

Dudley Metropolitan Borough Council

Schools Forum

7 February 2006

Report of the Director of Children's Services

Schools Budget 2006/07 and 2007/08

Purpose of Report

1. To inform Schools Forum of the DfES December 2005 budget announcement in respect of the 2006/07 and 2007/08 Schools Budget.

Background

2. Budget fact sheet number 1 was issued to schools on 19 December 2005. A copy is attached at Appendix A.
3. The fact sheet advises schools of the headline per pupil funding allocated by the DfES for the financial years 2006/07 and 2007/08, it gives preliminary data regarding the Standards Fund allocations and it details the DfES targeted funds.
4. Further financial work is required to identify the allocation of the Dedicated Schools Grant (DSG) to the Schools Budget for 2006/07 and 2007/08. Whilst preliminary work can be undertaken in identifying budget pressures - estimating the Minimum Funding Guarantee (MFG) for schools, the inflationary increases for central areas within the Schools Budget, and estimating the Central Expenditure Limit (CEL) calculation, the Local Authority (LA) requires confirmation of the January pupil count data in order to verify the DSG.
5. For 2006/07 DSG, it is expected that the January 2006 pupil count data will be available early February 2006, which will allow us to broadly gauge whether Dudley's pupil planning assumptions are correct. Appendix B includes four modelled estimates of the DSG which are based on a range of pupil number scenarios. DfES validated pupil numbers will not be finalised until April/May 2006; this date will be too late to issue school budgets so the LA must use the most reliable data available before this date.

6. The DSG estimated at Appendix B indicates that unallocated ISB (Individual Schools Budget) growth could range from £796k to £0. This would be after allowing for the Minimum Funding Guarantee (MFG) and the allocation of DfES targeted funds.
7. Funds allocated to mainstream pupils under the DfES targeted growth will mean that special schools receive minimal growth in 2006/07 either in respect of workforce reform or practical learning options and no growth for personalised learning. Special schools will be eligible for the 4% Minimum Funding Guarantee (MFG). In light of the report to December Schools Forum 'Dudley Special Schools Formula Funding Review' it is proposed that an amount of the unallocated growth is earmarked for special schools. The amount will depend upon the final DSG but a sum of £0.3m is recommended. This represents 4% increase on a low base (for further details refer to the report).
8. The report relating to the special schools formula review highlighted the intention that the special schools formula would be based on a new SEN matrix and any growth would be targeted through this new methodology. A significant amount of detailed work has been undertaken with special headteachers, however the LA is disappointed that the special schools funding matrix cannot be implemented from 2006/07. There is a firm intention from special headteachers to implement the SEN matrix from April 2007.
9. The data required for 2007/08 DSG will be based on January 2007 pupil count. Therefore in order to model the 2007/08 DSG a number of assumptions will have to be made regarding the pupil count using the January 2006 data. At this point no detailed modelling of the DSG has been made due to the uncertainty around the pupil number data. It seems sensible to wait for the January 2006 pupil number count after which date modelling for 2007/08 will be less spurious. A further meeting of Schools Forum is recommended before 31st March 2006 in order that these estimates can be discussed further.
10. For 2006/07 indicative school budgets, it is expected that these will be made available to schools during the week after February half term. For 2007/08, initial school budgets will not be available before 31 March 2006, due to the planning assumptions required for pupil numbers. This will be further exacerbated by the primary school review implementation date of September 2006.
11. From April 2006, the Directorate of Children's Services (DCS) will have two main funding streams; the DSG and the Local Authority central budget. The

DSG, estimate of £175m, accounts for the Schools Budget which is 82% of the DCS net expenditure whilst the Local Authority central net expenditure of £37m relates to the remaining 18%. A copy of the Revenue Budget Strategy 2006/07 report from the Select Committee meeting on 18 January 2006 is attached at Appendix C. This provides details of the Local Authority budget settlement for 2006/07 and highlights pressures within the Directorate. The highlighted areas of the report relate to the Directorate of Children's Services.

Proposals

12. It is proposed that Schools Forum note the contents of this report regarding the budget information available in respect of the DSG and the Local Authority central areas.
13. It is proposed that Schools Forum advise the Director of Children's Services on proposed allocation of the DSG for 2006/07, in accordance with Appendix B and paragraph 7. (Unallocated growth options).
14. It is proposed that Schools Forum meet before 31 March 2006 in order to discuss the DSG modelling in respect of 2007/08.

Finance

15. The funding of schools is prescribed by the DfES through the School Finance (England) Regulations 2006.
16. From 1st April 2006, the Schools Budget will be funded by a direct DfES grant: Dedicated School Grant (DSG).

Law

17. 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.

Equal Opportunities

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

Recommendation

19. That Schools Forum note the contents of this report, and advise the Director of Children's Services in respect of proposals outlined in respect of the DSG budget strategy for 2006- 2008.



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