

SECTION 7

7. THE SCHOOLS REVENUE BUDGET

Introduction

7.1 This section provides details of the School Budget's probable outturn for 2011/12 and also sets out estimates for the Schools Budget for 2012/13 for approval. The proposed Schools Budget for 2012/13 was presented to Schools Forum on 1 February 2012 and a recommendation from the Schools Forum is set out in 7.8 below.

The Forecast Outturn 2011/12

7.2 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.

7.3 Budget shares were allocated to schools at the start of the 2011/12 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.

7.4 Centrally held budgets within the Schools Budget have continued to experience pressures in certain areas such as in-year SEN statements and pupils placed in out of borough special schools, due to price increases and demand pressures. A significant amount of SEN expenditure occurs via recoupment arrangements whereby each local authority is charged by other local authorities for their resident pupils that are educated in other local authority schools. Normal recoupment arrangements mean that payments are done significantly in arrears with actual cash payments being 12-24 months after the financial year to which the payment relates. This can mean that forecasting accurately can be difficult and the pressures in these budgets are still being quantified but at present the forecast is for the Schools Budget to overspend by £1.5m on an in year basis for 2011/12. The cumulative deficit brought forward from the 2010/11 financial year amounted to £5.7m, which means that the current forecast for the cumulative deficit to be carried forward to 2012/13 is £7.2m. The Schools Forum has agreed a Schools Budget deficit recovery plan that will eliminate the cumulative deficit by the end of 2014/15. The recovery plan is based on planned savings in central SEN expenditure arising from the One Council SEN Project as well as utilising DSG "Headroom" in setting the 2012/13 and subsequent years Schools Budget.

Schools Budget Funding in Brent

7.5 The 2012/13 financial year may mark the last year for the current basis for School Funding as the Government is consulting on plans to introduce fundamental changes from 2013/14. This could result in changes to how funding is distributed between local authorities and changes in how funding for individual schools is determined. Currently the data from the January 2012 pupil count will determine the final Dedicated Schools Grant (DSG) that Brent will receive. The Department for Education (DfE) have provided Guaranteed Unit of Funding (GUF) which provides authorities with a specific DSG per pupil rate. Local authorities can then use their own local pupil number forecast to arrive at their individual forecast DSG amount. The final DSG will be calculated by multiplying this GUF rate by the final approved pupil numbers for January 2012.

7.6 In broad terms the settlement for schools is cash flat with the 2012/13 GUF for Brent being set at exactly the same level as the 2011/12 GUF of £6,236 per pupil which can be compared with an average for England of £5,082 and a highest and lowest GUF of £8,052 and £4,428 respectively. While this cash-flat settlement represents a more favourable settlement than for the rest of local government it nevertheless can be seen as a real terms reduction as inflation is not covered.

Schools also receive the Pupil Premium which is a specific grant targeted at deprivation. In 2012/13 Schools will receive £600 per disadvantaged pupil based on the numbers of children that have been eligible for free school meals over the past 6 years. This is an increase of £112 per pupil when compared with the 2011/12 figures.

7.7 Details of the provisional Schools Budget for 2012/13 are given in Appendix I.

7.8 At its meetings on 10 January 2012 and 1 February 2012 the Schools Forum considered the Schools Budget as part of the Council's statutory requirement to consult the Schools Forum prior to setting the forthcoming Schools Budget. At this meeting the members of the Schools Forum raised the issue of ensuring central elements of the Schools Budget represent good value for money. The Schools Forum, therefore, requested that the most significant budget areas of the central Schools budget should be subject to greater review and scrutiny to ensure value for money. A rolling programme of such reviews and reports was agreed at the Schools forum meeting on 1 February 2012. The Schools Forum also agreed the following recommendation for the Executive to consider in setting the 2012/13 budget:

The Schools Forum recommends that the 2012/13 Schools Budget should be set with a reduction in central items within the Schools Budget of 15% with the resulting saving being passed onto schools.

The Forum has no decision making powers in regard to this recommendation and can only make recommendations which the Executive can consider and

then decide to accept or not accept. Officers would not recommend that the Forum's recommendation is approved for the following reasons:

- The Schools Budget is already £7.2m in deficit and subject to special recovery measures.
- A rolling programme of budget reviews over 2012/13 has been agreed with the Forum that will allow the Forum to gain greater insight into the complexities of the main central item areas and make more informed recommendations rather than a blunt flat rate reduction.
- By far the largest central item spending areas consist of support for pupils with Statements of Special Educational Needs (SEN), for which the Council has a statutory responsibility. It would not be viable to make blanket reductions without impacting on the Council's ability to meet its statutory responsibilities.
- A long-term strategic plan to reduce expenditure on SEN is already in place as a One Council Project. This will deliver significant ongoing savings in central items beginning in 2012/13, so effectively savings in line with The Forum's wishes are already being made.
- The latest DfE analysis regarding the level of Schools Surpluses shows Brent Schools as holding the sixth highest level of surpluses out of all London Boroughs. Care has to be exercised in reaching conclusions regarding this as in many cases surpluses are held by schools for long-term capital schemes. Nevertheless this does not support views that more funding should be passed directly to schools at the expense of being able to adequately fund statutory responsibilities.

Schools Budget Risks

7.9 Some of the pressures impacting on the central expenditure items in 2011/12 have already been examined in paragraph 7.4. It is anticipated that some of these pressures will continue to persist in 2012/13.

Schools Budget Medium Term Financial Plan

7.10 The DfE 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 will feed into the 2013/14 settlement.