

SECTION 8

8. THE SCHOOLS BUDGET

Introduction

8.1 This section sets out estimates for the Schools Budget (SB) for 2008/09. Reports on the budget and related matters were also provided to the Schools Forum on 12th December 2007, 9th January 2008 and 6th February 2008. The Schools Budget itself was approved by the Executive on 11th February 2008.

The arrangements

8.2 Schools' funding is 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, through what is called the Schools Budget. Areas of expenditure that can be met from the Schools Budget are prescribed in detail by legislation. Local authorities are required to set their schools budget at least at the level of the DSG but can choose to top up funding from their own resources if they wish.

8.3 The arrangements for determining the SB for 2008/09 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 2.1% for 2008/09 for all schools
- There is a Central Expenditure Limit (CEL) within the SB, which requires that the percentage increase in central items within the SB (which are defined in Department of Children, Schools and Families – DCSF - 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 (see 8.6 below);
- The DCSF have now made DSG announcements for the three year period 2008/09 to 2010/11 in line with the Comprehensive Spending Review period. The council is required to produce a SB for 2008/09 and provisional ones for 2009/10 and 2010/11 before 1st April 2008, 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.

Schools Budget Funding in Brent

- 8.4 The increase in funding through the DSG for Brent is 5% per pupil between 2007/08 and 2008/09. This is a relatively high settlement which compares favourably with the national average increase of 4.6% per pupil. The size of the increase is principally due to the government allocating additional money in both 2008/09 and the following two years to authorities, such as Brent, which had historically spent below the Schools' Formula Spending Share¹.
- 8.5 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 annual schools census (PLASC) for January 2008 is finalised the DCSF announces a final DSG which can be significantly different to the earlier announced provisional level. This revised final DSG is usually announced in June.
- 8.6 The overall increase, on a cash basis, in DSG announced for Brent is 8.0% in 2008/09, reflecting the DCSF's estimates of pupil growth within the borough's schools. The DCSF's forecast on pupil number growth assumes an additional 1,000 pupils resulting in an overall level set for the DSG and hence the Schools Budget of £187.959m. Local estimates, however, of potential pupil number growth calculated by officers within Children and Families suggests much lower growth of approximately 500 extra pupils. The Schools Forum has therefore been consulted on allocating to specific budget headings a lower amount (£185.270m) based on an increase of 500 pupils, thus ensuring that if the final DSG is revised downwards the council is not left in the difficult situation of having to claw back money from schools.
- 8.7 Details of the agreed provisional SB for 2008/09 and provisionally for 2009/10 and 2010/11 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 a number of pressure areas including the increase in the number of Special Educational Needs (SEN) placements, the increase in SEN transport demand and increases in education costs of social care placements, the central element of the SB has increased by a further £1.97m. The Schools Forum has approved this additional increase which although significant does not breach the CEL. It should, however, be noted that a number of these increases did require the specific approval of the Forum and had the Forum not given its approval the only options available to the council would have been to divert funding from other areas or to make a case to the Secretary of State that the Forum had not made a reasonable decision.
- 8.8 The level of the Schools Budget was approved by the Executive on 11th February 2008. Individual school budgets will be made available to schools during March.

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.