

SECTION 8

8. DEDICATED SCHOOLS BUDGET

Introduction

8.1 This section sets out estimates for the Dedicated Schools Budget (DSB) for 2007/08. Reports on the budget and related matters were also provided to the Schools Forum on 4th December 2006 and 7th February 2007.

The arrangements

8.2 Schools' funding is now 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 for 2007/08 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 3.7% for 2007/08 for all 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 (see 8.6 below);
- The council produced 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 an 8.1% per pupil 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 6.7% 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 had historically spent below the Schools' Formula Spending Share¹.

- 8.5 The overall increase in DSG for Brent is expected to be 8.9% in 2007/08, reflecting local authority estimates of pupil growth within the borough's schools. Total provisional DSG is £173.321m in 2007/08. These figures will change as a result of the January 2007 pupil count.
- 8.6 Details of the agreed provisional DSB for 2007/08 are given in Appendix K(i).
- In the case of the Central Expenditure Limit, most items have been increased in line with inflation. However, due to the increase in number of Special Educational Needs (SEN) placements and increases in education costs of Social Care placements, the central element of the DSG is forecast to overspend by £1.1m in 2006/07, and by £400k in 2007/08.
 - The Schools Forum approved the top-slicing of £1.5m from the Individual Schools Budget (ISB) in 2007/08 to cover these overspends, in effect, giving approval for the Local Authority to breach the CEL.
 - The Schools Forum consideration of this at its meeting on 4th December 2006 is set out in the minutes attached as Appendix K(ii).
- 8.7 The net effect of the changes in paragraph 8.6 is an increase in the per pupil allocations in the Individual Schools Budget of 7.3% in 2007/08 following a 10.3%² per pupil increase in 2006/07.³
- 8.8 There will be no other growth available in the CEL in 2007/08, which will limit the council's ability to develop further the Common Assessment Framework and other preventative services. There will also not now be capacity within the DSG to potentially charge financing costs associated with schools capital schemes funded by prudential borrowing to the CEL.
- 8.9 The reports on the DSB to the Schools Forum and Executive, as part of the 2006/07 process, also issued draft budget shares to schools for 2007/08. There have been no changes to the formula factors for 2007/08 as these were fixed for two years when the funding formula was agreed last year.

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

² The announced per pupil increase for Brent was 8.2% in 2006/07 - but the revisions as part of the introduction of Dedicated Schools Grant brought forward the pupil count by one year resulting in two years' pupil growth in one year and an actual per pupil increase of 10.3%.

³ These are the percentage increases in ISB budgets allocated to schools using the funding formula. They exclude contingency and Learning and Skills Council allocations.