

SECTION 7

7. THE SCHOOLS BUDGET

Introduction

7.1 This section provides details of the School Budget's probable outturn for 2010/11 and also sets out estimates for the Schools Budget (SB) for 2011/12. Reports on the budget and related matters were provided to the Schools Forum on 12 January 2011, and the final Schools Budget was presented to Schools Forum on 31 January 2011. The Schools Budget itself was agreed by the Executive on 15th February 2011 and Members are requested to formally approve it at Full Council.

The Probable Outturn 2010/11

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 2010/11 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 are experiencing 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. The pressures in these budgets are still being quantified but at present the forecast is for the Schools Budget to break-even on an in year basis for 2010/11. The deficit brought forward from the 2009/10 financial year amounted to £3m and should any deficit arise from the 2010/11 financial year, it would be added to this and will be the first call on next year's DSG. The Schools Budget for 2011/12 approved by the Schools Forum will enable the cumulative deficit to be reduced by at least £1.5m.

Schools Budget Funding in Brent

7.5 The 2011/12 financial year in many ways marks an interim year before major changes to Schools Funding are introduced following a fundamental review to be undertaken by the Government. This could for example result in a national funding formula for schools. The data from the January 2011 pupil count will determine the final Dedicated Schools Grant (DSG) that Brent will receive. The Department for Education (DfE) provide a finalised DSG in June once the

annual pupil data has been cleansed and approved by them. In previous years the DCSF have estimated pupil numbers and provided a provisional DSG amount during December. However, DCSF estimates often proved unreliable in the past, overstating pupil numbers and thus overstating their provisional DSG figures. For 2011/12 the DfE decided not to provide a provisional DSG figure for local authorities and have instead provided a Guaranteed Unit of Funding (GUF) which provides authorities with a specific DSG per pupil rate. Local authorities can then use their own local pupil number forecast to arrive at their individual forecast DSG amount. The final DSG will be calculated by multiplying this GUF rate by the final approved pupil numbers for January 2011.

- 7.6 The position for 2011/12 is further complicated by the DfE's decision to simplify funding streams for schools by mainstreaming a number of former grants into the DSG. The GUF rate has therefore been increased to take account of all the former grants that have been mainstreamed.
- 7.7 In broad terms the settlement for schools is cash flat with the 2011/12 GUF simply being based on the 2010/11 DSG level plus the 2010/11 value of the grants being mainstreamed. While this represents a more favourable settlement than for the rest of local government it nevertheless can be seen as a real terms reduction as the settlement does not cover inflation. The GUF for Brent has been set at £6,236 per pupil which can be compared with an average for England of £5,082 and a highest and lowest GUF of £8,052 and £4,428 respectively.
- 7.8 Details of the provisional Schools Budget for 2011/12 are given in Appendix I(i).
- 7.9 The January 31 2011 Schools Forum considered the Schools Budget and requests for retaining elements of the mainstreamed grants as well as requests for other central retention of the Schools Budget. The views of the Forum are set out in Appendix I(ii). The Forum's views regarding requests for central retention have all been incorporated within the provisional School's Budget presented in Appendix I(i). Where the Forum made decisions to cease funding, officers are now planning for the cessation of those related activities from April 2011. There could potentially be some redundancies arising and the Forum accepted that any redundancy costs resulting from their decisions should be met from the Schools Budget. There should therefore be no financial impact on the Council's general fund as a result of these Forum decisions.
- 7.10 The Forum also expressed a strong view that the recovery of the £3m Schools Budget deficit should be achieved over a longer time span than two years which would allow additional funding to be delegated to Schools. However, the proposed Schools budget allows schools delegated budgets to be held cash flat, which is in line with the funding settlement while halving the deficit by £1.5m. Given the greater uncertainty regarding 2012/13 when conditions may not be as favourable it would not be prudent to extend the period of the

deficit recovery and the Schools Budget as presented in Appendix I(i) is being recommended to the Full Council for its approval.

Schools Budget Risks

- 7.11 Some of the pressures impacting on the central expenditure items in 2010/11 have already been examined in paragraph 7.4. It is anticipated that some of these pressures will continue to persist in 2011/12.

Schools Budget Medium Term Financial Plan

- 7.12 The DfE 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 2012/13 settlement.