

Wiltshire Council

Cabinet

15 February 2011

Subject: Schools Budget Proposals 2011/12

**Cabinet Members: Councillor Fleur de Rhé-Phillipe – Finance, Performance and Risk
Councillor Lionel Grundy – Children’s Services**

Key Decision: Yes (as part of Budget Proposals)

Purpose of Report

1. To present the recommendations from the Wiltshire Schools Forum in respect of the Dedicated Schools Budget for 2011/12.

Background

2. Schools Forum met on 2 February to consider budget proposals for 2011/12. The estimated Dedicated Schools Grant (DSG) for 2011/12 is £273.117 million after adjustments for Academies. This estimate is based on September pupil projections, the final grant will reflect January 2011 pupil numbers and will be notified to the Authority in June 2011.
3. Accounting rules for DSG allow for carry forward of over or underspends against DSG in to the following year. It is the policy of the Council that any variance against DSG is retained within the schools budget and does not contribute to or draw against the Council’s general fund balance. Budget monitoring for 2010/11 indicates an underspend of £2.369 million for the current year which may be carried forward to 2011/12. The projected underspend arises from savings on external placements for pupils with special educational needs and underspends against the Early Years Single Funding Formula for 3 and 4 year old provision. This projection is based on early information on the uptake of the extended free entitlement to nursery provision for 3 and 4 year olds and will be updated as January uptake is known, however it is expected that there will be a significant underspend even when the early years figures are updated.
4. The report on the Council’s Business Plan outlines the main elements of the schools funding settlement for 2011/12. Key implications are a 0% inflationary increase and a minimum funding guarantee for schools of -1.5%. A number of former specific grants have been rolled in to DSG and are no longer ringfenced. Some former standards funds have ceased completely, including the ICT Harnessing Technology Grant which has been used to fund broadband connectivity across schools. The cost of the contract with South West Grid for Learning will now need to be met from the schools budget.

Main Considerations for the Council

5. Cost pressures to be met from the schools budget have been agreed as follows:

	£m
Broadband Connectivity (contract with SWGfL)	1.726
Free entitlement for 3 & 4 year olds (increase from 12.5 to 15 hours per week)	3.184
Revaluation of the Age Weighted Pupil Unit (AWPU) for reception age pupils to reflect the new requirement to make full time provision	0.469
New School Allowance (Sarum Primary School)	0.100
Young People's Support Service – to meet the cost of statutory provision for excluded pupils	0.290
Total	5.769

6. In line with the principles behind the review of Special Educational Needs (SEN) previously approved by Cabinet, it has been possible to release £1.450 million from centrally held SEN budgets to delegate to maintained schools in Wiltshire. A large proportion of these savings have been released from the Independent Special Schools budget and reflect success in reducing the number of young people to being placed in external provision, with needs increasingly being met within Wiltshire schools.

7. These savings have been allocated as follows:

	£m
Fully fund the agreed formula for Resource Bases in mainstream schools (Complex Needs, Speech & Language, and Autism centres)	0.100
Increase the Band Values within the Special Schools formula to fully fund the agreed activity led funding model	0.174
Increase funding delegated to mainstream primary schools to meet needs of pupils with SEN	1.176
	1.450

8. Savings of £0.845 million have been identified within central DSG funded budget as part of the Council's management review and in response to the deduction of Local Authority Central Expenditure Grant (LACSEG) for academies.

9. In order to fund its priorities a Schools Budget of **£274.653 million** is recommended by Schools Forum. The proposals require £1.536 million to be contributed from the 2010/11 underspend in order to balance the schools budget for 2011/12. Schools Forum have further recommended that in order to mitigate the risk of utilising one off reserves, savings proposals of at least £1.6 million should be developed for implementation in 2012/13.
10. Cabinet should consider the budget proposals presented in this report, and make appropriate recommendations to Council on 22 February 2011.

Equality and Diversity

11. None have been identified as arising directly from this report.

Legal Implications

12. The Schools Forum makes recommendations to Cabinet in relation to the schools budget, the final budget will be agreed by Council.

Risk Assessment

13. The recommended schools budget is based on an estimate of the level of DSG to be received by Wiltshire Council. It is possible that the final DSG will be higher than the current estimate and therefore further funding will be available in 2011/12. It is equally possible, however, that the estimate of DSG is too high and priorities will not be affordable. The final level of grant will not be confirmed until June/July 2011 and there is a statutory requirement to issue budgets to schools by 31st March. Funding regulations allow for a surplus or shortfall in DSG to be dealt with in year or rolled forward to the following financial year.
14. The budget requires a contribution from the projected balance to be rolled forward to 2011/12. Budget projections for the current year indicated that the underspend in DSG will exceed the contribution required however there is a risk that this underspend will decrease if there is increased take up of the free entitlement for nursery provision for 3 and 4 year olds. At this stage it is estimated that there will be sufficient funds rolled forward to 2011/12 to balance the budget.
15. The estimate of DSG is based on known academy conversions for 1st April. It is expected that there will be further conversions for 1st April and during the financial year. For each further academy conversion there will be an in year reduction in DSG as part of the LACSEG recoupment. Work to transform services and develop new traded activities with academies and maintained schools is ongoing.

Financial Implications

16. The recommended schools budget is £274.653 million. This will be funded from the Dedicated Schools Grant and from balances rolled forward from 2010/11. The budget needs to be spent in accordance with the school finance regulations.

Proposals

17. It is proposed that Cabinet agree the overall schools budget of £274.653 million

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Background Papers

The following unpublished documents have been relied upon in the production of this report: None

Appendices

None