for 2009/10 an amount of £95,000 has been held within the Schools Specific Contingency in respect of this abatement pending the outcomes of the academies programme in Dudley.
- d. Statemented Pupils in Mainstream School. The total proposed budget for 2009/10 is £4.4m. Funding adjustments are necessary to reflect the year 6 leavers transferring to secondary provision in September, which is unknown at the time of issuing school budgets and for the mid year adjustments. The net impact for 2009/10 is an increase of funds into the ISB from the Schools Specific Contingency.

12. As a result of items outlined in paragraph 11, Table 5 details the adjusted DSG allocation for 2009/10.

Table 5 – Estimated Dedicated Schools Grant Allocation 2009/10- Post Adjustments

Dedicated Schools Grant (DSG)	2008/09 £m	2009/010 £m	% Increase
Individual Schools Budget (ISB)	168,470	171.265	1.7%
Nursery Education Funding (NEF)	3,185	3.248	2%
Central Budget Areas	16.648	17.556	5.4%
Total DSG	£188.303	£192.069	2%

13. The data in Table 4 and Table 5 excludes the LSC (Learning Skills Council) grant funding for 6th form provision, provisional data has been received which is detailed in Table 6.

Table 6 - Learning Skills Council Provisional 2009/10 6th Form Mainstream Schools Allocation

School	2008/09 Allocation	2009/10 Allocation	Variance	% increase
Bishop Milner	772,198	907,404	+135,206	17.5%
Ellowes Hall	415,426	424,065	+8,639	2.0%
Oldswinford Hospital	1,246,473	1,260,880	+14,407	1.1%
Total	2,434,097	2,592,349	158,252	6.5%

Individual School Budgets 2009/10

Ministerial Priorities for Schools Funding

14. In preparing the 2009/10 school indicative budgets, it has been assumed that of the £3.371 cash increase shown in Table 4, of this £1.3m will be allocated in line with DCSF advice in respect of Ministerial Priorities. £1.3m relates to funding received by the DCSF for Personalisation and SEN and has been allocated to schools under the formula factor for personalisation at a rate of £28 per pupil, on the basis of the number of 5 to 15 year old pupils on roll at School Census date. Schools Forum is requested to ratify this action as discussed and approved by Budget Working Group.

15. Funding for Ministerial priorities over the next two years include supporting the universal roll out of a personalised offer to all pupils – including those with special education needs (SEN) this has been be distributed on the basis of numbers of 5 to 15 year olds; ensuring all children are making good progress; early intervention to prevent children from falling behind, especially those with SEN; targeted support for specific groups including those ethnic minorities at particular risk of poor outcomes, white working class children, children in care; and ensuring that the school workforce has the skills and confidence to address the needs of children from these groups.

Re- direction of Funding Within the ISB for 2009/10

16. Forum should note that the 2008/09 school budget for Cradley High school was £633k. On the basis that £100,000 is removed temporarily for any on-going premises costs, as detailed in paragraph 11b, this will leave a sum of

£533k within the ISB for distribution to all schools.

17. In addition, a sum of £400,000 has been released as a result of six schools recently taking Trust status. A Trust school is entitled to 80% mandatory relief from the uniform business rates which has created a base budget reduction for 2009/10.
18. As a consequence of Cradley High school closure and changes to Trust status a sum of £933,000 is now available for re-direction to schools in 2009/10; this is equivalent to an increase of 0.5% of the ISB which will not be seen in the headline DSG budget calculation shown in Tables 4 and 5. Head teacher Consultative Forum – Budget Working Group has agreed that this funding will be allocated as follows:
 - a. to cover the additional cost of the Minimum Funding Guarantee.
£230,000 is required to fund the increase from six to twenty two-schools in 2009/10;
 - b. £500,000 has been allocated to the mainstream stated pupil budget, which has been significantly eroded in recent years due to the increase in the numbers of mainstream stated pupils. £500,000 will increase the delegated budget from £3.9m to £4.4m and goes some way to address the erosion; and
 - c. the balance has been added to the AWPU (Age Weighted Pupil Unit) to allow for an increase of 2.2% across mainstream and special sectors.

Adjustments to Future Years School Budgets

19. Regulation 12 (3) of School Finance Regulations 2008 provides that a local authority must advise schools in advance of the multi year funding period if they know that they are likely to make any re-determination of budgets within the multi year funding period. For Dudley the following areas were notified as potentially changing will be subject to formula review during funding period 3 of the 2008-2011 funding period:
 - a. Small schools protection;
 - b. Class size supplement;
 - c. Funding for statements of SEN <15 hours;
 - d. Requirement to increase funding in respect of deprivation;
 - e. Alignment of early years pupil count;
 - f. Free entitlement to nursery education -single funding formula

Single Status and Equal Pay Provision In Schools

20. The Director of Finance issued a letter to schools dated 10 February 2009, to advise that for non Foundation and VA schools, the minimum amount to be set aside for 2009/10 would be £20,000 but more if possible. Schools have already set aside £2.9m for 2008/09. Single status and equal pay costs will be an ongoing agenda item for Schools Forum and any update will be provided at the next Forum meeting.

2009/10 Second Indicative Budgets

21. Indicative detailed school budgets for 2009/10 will be issued to schools by 6 March 2009 after discussion with Budget Working Group. An oral update will be presented to Schools Forum on 17 March 2009 in respect of the school budget position. Final school budgets will be issued on 31 March 2009.

2010/11 Second Indicative Budgets

22. 2010/11 school budgets are required as part of the Governments 3 year funding settlement to cover the period 2008-2011. Further indicative budget details for 2010/11 will be reported to the Forum as soon as available.

Budget Fact Sheet No. 2 - 2009

23. Based on the information contained within this report, budget fact sheet number 2 will be issued to schools.

Central Expenditure Limit (CEL)

24. 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.
25. On the basis of the information shown in Table 4, it is anticipated that the ISB will receive the appropriate increase in the DSG (estimated 2%) for 2009/10. However, as a result of technical adjustments, outlined in paragraph 11 and summarised in Table 5, this will cause a breach in the Central Expenditure Limit (CEL) for 2009/10.
26. Schools Forum is required to approve the breach of the CEL and is recommended to agree to this breach for 2009/10 due to technical accounting adjustments.

HTCF – Budget Working Group

27. At the meeting on the 4 March 2009, the Group endorsed the contents of report.

Finance

28. The funding of schools is prescribed by the DCSF through the School Finance (England) Regulations 2008.
29. 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.

30. From 1st April 2006, the Schools Budget has been funded by a direct DCSF grant: Dedicated School Grant (DSG).

Law

31. 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

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

Recommendation

33. Schools Forum to:

- a. Note the information contained in the report and any supplementary information presented at the meeting;
- b. Endorse the Directors proposal to fund 2009/10 school budgets using a Dedicated Schools Grant of £192.069m, which represents the DCSF minimum grant (paragraph 5);
- c. Endorse Budget Working Groups proposal to allocate £1.3m of school funds in line with Ministerial priorities for personalisation (paragraph 14);
- d. Endorse Budget Working Groups proposal to re-direct £933,000 of school funding in line with the details outlined in paragraph 18;
- e. Approve the breach of the Central Expenditure Limit (CEL) for 2009/10 due to technical accounting adjustments (paragraphs 25 & 26).



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Interim Director of Children's Services

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