

# LONDON BOROUGH OF BRENT

**Meeting of the Executive  
13 December 2004**

## **Report from the Director of Finance**

For action/information

Wards affected:

### **Report Title: 2005/2006 SCHOOLS' BUDGET**

Forward Plan Ref: BFS-04/05-88

#### **1. SUMMARY**

- 1.1 This report sets out provisional proposals for the 2005/2006 Schools' Budget following various statements by the Secretary of State for Education and Skills.
- 1.2 The Schools Forum will comment on the Schools' Budget on 6<sup>th</sup> December. The initial report to the Forum is attached at Appendix 1. The Forum will also receive a copy of this report.
- 1.3 This report to the Executive proposes a provisional Schools' Budget which meets the passporting requirements.

#### **2. RECOMMENDATIONS**

- 2.1 That the Executive:
  - 2.1 Note the report to the Schools Forum attached at Appendix 1.
  - 2.2 Note that the passporting figure of £152.330m (Appendix 2) includes the assumption that the Menorah and Avenue schools will become Voluntary Aided (VA) from 1<sup>st</sup> April 2005.
  - 2.3 Decide whether to approve the VA status of Menorah and The Avenue schools from 1<sup>st</sup> April 2005 and, subject to approval, agree that the schools' revenue funding be allocated through the Individual Schools Budget.

- 2.4 Subject to approving VA status for Menorah and the Avenue schools, agree the provisional Schools' Budget at the passporting level of £152.330m (Appendix 2).

### **3. DETAIL**

- 3.1 Comments from the Schools Forum meeting will be reported at the Executive meeting.
- 3.2 The provisional passporting figure is based on the provisional Schools Formula Spending Share and cannot be finalised until the final finance settlement is known in early February 2005. The final EAL budget for 2005/2006 will be set by Full Council at the Council Tax setting meeting on 28<sup>th</sup> February 2005. The calculation of the passporting figure includes pupil numbers for Menorah and The Avenue schools and therefore assumes that they will be funded as VA schools from 1<sup>st</sup> April 2005.
- 3.3 The Executive has previously considered on 14<sup>th</sup> September the issue of the bids by Menorah and The Avenue schools to be awarded voluntary-aided status within the authority from 1<sup>st</sup> April 2005. This report is attached as Appendix 3. The Executive resolved to grant the two schools VA status provisionally, with the final decision to be taken when the impact of the additional pupils on the Schools Budget and the Council's overall finances was known. This was in order to take account of the risk that the Council's RSG funding increase would be subject to a ceiling.
- 3.4 The Council has now received the provisional local authority finance settlement for 2005/06. The schools' passporting figure is £152.330m which includes provision for Menorah and the Avenue schools.
- 3.5 Previously the Government has applied ceilings to the overall grant increase a council can receive through the annual grant settlement. Brent Council has previously had its grant restricted by the ceiling and, if this had applied in 2005/06, grant funding would not have been provided to meet the cost of funding Menorah and the Avenue schools. For 2005/06, the Government has effectively abolished the grant ceiling. Instead, all councils that received more grant than the floor increase (which is 4%) have had their grant increase above the floor scaled back by 11% to fund the floor. This means the financial impact of incorporating Menorah and The Avenue is significantly less than if the Council had been at a ceiling under the previous arrangements. On the basis of estimates of Schools FSS directly attributable to pupils at Menorah and The Avenue, the cost to non-schools funding/the council tax payer is estimated at £80k (i.e. 11% of the additional FSS funding attributable to Menorah and the Avenue).
- 3.6 In the light of this outcome the Executive is asked to determine whether the schools should be granted VA status.

- 3.7 Final decisions on the approval of new schools are made by the Schools Organisation Committee (SOC). On 1<sup>st</sup> December 2004 the SOC deferred a final decision until a special meeting on 20<sup>th</sup> December 2004, to allow the Executive's decision to be made.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 A number of the implications and details are set out in Appendix 1.
- 4.2 In the Provisional Local Government Finance Settlement Brent received an increase of 5.8% in its grant, after adjustments, on the equivalent figure for 2004/2005. In cash terms, this equates to £15.436m. £11.122m of this cash increase is required to meet the passporting figure specified by the Secretary of State.
- 4.3 The Schools' Budget will therefore need to be £152.330m, an increase of 7.8% on the adjusted 2004/2005 figure to meet the passporting requirement. Within this the Individual Schools Budget (devolved block) increases by 7.0% (net of LSC income and excluding funding for Menorah and The Avenue). This allows increases significantly above the per pupil minima set by the DfES which are 4% for secondary and special schools and 5% for primary and nursery schools.
- 4.4 Should the Executive decline to support the applications from Menorah and The Avenue for VA status then the SFSS, grant and passporting figures will be reduced accordingly.
- 4.5 The figures included in the Schools Block in the draft 2005/2006 budget and the EAL Service Development Plan (see the report to the Schools Forum at Appendix 1 to this report) which were based on a forecast of the passporting figure, exclude the additional funding for Menorah and The Avenue. This draft budget would need to be increased by £1.422m in order to reach the passporting figure of £152.330m, and this is broadly the sum estimated to be required to fund the two new VA schools according to Brent's Fair Funding formula. Therefore, adding the £1.422m as recommended in this report would both achieve the passporting figure required by the Secretary of State and enable Menorah and The Avenue schools to be funded. The additional funding of the two new VA schools can comfortably be met within the 7.8% increase in the passporting figure between 2004/05 and 2005/06. The Schools Block Budget produced on this basis is attached as Appendix 4 and will be recommended to the Schools Forum for approval as well.
- 4.6 Delay in the 2005/2006 settlement announcement has resulted in very little time for officers to study the papers. A further update will be given at the Executive meeting if it is felt that any data included in the report requires amendment following further consideration.

## **5. LEGAL IMPLICATIONS**

- 5.1 Section 45A of the Schools Standard and Framework Act 1998 requires the Council to determine the proposed amount of its schools budget and to give notice of its determination to the Secretary of State before a specified deadline in any financial year. This deadline is 31<sup>st</sup> December 2004 for 2005/2006, though it is not expected that an authority will have taken final decisions on their budget by this date. Failure to notify a proposed budget may result in the Secretary of State setting a minimum level of budget for an authority. Similarly he can give a notice determining a minimum Schools' Budget if he believes the authority proposal is too low. This will be done by 14<sup>th</sup> January and the authority has 14 days in which to respond.

## **6. DIVERSITY IMPLICATIONS**

- 6.1 The DfES is actively encouraging LEAs to grant more faith schools voluntary aided status.
- 6.2 The Avenue is a mixed gender Muslim primary school and Menorah an all girls orthodox Jewish secondary school.
- 6.3 There is one other Muslim primary school in Brent - Islamia Primary School, which became a voluntary aided school in April 1999. There is also another Jewish secondary school - JFS. The Avenue School will provide a wider choice of non fee-paying schools for Muslim pupils in Brent and Menorah similarly for the parents of Jewish girls in Brent.
- 6.4 Were the new schools to be approved without the corresponding increase in overall funding, the current Jewish and Muslim VA schools would be financially disadvantaged (as would all the maintained schools in Brent)
- 6.5 In line with data analysis conducted on all Brent schools, attainments by boys and girls in different ethnic groups will be monitored. Furthermore, ethnic and gender monitoring of all school teaching and non-teaching staff will take place annually. Extensions to this, to bring the information gathered in line with Brent's Corporate Equalities Policy, will occur subject to changes in the law and exemptions granted to faith based organisations.
- 6.6 Agreeing the Schools Block at the passporting level set out in this report will enable the two new schools to be granted VA status and will provide an overall funding increase for all the other schools (and their diverse pupil population) of around 7% (excluding sixth forms).

## **7. STAFFING IMPLICATIONS**

- 7.1 There are no direct staffing implications arising from the report but the level of budgets may well ultimately have staffing implications.

## **8. BACKGROUND PAPERS**

1. 2005/2006 provisional settlement data.
2. Budget Working Papers
3. Letter and Statements from Secretary of State for Education and Skills regarding Schools' budgets and the passporting requirement.

Any person wishing to inspect these documents should contact Democratic Services, Room 106, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel 020 8937 1353.

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