

SECTION 7

7. THE SCHOOLS REVENUE BUDGET

Introduction

7.1 This section provides details of the School Budget's probable outturn for 2012/13 and also sets out estimates for the Schools Budget for 2013/14 for approval. The proposed Schools Budget for 2013/14 was approved by the Schools Forum on 9 January 2013.

The Forecast Outturn 2012/13

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 2012/13 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 £182k on an in year basis for 2012/13. The cumulative deficit brought forward from the 2011/12 financial year amounted to £5.7m, which means that the current forecast for the cumulative deficit to be carried forward at the end of 2012/13 is £5.9m. The Schools Forum has agreed a Schools Budget deficit recovery plan that will eliminate the cumulative deficit by the end of 2014/15. Performance against the recovery plan is currently ahead of schedule as the planned cumulative deficit at the end of 2012/13 had been £6.9m. 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 Schools Budget for 2013/14 and subsequent years.

Schools Budget Funding in Brent

- 7.5 The 2012/13 financial year marks the last year for the current basis for School Funding as the Government is introducing fundamental changes from 2013/14.
- 7.6 2013/14 marks phase 1 of the DfE's reforms which will fundamentally change the method used by local authorities to distribute funding to schools. Officers have worked through these complicated changes in consultation with the Schools forum.
- 7.7 The structure of the Dedicated Schools grant is also changing with it being disaggregated into three blocks which are the Schools Block, the High Needs block and the Early Years Block. In addition the data from the October 2012 pupil count will determine the final Dedicated Schools Grant (DSG) that Brent will receive, rather than the January 2013 pupil count which would have been the case under the old methodology.
- 7.8 The Department for Education (DfE) have provided a Guaranteed Unit of Funding (GUF) which provides authorities with a specific DSG per pupil rate. In broad terms the settlement for schools is cash flat with the 2013/14 GUF for the Schools Block in Brent being set at £5,066 per pupil which can be compared with an average for England of £4,550 and a highest and lowest GUF of £8,595 and £3,949 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 2013/14 Schools will receive £900 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 £300 per pupil when compared with the 2012/13 figures.

- 7.9 Details of the provisional Schools Budget for 2013/14 are given in Appendix I.
- 7.10 At its meetings on 9 January 2013 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 continue to 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 and this programme will continue into 2013/14 to inform the budget setting for 2014/15.

Schools Budget Risks

7.11 Some of the pressures impacting on the central expenditure items in 2012/13 have already been examined in paragraph 7.4. It is anticipated that some of these pressures will continue to persist in 2013/14.

Schools Budget Medium Term Financial Plan

7.12 The DfE have announced that they will be undertaking a major review of school funding to develop a National funding Formula. At the moment no details have been released but the aim is to develop a formula based approach to determine the distribution of funding to local authorities rather than the current historic methodology. Any changes arising from this review will feed into the 2015/16 settlement.