

SECTION 8

8. THE SCHOOLS BUDGET

Introduction

8.1 This section provides details of the School Budget's probable outturn for 2008/09 and also sets out estimates for the Schools Budget (SB) for 2009/10 and 2010/11. Reports on the budget and related matters were also provided to the Schools Forum on 9th December 2008, 14th January 2009 and 10th February 2009. The Schools Budget itself is to be approved by the Executive on 16th February 2009.

The Probable Outturn 2008/09

8.2 The Schools Budget consists of two main elements. The first element is called the Individual Schools Budget (ISB) and is delegated to schools in the form of budget shares. The second element consists of Centralised Items and this money is held back centrally to fund expenditure incurred on services such as Pupil Referral Units, SEN and payments to non-maintained nurseries. A ring-fenced specific grant called the Dedicated Schools Grant (DSG) funds all areas of the Schools Budget.

8.3 Budget shares were allocated to schools at the start of the 2008/09 financial year and schools were expected to spend this money on revenue expenditure. Schools are allowed to carry forward surpluses, as long they do not exceed 5% of their budget amount in secondary schools and 8% in primary and special schools. Where surpluses are earmarked for specific purposes schools can carry forward amounts greater than these percentages.

8.4 Centrally held budgets within the Schools Budget are experiencing pressures in certain areas such as in-year SEN statements and nursery payments to early year providers in the private, voluntary and independent sector in 2008/09, due to price increase and demand pressures. The Schools Forum has agreed to fund the overspends for these areas from the 2007/08 carried forward underspend of the Schools Budget. It is expected that this should resolve all overspends. However, if any overspend results despite this, then the overspend will be carried forward to the 2009/10 financial year.

Schools Budget Funding in Brent

8.5 The 2009/10 financial year is the second year of the three multi-year cycle of the 2008/09 to 2010/11 schools budgets. Schools were given three-year budgets last year to correspond with the Comprehensive Spending Review (CSR). The initial sift of the provisional data from the January 2009 pupil count suggest an increase of 154 pupils, over the 2008 January pupil count figures. However, these numbers need to be thoroughly checked to ensure the figures are accurate. The Department for Children, Schools and Families

(DCSF) have estimated the pupil numbers to be much higher for both 2009/10 and 2010/11, which would then result in a higher grant allocation. However, DCSF estimates have not proved to be reliable in the past, often overstating pupil numbers and thus overstating their provisional DSG figures.

- 8.6 Brent's Dedicated Schools Grant (DSG) increase of 4.3% for 2009/10 compares favourably with the national average increase of 3.7% per pupil. The size of the increase is principally due to the government allocating additional money in all three years of the multi year cycle to authorities, such as Brent, which had historically spent below the Schools' Formula Spending Share.
- 8.7 Similarly, Brent's DSG increase of 4.7% for 2010/11 also compares favourably with the national average increase of 4.3% per pupil.
- 8.8 Local authorities are faced with a difficulty in setting the level of the SB because it has to be set prior to 1st April and has to be set in line with DCSF announced levels even though they are based on estimated pupil numbers. Once the schools census (PLASC) for January 2009 is finalised the DCSF announces a final DSG for 2009/10 which can be significantly different to the earlier announced provisional level. This revised final DSG is usually announced in June.
- 8.9 Details of the estimated SB for 2009/10 and provisional 2010/11 are given in Appendix K(i) There are two main formula factor changes which will be implemented in the school funding formula in 2009/10. The first change is to the lump sum allocation factor, which is streamlined to include a set sum for a school within each sector. Any significant losses will be controlled by the Minimum Funding Guarantee (MFG). There are no financial implications resulting from this change. The second change includes a new formula for funding Special Schools and Special Units within mainstream schools. This will lead to a growth of £550k for the special schools sector (pending agreement by Schools Forum). [Minutes of the Schools Forum meeting on 9th December which considered the budget are attached as Appendix K(ii)].
- 8.10 A Central Expenditure Limit is statutorily in place limiting any increases in the centrally held items of the Schools Budget to be no more than the ISB increase. In the case of the Central Expenditure Limit, most items have been increased in line with inflation. However, there are other pressures which will be reported in the budget paper to Schools Forum at the February meeting and these include:
- Early years pressures on Private, Voluntary & Independent Nurseries - £443k
 - Pressures resulting from new pupils arriving in the UK with little school experience and who need to be educated out of school. An additional £100k is needed for this.
 - Extended Schools funding has been reduced from Sure Start Grant in 2009/10 and the Area Based Grant (ABG) increased funding on extended schools for 2009/10 is to be used for safeguarding children i.e. the ABG

funding is not ring fenced. £400k is required for this purpose. Schools Forum can approve to fund this from the DSG as it addresses the Every Child Matters (ECM) agenda.

- 8.11 At present, the provisional central expenditure limit (CEL) for 2009/10 and 2010/11 is not breached.
- 8.12 The level of the Schools Budget will be approved by the Executive on 16th February 2009. Individual school budgets will be made available to schools during March.

Schools Budget Risks

- 8.13 Some of the pressures impacting on the central expenditure items in 2008/09 have already been examined in paras 8.4 and 8.9. It is anticipated that some of these pressures will continue to persist in 2009/10 and 2010/11. One additional pressure is the growth in demand for school places. Brent schools are already oversubscribed and additional provision had to be identified within some primary and secondary schools in 2008/09 to accommodate this growth in numbers. An emerging risk of a possible consequence of the credit crunch is that some parents may remove their children from private and independent schools and seek places within state schools. This would add to the overall demand for school places.

Schools Budget Medium Term Financial Plan

- 8.14 The DCSF have not published any spending plans beyond 2010/11. The next CSR will provide information on DSG for the periods between 2011/12 and 2013/14. Any emerging pressures, in the meantime, will be identified and reported to the Schools Forum to enable the situation to be rectified. The DCSF are currently undertaking a major review of school funding which could result in significant changes to the method of calculating each Local Authority's DSG settlement as well as the structure and makeup of the Schools Budget. Any changes arising from this review would feed into the 2011/12 to 2013/14 settlement.