

SECTION 8

8. THE SCHOOLS BUDGET

Introduction

8.1 This section provides details of the School Budget's probable outturn for 2009/10 and also sets out estimates for the Schools Budget (SB) for 2010/11. Reports on the budget and related matters were provided to the Schools Forum on 9th December 2009 and 10th February 2010. A summary of the views of the Schools Budget at the Schools Forum on 8th February 2010 is attached at Appendix K(ii). The Schools Budget was approved by the Executive on 15th February 2010 but the budget has subsequently been amended following the decisions of the Schools Forum.

The Probable Outturn 2009/10

8.2 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.

8.3 Budget shares were allocated to schools at the start of the 2009/10 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.

8.4 Centrally held budgets within the Schools Budget are experiencing pressures in certain areas such as in-year SEN statements and pupils placed in out of borough special schools, due to price increase and demand pressures. This is expected to result in an overspend of just over £1m. The council reserve for the schools budget currently stands at £700k and would be taken into a £300k deficit if the current forecasts prove accurate. As a consequence the Dedicated Schools Grant would need to be top sliced by £300k in 2011/12 to recover the deficit.

Schools Budget Funding in Brent

8.5 The 2010/11 financial year is the final year of the three multi-year cycle of the 2008/09 to 2010/11 schools budgets. Schools were given three-year budgets last year to correspond with the Comprehensive Spending Review (CSR). The data from the January 2010 pupil count will determine the final Dedicated Schools Grant (DSG) that Brent will receive. The Department for Children, Schools and Families (DCSF) have estimated the pupil numbers to be much higher for 2010/11, which would then result in a higher grant allocation.

However, DCSF estimates have not proved to be reliable in the past, often overstating pupil numbers and thus overstating their provisional DSG figures.

- 8.6 Brent's Dedicated Schools Grant (DSG) increase of 4.7% for 2010/11 compares favourably with the national average increase of 4.3% per pupil. The size of the increase is principally due to the government allocating additional money in all three years of the multi year cycle to authorities, such as Brent, which had historically spent below the Schools' Formula Spending Share.
- 8.7 Local authorities are faced with a difficulty in setting the level of the Schools Budget 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 schools census (PLASC) for January 2010 is finalised the DCSF announces a final DSG for 2010/11 which can be significantly different to the earlier announced provisional level. This revised final DSG is usually announced in June.
- 8.8 The final DSG settlement for 2009/10 resulted in the DCSF not accepting approximately 200 pupils on the schools count census and this led to a shortfall of £695k over the amount of anticipated DSG. However, this was largely offset by the brought forward surplus figure of £672k from 2008/09.
- 8.9 Details of the estimated Schools Budget for 2010/11 are given in Appendix K(i). There is one main formula factor change which is necessary for next year and this relates to the introduction of the single funding formula in early years. Any loss of funding will be met by existing budgets and specific Standard Fund grant income. This means that the £1m earmarked for Early Years changes will no longer be required for 2010/11 and this money will be available to be used for changing the statementing process (£600k) and increasing the budget for statementing contingency by £400k. The basis of this funding will be reviewed in the light of the next funding settlement multi-year budgets (2011-2014).
- 8.10 A central expenditure limit (CEL) is statutorily in place limiting any increases in the centrally held items of the Schools Budget to be no more than the Individual School Budget (ISB). In the case of the CEL most items have been increased in line with inflation. However, the Schools Forum meeting on the 8th February agreed the following growth items:
- 0.2 FTE teacher for the Brent Deaf and Hearing Impaired Service to provide additional support at a cost of £12k.
 - £900k increase in the Statementing Contingency is required following a proposal to discontinue the formal statementing process for pupils in mainstream schools, except where parents request it. This would mean that schools would receive funding six months earlier and for the first year this would increase the central provision, thereafter the provision would transfer to the ISB.
 - £600k for out borough/ independent special school provision which is currently experiencing pressures due pupils having more complex needs

than previous cohorts. These additional costs are expected to continue into next year.

- £55k contribution for an education officer post in the Youth Offending Team
- The June 2009 Forum agreed one off funding of £45k for an energy advisor who will work with schools in order to reduce their energy bills.
- The Schools Forum, in setting the 2009/10 Schools Budget, had also provisionally agreed £250k for Lead Professionals in schools for 2010/11.

The requirement for growth within the Central Expenditure items would technically breach the CEL for 2010/11 and the Schools Forum has been made aware of this and is in agreement with this.

8.11 In addition two items of growth within the ISB were agreed by the 8th February Schools Forum. Four additional places at Vernon House to create a new KS1 class at a cost of £85k and £48k for a 0.8 FTE visual impairment teaching post.

Schools Budget Risks

8.12 Some of the pressures impacting on the central expenditure items in 2009/10 have already been examined in paragraph 8.4. It is anticipated that some of these pressures will continue to persist in 2010/11 and additional growth has been provided (see paragraph 8.10).

Schools Budget Medium Term Financial Plan

8.13 The DCSF have not published any spending plans beyond 2010/11. The next CSR will provide information on DSG for the periods between 2011/12 and 2013/14. Any emerging pressures, in the meantime, will be identified and reported to the Schools Forum to enable the situation to be rectified. The DCSF are currently undertaking a major review of school funding which could result in significant changes to the method of calculating each Local Authority's DSG settlement as well as the structure and makeup of the Schools Budget. Any changes arising from this review will feed into the 2011/12 to 2013/14 settlement.