

Schools Forum 11 December 2007

Report of the Director of Children's Services

School Funding Settlement 2008-11

Purpose of Report

1. To update Schools Forum on the data resulting from the School Funding Settlement announcement made by the DCSF on 12 November 2007 for the forthcoming budget planning cycle for 2008-11.

Budget Working Group Discussed

2. No

Schools Forum Action

3. To note the DCSF funding announcement for the 2008-11 period and in particular to consider the estimated Dedicated Schools Grant (DSG) headroom for the 2008/09 financial year.

Attachments to Report

4. The Ministerial statement dated 12 November – Appendix A.
5. The LGA summary briefing statement in respect of the funding announcement - Appendix B.

Karen Cocker
Children's Services Finance Manager
26 November 2007

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Purpose of Report

1. To update Schools Forum on the data resulting from the School Funding Settlement announcement made by the DCSF on 12 November 2007 for the forthcoming budget planning cycle for 2008-11.

Background

2. On the 12 November 2007, the Minister for Schools and Learners announced the School Funding Settlement for 2008-11. The announcement was expected as part of the Government's Comprehensive Spending Review (CSR), which will cover the three-year period 2008-2011.
3. The settlement builds on the outcomes of the consultation last spring on the school funding arrangements. Specifically, the settlement covers:
 - The outcome of the Comprehensive Spending Review;
 - The increase in Dedicated Schools Grant (DSG) for 2008-09 to 2010-11;
 - The level of the minimum funding guarantee over the period;
 - The funding for ministerial priorities within the DSG;
 - Details of the Schools Standards Grant, Schools Standards Grant Personalisation and School Development Grant.
4. A copy of the Ministers statement is attached at Appendix A. Further details can be accessed at www.teachernet.gov.uk/schoolfunding2008to11/.
5. The LGA summary briefing statement is attached at Appendix B.
6. The settlement delivers continued year on year increases in school funding, but the rate of increase is more modest than in recent years. In addition, the DCSF has set the minimum-funding guarantee at 1% below their assessment of average cost pressures. This balances the need for stability with maximising the resources available for priority areas and giving flexibility at local level. The DCSF note that they recognise that some schools may face a combination of circumstances that will result in a relatively constrained financial position for them over the period, but the DCSF expect local authorities and Schools Forums to use their available flexibility to reflect local circumstances when allocating the funds so as to minimise the risk of schools having financial difficulties and to support schools as they plan their own budgets.

7. At a recent presentation to the West Midlands Directors of Children's Services in respect of the 2008-11 school funding settlement, the DCSF advise that for schools the 'risk factors' include:
- MFG lower than cost pressures
 - Early Years and 14-16 changes
 - Sixth form funding changes
 - Shift of funding to more deprived schools
 - School scepticism over securing efficiency gains

The DCSF identify a school with the 'worse case' scenario as a school that has the following characteristics. In which case the school will find it challenging to manage its budget during the 2008-11 period:

- Falling rolls
- High salary drift
- Higher than average proportion of support staff
- Low deprivation
- In low funded authority
- Losing specific grant funding
- Already efficiently runor carrying a deficit

8. In summary the funding settlement for Dudley can be seen in Table 1.

Table 1 -Dudley DSG Per Pupil Funding

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

9. To calculate the annual DSG, then the £ per pupil funding guarantee must be applied to the actual pupil numbers prevailing at the relevant count dates in January of each preceding financial year. Table 2 refers.

Table 2 - Pupil Count Data – Timescales

Financial Year	Actual Pupil Count - Data Required	Estimated Pupil Count -Data Available
2008/09	January 2008	January 2008
2009/10	January 2009	
2010/11	January 2010	

10. In order to calculate, with any accuracy, the DSG for 2008/09 then the pupil count at January 2008 is required, as verified by the DCSF in June after the commencement of the financial year. However, in the meantime, as an indicative budget scenario the Autumn 2007 pupil count in primary and secondary schools has been used with assumptions regarding nursery and reception pupils.
11. At this stage no estimate of the 2009-10 or 2010-11 financial year DSG has been made due to the lack of accurate pupil date for that period. This exercise will be carried out before 31 March 2008, in line with DCSF statutory requirements.

12. The per school pupil data available from the Autumn 2007 pupil count suggests that there will be approximately **700 fewer** pupils at January 2008 count when compared with January 2007 count data. In financial terms, with a per pupil unit of £3949 for 2008/09, this indicates a budget reduction of £2.7m when comparing 2007/08 budget with the 2008/09 indicative estimate.
13. Pupil numbers having been falling in Dudley schools in recent years. Table 3 highlights the relevant data.

Table 3 - Pupil Number Trends in Dudley

Financial Year	Netherton Park Nursery Pupils	Primary (Inc Nursery) School Pupils	Secondary School Pupils	Special School Pupils
2004/05	46	28,001	20,883	651
2005/06	42	27,533	20,875	644
2006/07	49	27,064	20,757	633
2007/08	51.5	26,604	20,502	634

14. Using the estimated pupil data for 2008/09, with a pupil reduction of 700, would provide Dudley with a DSG of £188.280m. So whilst the guaranteed per pupil funding for 2008/09 has increased by 4.3%, the estimated pupil number reduction translates into a cash increase in DSG of just 2.8%. Table 4 refers.

Table 4 - Estimate of Pupil Numbers for January 2008

(Actual pupil numbers to be confirmed early Feb 08)

Estimated Pupil Numbers Reductions at Jan 2008	2008/09 DSG estimated £m	2008/09 % Cash Increase - estimated %	2008/09 £ Cash Increase - estimated £m
*Jan 07 = 48,378	183.146		
-100	190.649	4.10%	7.503
-200	190.254	3.88%	7.108
-300	189.860	3.67%	6.714
-400	189.465	3.45%	6.319
-500	189.070	3.23%	5.924
-600	188.675	3.02%	5.529
-700	188.280	2.8%	5.134
-800	187.885	2.6%	4.739

* January 2007 = 48,378 pupils - (2006 to 2007 pupil reduction = 650)

15. The estimated cash increase in the DSG of £5.1m would need to cover pay and prices inflation for 2008/09, the minimum funding guarantee of 2.1% and any ministerial priorities and budget pressures on the centrally retained areas. It is estimated that headroom available for direction in respect of ministerial priorities and budget pressures on the centrally retained areas is £1.1m. Table 5 refers.

Table 5 - Cash Requirements & Headroom Calculation

Inflation 2008/09	£m
Central Areas -average 2.3 %	0.400
ISB – MFG 2.1%	3.600
Headroom available for allocation – <i>estimate at reduction of 700 pupils</i>	1.134

16. Ministerial priorities over the next three years include supporting the universal roll out of a personalised offer to all pupils – including those with special education needs (SEN) which will 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.
17. At this stage in the budget planning process, Schools Forum is asked to note the DCSF headline financial data in respect of the schools funding period 2008-11. Also to note that for 2008/09, a decision will need to be made at the February 2008 meeting regarding the allocation of the headroom available within the DSG in order that school budget can be calculated in accordance with the DCSF prescribed timescale.

Finance

18. The funding of schools is prescribed by the DCSF through the School Finance (Amendment) (England) Regulations 2007.
19. Schools Forums are regulated by the School Forums Regulations 2002 as already amended by the Schools Forums (Amendment) Regulations 2004 and the Schools Forums (Amendment) 2005 Regulations.
20. From 1st April 2006, the Schools Budget is funded by a direct DCSF grant: Dedicated School Grant (DSG).

Law

21. 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

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

Recommendation

23. Schools Forum to note the DCSF headline financial data in respect of the schools funding period 2008-11 and to advise the Director of Children's Services regarding the process for allocating the headroom for the 2008/09 financial year, as detailed in paragraph 17.



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