

SECTION 8

8. DEDICATED SCHOOLS BUDGET

Introduction

8.1 This section sets out proposals for the Dedicated Schools Budget (DSB) for 2006/07 and 2007/08. More detailed reports were provided to the Schools Forum on 6th February 2006 and to the Executive on 13th February 2006.

The new arrangements

8.2 New arrangements have been introduced for schools' funding which will have effect from 2006/07. Instead of schools' funding being part of overall Formula Grant for the local authority, in future it will be paid as a ring-fenced specific grant, the Dedicated Schools Grant (DSG). This determines the amount that has to be spent on schools in the local authority, although local authorities may top up funding from their own resources if they wish.

8.3 The arrangements for determining the DSB are as follows:

- Every school in the country must receive a minimum per pupil increase in funding – the Minimum Funding Guarantee (MFG). The MFG has been set at 4% for 2006/07 and 3.7% for 2007/08 for nursery and primary schools and 3.4% for 2006/07 and 3.7% for 2007/08 for secondary and special schools;
- There is a Central Expenditure Limit (CEL) within the DSB, which requires that the percentage increase in central items within the budget (which are defined in DFES guidance) is no greater than the increase in the Individual Schools Budget (ISB) – resources devolved to schools - unless approved by the Schools' Forum, or failing that, by the Secretary of State for Education and Skills;
- The council must produce a DSB for 2006/07 and 2007/08 before 1st April 2006, including per pupil allocations to individual schools;
- The Schools' Forum must be consulted on the allocation of the budget to central and ISB items, and on the schools funding formula;
- Councils approve the funding for central items and the Individual Schools Budget, and the schools funding formula, within restrictions prescribed nationally and taking account of recommendations from the Schools' Forum.

DSB funding in Brent

8.4 The increase in funding through the DSG for Brent is 8.2% per pupil between 2005/06 and 2006/07, with a further 8.1% increase between 2006/07 and 2007/08. This is the second highest increase in the country, and compares to an average national per pupil increase of 6.8% in 2006/07 and 6.7% in

2007/08. The size of the increase is principally due to the government allocating additional money in both 2006/07 and 2007/08 to authorities, such as Brent, which have historically spent below the Schools' Formula Spending Share¹.

- 8.5 The overall increase in DSG for Brent is expected to be 9.0% in 2006/07 and 9.6% in 2007/08, reflecting DFES estimates of pupil growth within the borough's schools. Total provisional DSG is £156.1m in 2006/07 and £171.1m in 2007/08. These figures will change as a result of the January 2006 pupil count (2006/07 figures) and January 2007 pupil count (2007/08 figures).
- 8.6 Details of the agreed DSB for 2006/07 and 2007/08 are given in Appendix K(i) and K(ii) respectively.
- 8.7 In the case of the Central Expenditure Limit, most items have been increased in line with inflation. Growth items, which were detailed in the report on the Review of School Funding Formula 2006/07 and 2007/08 to the Executive on 13th February, are as follows:
- New Pupil Referral Unit;
 - Costs of running the Schools Forum;
 - Provision for unplaced pupils;
 - The home tuition service; and
 - Nursery education grant.
- 8.8 Growth in these areas in 2006/07 has been contained within the overall Central Expenditure Limit. There is however still headroom within the overall CEL in 2007/08 although there are also likely to be additional pressures on spending that have to be contained within it. Two in particular were identified in the report to the Executive, as follows:
- Prudential borrowing costs - part of the new arrangements for the Dedicated Schools Budget is to allow borrowing costs resulting from capital spend which gives rise to cashable savings in the DSB to be charged to the DSB. The council has in recent years funded a higher level of schools' capital spending than provided for by DFES and used General Fund resources to fund the additional borrowing costs. Pressure on the General Fund budget outlined elsewhere in this report make it difficult for the council to continue doing this. The arrangements for prudential borrowing will allow consideration to be given to alternative sources of funding for capital spending where it yields revenue savings within the DSB;

¹ Formula Spending Shares will not exist from 2006/07 onwards. The calculation of shortfall in spending is therefore based on 2005/06 spending and FSS.

- Common Assessment Framework - lead professional posts are required to work with clusters of schools to implement the Common Assessment Framework following the Children's Act 2004 and to develop integrated services with a focus on prevention. There will be consultation during 2006/07 on this proposal for integrated services, with matched funding from schools.
- 8.9 The reports on the DSB to the Schools Forum and Executive also dealt with the school funding formula for 2006/07 and 2007/08, ie the way in which the Individual Schools Budget is allocated to schools. Schools were consulted on possible changes to the funding formula for 2006/07 during autumn 2005 and the responses were summarised in the report on school funding to the Executive on 13th February 2006. The Schools Forum considered responses at its meetings on 5th December 2005 (minutes attached as Appendix K(iii)) and 6th February 2006 (minutes attached as K(iv)), and these were further considered at the meeting of the Executive on 13th February 2006.
- 8.10 Key issues considered on formula allocation were as follows:
- Decoupling, under which children with lower assessed levels of special education needs would no longer receive a statement and the funding released would be directed to schools on the basis of the number of pre-statement pupils in the school;
 - Treatment of contingencies;
 - Treatment of personalised learning, practical learning options for 14 to 16 year olds, and workforce reform;
 - The balance between primary and secondary funding;
 - Mobility funding; and
 - The lump sum formula element (in relation specifically to Wembley Manor School).
- 8.11 Final decisions on the formula were taken at the Executive on 13th February 2006, which also agreed growth, over and above the initial allocation made to schools in December, as shown in Table 8.1 below:

Table 8.1 Proposals for allocation of funds held back within the ISB

Formula Item	2006/07 Allocation	2007/08 Allocation
	£'000	£'000
Split Site Factor	86	
Nursery Place Factor	37	
Merging Schools	100	100
SEN Review	300	
Mobility	77	
Sub Total	600	100
Target to Primary Sector – Age Weighted Pupil Unit allocation	1,600	1,600
Target to Secondary Sector – Decoupling Protection	164	
Target to Secondary Sector - Age Weighted Pupil Unit allocation	236	400
TOTAL	2,600	2,100