

**Dudley Metropolitan Borough Council**

**Schools Forum**

**16 March 2006**

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

**Schools Budget 2006/07 - Update**

**Purpose of Report**

1. To update Schools Forum of the latest position regarding the 2006/07 Schools Budget.

**Background**

2. Budget fact sheet number 1 was issued on 19 December 2005.
3. Budget fact sheet number 2 was issued on 22 February 2006. A copy is attached at Appendix A.
4. Schools received their indicative budgets for 2006/07 on 22 February 2006. Full details can be accessed via Inside Dudley. Hard copies have been distributed to schools.
5. At the last meeting of Schools Forum in February the Dedicated Schools Grant (DSG) for 2006/07 was estimated at £174.3m. Pupil numbers had not been fully confirmed for all returns at that time. This data can now be further updated: the latest estimated DSG is £174.101m; this is based on 673 fewer pupils when compared with 2005.
6. The variance in pupil numbers since February is accounted for by:
  - a. SLASC – reduction of 9 pupils
  - b. Form 8b – reduction of 35 pupils
  - c. Early Years census, provisional reduction of 46 pupils. Submission date 10 March 2006.
7. The summary totals in respect of PLASC 2006 are detailed in Table 1. Schools Forum should note that the pupil data recorded varies slightly to the pupil data recorded for DSG purposes; this is due to the DfES methodology which excludes any 6<sup>th</sup> form pupils (as these are funded via the LSC) and counts all nursery pupils as 0.5fte.

Table 1 – Dudley Pupil Count Data 2006

<b>Sector</b>	<b>January 2006 Count Expected per Dudley (a)</b>	<b>DfES Expected Methodology (b)</b>	<b>Variance (b) – (a)</b>	<b>Reason</b>
<b>Nursery</b>	1,328.5	1,298.5	-30	Full time Nursery pupils
<b>Primary /Secondary</b>	46,542	46,068	-474	6 <sup>th</sup> form pupils
<b>Special</b>	633	589	-44	6 <sup>th</sup> form pupils
<b>SLASC</b>	91	91	0	
<b>Form 8B</b>	126	126	0	
<b>Early Years</b>	883*	883*	0	
<b>Total</b>	<b>49,603.5</b>	<b>49,055.5</b>	<b>-548</b>	

\* Submission date 10 March 2006 –data only provisional.

8. At the time of modelling the schools Indicative budgets for 2006/07, during the week of 13<sup>th</sup> February 2006, the DSG was estimated to be £174.187m. The latest estimated DSG of £174.101m is now £86k lower due to constant refinements in pupil data.
9. Schools Forum is requested to consider the budgetary issues detailed in paragraph 8 and advise the Director whether the £86k adjustment should be carried forward as a deficit to 2007/08 or whether the latest DSG should be used to determine schools budget at 31<sup>st</sup> March 2006. Bearing in mind that the pupil count data still has to be verified by the DfES which will not be until April/May 2006.

### **2006/07 Indicative Budget Analysis**

10. Using the budget data issued to schools on 22 February 2006 together with the DfES recommended inflationary increase for 2006/07 of 3.3% the schools adjusted budgets indicate ranges as detailed in Table 2.

Table 2 – Analysis of Schools Indicative Budgets 2006/07

Sector	No. of schools receiving inflationary increases in 2006/07 in the following bands where 3.3% is recommended as requirement					Average% for sector
	-1%	+1%	+2%	+3%	+4% & >	
Primary/nursery (83 schools)	10	6	4	9	54	5.2%
Secondary (22 schools)	1	2	1	2	16	5.95%
Special (7 schools)	0	0	0	2	5	5.06%

11. For 2006/07 indicative budgets, 9 school's budgets fell below the minimum funding guarantee at a cost of £179k.
12. Version 1 of the indicative budgets does not take into account any closing schools or partnering arrangements for 2006/07. Specific guidance was given to the schools concerned at a meeting on the 2<sup>nd</sup> March 2006. A further meeting of the group is scheduled for 21<sup>st</sup> March.
13. School Standards Grant (SSG). The average increase for primary sector is 9%, secondary 10.7% and special 4.8%.
14. Standards Fund Devolved grants. The average increase for all devolved standards fund grants in 2006/07 is 2.3% with a per pupil guarantee of 3.4% set by the DfES.
15. In previous years the schools budgets issued at 31 March were the final budgets for the forthcoming financial year. However, due to the DfES regulations regarding the DSG and the pupil count, the budgets now issued to schools at 31 March could in fact be amended in year if the DfES pupil data validation in April/May is different to Dudley's submission. Schools Forum agreed at its meeting in December 2005 that schools budgets would not be adjusted in year but any surplus or deficit of the DSG would be carried over to the next financial year. Therefore schools will receive their second indicative budgets by 31 March 2006; it is anticipated that effectively these will be the final school budgets for 2006/07.

## **Proposals**

16. It is proposed that Schools Forum note the contents of this report regarding the budget information available in respect of the DSG and the school indicative budgets for 2006/07 and also advise the Director of Children's Services regarding the treatment of the £86k estimated shortfall in DSG for 2006/07 (paragraph 8).

## **Finance**

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

## **Law**

19. 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**

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

## **Recommendation**

21. That Schools Forum note the contents of this report, and advise the Director of Children's Services in respect of proposals outlined in paragraph 16.



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