

AGENDA SUPPLEMENT (1)

Meeting: Schools Forum
Place: Committee Room III - County Hall, Trowbridge
Date: Thursday 2 December 2010
Time: 1.30 pm

The Agenda for the above meeting was published on 25.11.10 and indicated that the reports detailed below would be to follow. These are now available and are attached to this Agenda Supplement.

Please direct any enquiries on this Agenda to Liam Paul, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01225 718376 or email liam.paul@wiltshire.gov.uk

Press enquiries to Communications on direct lines (01225)713114/713115.

This Agenda and all the documents referred to within it are available on the Council's website at www.wiltshire.gov.uk

4. **Budget Monitoring** (*Pages 1 - 10*)

To report on the projected budget monitoring position for 2010/11

6. **Review of the Early Years Single Funding Formula** (*To Follow*)

A paper by the Head of Business and Commercial Services (DCE), will be circulated at the meeting, following the meeting of the Early Years reference group on Friday 26 November.

10. **Implications of the Comprehensive Spending Review** (*Pages 11 - 16*)

To consider the financial implications arising from the Comprehensive Spending Review (CSR) 2011-15 on the Schools Budget.

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SCHOOLS FORUM

02 December 2010

REVENUE BUDGET MONITORING 2010/11 – DEDICATED SCHOOLS BUDGET

Purpose of the Paper

1. To report on the projected budget monitoring position for 2010/11.

Main Considerations

2. Appendix 1 shows expenditure as at 31st October 2010, the figures show a projected **underspend against DSG of £2.022 million**. Any variance against the Dedicated Schools Grant (DSG) will be carried forward in to the next financial year
3. Key pressures and potential underspends are detailed below.

Schools Delegated Budgets

4. Based on Income and Expenditure projections received from schools at the end of September, schools revenue balances are expected to be £6.928 million at the end of the current year. This is a decrease of £3.986 million on the position at the end of 2009/10.

Premature Retirement Costs

5. Based on information received from the HR Lifecycle Team for redundancy costs to date this budget is projected to underspend after adjusting for the additional cost of the current severance policy for non-teaching staff.
6. Following the decisions made at the October Schools Forum meeting schools who have paid redundancy payments to staff on the termination of fixed term contracts, mostly related to NPAs, have been contacted so that the costs can be reimbursed. This will be a cost pressure to the local authority and not the schools budget.

Maternity Costs

7. A technical issue following the implementation of SAP payroll for schools means that payroll transactions are not currently being recorded against the appropriate central budgets. Work is ongoing to address this problem so that accurate financial information can be obtained and projections made, however an overspend has been projected based on expenditure in 2009/10.

Special Educational Needs Services

8. Underspends are projected against the Independent Special Schools (ISS) budget and the Special Recoupment budget which funds placements in other local authority maintained special schools. From 2011/12 it has been agreed that the ongoing effect of the underspend against these budgets will be released in to the delegated budget to increase the amount delegated to mainstream primary schools for SEN. This is a key component of the SEN review and has been agreed by Cabinet.
9. In the current year a review has been carried out of the split of funding in residential school placements between DSG and the social care budget. In order to maximise the use of grant and minimise any overspend against the local authority budget for the Department it has been proposed that part of the underspend against the ISS budget be used to increase the contribution from DSG towards these placements in the current year. This would be for one year only and the projected position shown in Appendix 1 is after this adjustment has taken place.
10. The Named Pupil Allowance (NPA) budget is not yet fully committed however it is expected that there will be further NPA allocations through the remainder of the year and it is therefore projected to be on target at this stage.

Early Years Budgets

11. Early Years budgets are projected to underspend by £1.6 million. Of this £1.3 million is against the Early Years Single Funding Formula. The projected spend on the free entitlement for 3 and 4 year olds is based on actual take up of session to date and the projected profile of placements for the remainder of the year. This is the first year that the single funding formula has been in operation and so the profile of expenditure is an estimate at this stage, it is possible that this underspend will reduce later in the year.
12. It should also be noted that the increase in the free entitlement from 12.5 to 15 hours has been funded through Standards Funds in the current year. The Department for Education (DfE) has indicated that local authorities can be flexible in the use of this grant and use it more widely than just for the increase in hours. In order to maximise the use of standards funds, the full amount has been badged against the single funding formula and this may also be impacting on the projected spend.

Young Person's Support Service

13. Following discussions at Schools Forum regarding the financial position of YPSS a recovery plan has been put in to place and the service is now projected to break even. Savings have been made within staffing costs in order to meet the recovery plan and it is now anticipated that levels of staffing in the current year will be insufficient to meet the statutory requirements for provision to permanently excluded pupils. Numbers of permanent exclusions are expected to increase during the remainder of the financial year.

14. A proposal is attached at Appendix 2 to this report for additional funding in the current year to offset the pressures within the YPSS. Additional funding of £91,750 is requested for the remainder of the financial year.
15. A review of the YPSS has taken place during the current year and a report on the financial implications of that review for 2011/12 and future years will be brought to the January meeting of Schools Forum.

Proposal

16. School Forum is asked to note the revenue budget monitoring position for 2010/11 and the proposed underspend against Early Years budgets.
17. Schools Forum is asked to approve the proposal for additional funding of £91,750 to be made available in the current year for the Young Person's Support Service as outlined in paragraph 13 above and in Appendix 2

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29 November 2010

Background papers

The following unpublished documents have been relied on in the preparation of this report:

None

Appendices

Appendix 1 – Budget Monitoring Summary
Appendix 2 – Proposal for Additional Funding for YPSS in 2010/11

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Financial Monitoring

Service Areas	Approved Budget 2010/11 £m	Projected Outturn for Year £m	Variation for Year £m	Note
1 Funding Schools				
DSG Funded Expenditure	213.880	213.880	0.000	1
Total	213.880	213.880	-	
2 Schools & Learning Branch				
Independent Special Schools	5.426	5.273	-0.152	2
Named Pupil Allowances	3.625	3.625	0.000	3
Special Recoupment	1.727	1.197	-0.530	4
Learning Support Team	0.534	0.534	0.000	
Other SEN	0.411	0.411	0.000	
Total SEN	11.722	11.040	-0.682	
Ethnic Minority Achievement Service	0.429	0.429	0.000	
Travellers Education Service	0.283	0.283	0.000	
Local Collaborative Partnerships	0.153	0.153	0.000	
Other School Improvement Services	0.019	0.019	0.000	
Total School Improvement	0.884	0.884	0.000	
Early Years Single Funding Formula	11.442	10.142	-1.300	5
Other Early Years Services	1.379	1.079	-0.300	6
Total Early Years	12.821	11.221	-1.600	
School Buildings & Places	0.341	0.341	0.000	
Total Schools & Learning	25.769	23.487	- 2.282	
3 Targeted Services				
YPSS	2.369	2.371	0.002	
Behaviour Support	0.991	0.991	0.000	
EOTAS Recoupment	0.123	0.203	0.080	
PASISS Teams	0.923	0.923	0.000	
Other Targeted Services	0.057	0.069	0.012	
Total Targeted Services	4.463	4.557	0.094	
4 Commissioning & Performance				
Schools Maternity Costs	0.911	1.202	0.291	7
Schools PRC - New Cases	0.507	0.286	-0.221	8
SIMS Licence	0.199	0.201	0.002	
Other services	0.275	0.275	0.000	
Total	1.891	1.963	0.072	
5 Safeguarding				
Child Protection in Schools	0.040	0.040	0.000	
Total	0.040	0.040	-	
6 Children's Social Care				
Looked After Children Education Service	0.150	0.244	0.094	9
Total	0.150	0.244	0.094	
9 DSG Within Corporate Services				
Gross Expenditure	3.529	3.529	0.000	
Total	3.529	3.529	-	
	249.722	247.700	- 2.022	

Note POSITIVE variances = OVERSPEND

Chief Officer's Comments

1 The schools delegated budget is projected to break even - any under or overspend against individual schools budgets will result in a corresponding decrease or increase in the level of schools balances. Based on returns from schools at the end of December Schools revenue balances are expected to be £6.928 million at the end of the current year, a reduction of £3.986 million on 2009/10

2 The projected underspend for Independent Special School placements includes "soft projections" for potential tribunal outcomes. A review of joint funded placements within Residential Schools has been carried out in order to maximise use of DSG and minimise the potential for local authority budget overspend in the current year.

3 NPA budgets are not fully committed however there will be further activity through the year.

4 Following a detailed review of all recoupment placements, including those in mainstream schools, it is expected that income will be higher than budgeted for and expenditure less than budgeted for.

5 There is a projected underspend against the Early Years Single Funding Formula of £1.3 million. This is based on expenditure to date and takes in to account the projected movement in take up of the free entitlement through the rest of the year. In the current year the extension of the free entitlement to 15 hours and to 2 year olds in deprived areas has been funded by Standards Funds, the DfE has confirmed that LAs can be flexible in the application of this grant and so the DSG underspend is partly a result of the maximisation of Standards Funds.

6 An underspend of £0.3 million is projected against the Early Years teams. In order to maximise the Sure Start grant this underspend is being fully shown against DSG.

7 Maternity budgets - issues with SAP Payroll feeding transactions to general ledger have led to no transactions being visible against this budget or the PRC budget. The forecast included here is based on 2009/10 expenditure

8 Schools PRC - new cases. Current projected underspend based on information from Lifecycle Team on cases to 31st August. Projection assumes Corporate funding for the enhanced packages to support staff

9 Looked After Children Education Service - overspend projected against alternative provision costs for LAC

YPSS Anticipated Increased Costs 10/11

Statutory Provision (25hrs education for permanently excluded pupils)

	DSG	LA transport	total
1 Funding the John Ivie Action Plan	<u>31,550</u>		<u>31,550</u>

To ensure safeguarding of pupils and improvement in teaching and learning. Also to increase access to alternative provision for pupils with highly complex needs that cannot be met in the centre.

2 **Funding the increase in pupil numbers on roll as a result of permanent exclusions following reduced out reach work**

Average cost of alternative provision - £95 per day - £85 education (DSG) / £10 transport (LA)
 reduce by AWPU daily rate - £15 - - £70 education (DSG) / £10 transport (LA)

<u>Month</u>	<u>(net flow in and out)</u>	<u>Teaching Days</u>	DSG	LA transport	total
December	6 further pupils	13 days	5,460	780	6,240
January	4 further pupils	19 days	13,300	1,900	15,200
February	4 further pupils	14 days	13,720	1,960	15,680
March	4 further pupils	22 days	27,720	3,960	31,680
			<u>60,200</u>	<u>8,600</u>	<u>68,800</u>

Total Request for Funding from underspent DSG 10/11	91,750	8,600	100,350
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Wiltshire Council

Schools Forum

2nd December 2010

Financial Implications of the Comprehensive Spending Review 2011-15

Purpose of report

1. To consider the financial implications arising from the Comprehensive Spending Review (CSR) 2011-15 on the Schools Budget.

Background

2. The Chancellor announced the CSR on 20th October 2010 outlining public sector expenditure plans for the period 2011-15. The full implications of the CSR for the schools budget in Wiltshire will not be known until the detailed funding settlement is announced later in December.
3. The headline announcement for the schools budget is that there will be a real terms increase of 0.1% per annum through the spending review period for 5 – 16 year olds, set against a 12% reduction in non-education children's services budgets over the same period. The increase includes funding for pupil growth and also includes the new pupil premium for disadvantaged children (£2.5 billion). This means that the increased funding will not be evenly distributed.
4. There is a clear message in the spending review that schools will need to achieve savings in procurement and back office costs in order to prioritise expenditure on teaching and learning. For the last 3 years efficiency savings have been built in to the funding settlement for schools as the MFG has been set at a lower level than the government's assessment of cost pressures. We would expect that the MFG will continue to be set below the level of cost pressures so that the requirement for efficiencies is still explicit within the schools budget settlement.
5. The announcement on the spending review included a statement that the DfE's overall capital budget will be reduced by 60%. No detail has been received on the possible impact of this announcement on devolved formula capital levels for schools.
6. Since the CSR the Schools White Paper: The Importance of Teaching has been published by the Government in November 2010. There are a number of references to Schools Funding within that white paper which will be summarised in this report.

Main considerations for Schools Forum

7. There are a number of proposals within the CSR that will impact on Wiltshire. The key issues are outlined below:

Mainstreaming of Grants

8. A number of grants are to have their "ringfence" removed and will be mainstreamed in to DSG. The main grants highlighted by the Secretary of State are as follows although it is not clear whether this is the final list:

- One-to-one tuition funding
 - Funding for “every child programmes”
 - Extended schools
 - School lunch grant
 - Schools standards grants
 - School development grant
 - Specialist schools grant
 - Ethnic minority achievement grant
 - National strategies budgets that were allocated to schools
 - DSG
 - Academies running costs
9. Now that the ringfence around these funds has been removed it will be necessary for Schools Forum to agree an appropriate allocation methodology for each of those funding streams as they will mostly form part of the delegated budget. For some grants it may be appropriate to distribute on the same basis as in the current year in order to minimise turbulence for individual schools budgets, however it is not clear that this will be possible, or appropriate, in all cases. We will also need to be mindful of the impact of the minimum funding guarantee (MFG) on the mainstreamed grants now that they are included in the baseline funding and we await guidance on the MFG for 2011/12.
10. It is not clear whether, once these grants have been mainstreamed, Wiltshire will receive the same amount as in previous years.
11. Appendix 1 to this report details the grants expected to be mainstreamed in to DSG and the current method of allocation for these grants across schools. Schools Forum is asked to comment on these grants and to give a steer as to how they should be allocated in 2011/12.

Pupil Premium

12. The government has announced a new pupil premium which will bring new funding for deprived pupils in to the schools budget. The consultation document suggested the premium would be paid as an additional specific grant direct to schools however this has yet to be confirmed. It is expected that free school meals will be the measure of deprivation used to determine the allocation of the grant.

Other Grants

13. The number of specific grants funding local government has been significantly reduced. In addition to the mainstreaming of grants outlined above a number of grants previously allocated to the Council either as specific grants or through Area Based Grant are being rolled in to the main formula grant received by the Council. The impact of this will be difficult to track as the total for each of these grants will be incorporated in to formula grant nationally but individual authorities may get back more or less than through the predecessor grant.

14. It has been confirmed that Sure Start expenditure will be maintained in cash terms and that it will form part of a new, unringfenced, Early Intervention Grant. Again it is not expected that the previous year's allocation will necessarily be replicated in the distribution of the new grant.

Capital

15. The announcement on the spending review included a statement that the DfE's overall capital budget will be reduced by 60%. No detail has been received on the possible impact of this announcement on devolved formula capital levels for schools.

The Importance of Teaching: The Schools White Paper 2010

16. The Schools White Paper was published in November 2010 and there are a number of proposals relating to schools funding which Schools Forum will need to consider as the detail is made clearer:
- a. The introduction of the Pupil Premium (see paragraph 11 above)
 - b. It is proposed that the Government will consult on a national funding formula to work alongside the pupil premium. It is intended that the Young Person's Learning Agency (YPLA) will be replaced by a new Education Funding Agency (EFA) which will be directly responsible for funding academies and free schools and all 16-19 provision. The EFA will also distribute resources to local authorities for them to pass on to schools who are not yet academies
 - c. It is proposed that the transparency of the current funding system will be increased showing how much money schools receive and what they spend their funds on. Within this section of the white paper there are proposals to introduce a new financial standard for schools to replace the FMSiS which has now been abolished, and to remove the requirement for local authorities to have a clawback mechanism for balances from 2011/12.
 - d. It is proposed to remove the disparity between funding for 16-18 year olds so that schools and colleges are funded at the same level as one another.
 - e. It is proposed that the government will take forward the conclusions of the review on capital spending to reduce bureaucracy and increase value for money in capital expenditure.

Environmental impact of the proposal

17. None

Equalities impact of the proposal

18. None – this paper focuses on funding issues.

Financial implications

19. Outlined within the report.

Legal implications

20. Outlined within the report

Proposal

21. It is proposed that

- a. Schools Forum note the implications of the CSR as outlined in this report whilst further detail is awaited on the financial settlement for Wiltshire Schools
- b. Schools Forum consider the list of grants to be mainstreamed in to DSG (Appendix 1) and recommend the approach to be taken for each grant.

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29th November 2010

Background papers

The following unpublished documents have been relied on in the preparation of this report:

None

Appendices

Appendix 1 – Summary of Grants to be mainstreamed in to DSG 2011/12

Summary of Grants Expected to Move to DSG in 2011/12

Grant	Amount	Spent Centrally or Devolved	Method of Allocation to schools	Specific to Phase?	Easy to Replicate Current Formula?
1:1 Tuition/Making Good Progress	£2,168,067	Most devolved to schools although does fund 1 post centrally	Allocation to schools through formula based on pupil numbers and deprivation but schools do not necessarily take up full amount. Would not be possible to replicate formula if delegated		x
Every Child Programmes		Allocated to schools	Targeted allocation		x
Extended Schools Sustainability and Subsidy grants	£2,811,149	Devolved to clusters of schools	Formula based on deprivation and other factors – devolved to clusters rather than all schools		?
School Lunch Grant	£650,965	Devolved	Based on pupil numbers in schools offering lunches. Would be difficult to replicate formula – not material if add to AWPU		x
School Standards Grant (SSG/SSG(P))	£13,876,094	Devolved	Formula – would expect to replicate		✓
School Development Grant	£13,404,352	Devolved	Based on a number of previous grants and inflated by minimum funding guarantee, would need to replicate cash amount to minimise turbulence		✓
Specialist School funding	£4,685,049	Devolved (only 1 Wiltshire school not receiving grant currently)	Allocation is by formula based on the numbers of specialisms. DfE suggesting that current allocation does not need to be replicated but would cause turbulence if method changed.	Secondary	✓
National Strategies funding	Secondary: £878,060	Mixture of centrally retained and devolved	Secondary grant almost all devolved by formula		
			Primary grant not all allocated. 4-5 posts funded from this grant	Secondary	✓
	Primary: £2,479,518		Uncertain if full grant to be moved in to DSG		
				Primary	x
Ethnic Minority Achievement Grant	£133,363	Centrally retained	Part of overall funding for EMAS team		NA
	£41,086,617				

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