

Wiltshire Council

Schools Forum

2nd February 2011

Schools Budget Proposals 2011/12

Purpose of report

1. To outline proposals for the schools budget for 2011/12.

Background

2. The Department for Education (DfE) published the 2011/12 financial settlement for schools on 13th December. The schools funding settlement is a one year settlement only and no details have been provided for 2012/13 despite a 2 year settlement being delivered for Local Government.
3. The funding settlement for 2011/12 contains significant changes from previous years including a new Pupil Premium grant and the mainstreaming of a number of former standards funds in to the Dedicated Schools Grant (DSG). This increases the complexity of the DSG calculation and the setting of the schools budget.
4. An estimate of DSG for 2011/12 was presented to the meeting of 17th January 2011, taking in to account known academy recoupment, savings achieved and identified cost pressures and investment proposals.
5. At the meeting of 17th January Schools Forum considered proposals for the allocation of former standards funds and requested further work to be presented at this meeting. Schools Forum also made recommendations on which cost pressures should be prioritised for funding.

Main considerations for Schools Forum

6. Recommendations for the schools revenue budget 2011/12 need to be presented to Cabinet on 15th February and then to Council for the final agreement of the Council's revenue budget for 2011/12. This report outlines the proposals for the schools budget and the implications for future years.

2010/11 Budget Monitoring Forecast

7. The projected outturn for 2010/11 has been regularly reported to Schools Forum and is outlined in a separate report on this agenda. It is projected that there will be an underspend of £2.369 million against the schools budget for this year. This projection is based on 1 term's data for the extension of the free entitlement for 3 & 4 year olds from 12.5 to 15 hours and will be updated once the January numbers are available however it is still expected that there will be a significant underspend against DSG for 2010/11.

8. Any variance against DSG is to be rolled forward to the next financial year and therefore this underspend is available to allocate to priorities in 2011/12, as one off funding.

Dedicated Schools Grant – Estimate for 2011/12

9. No inflationary increase has been applied to the DSG settlement for 2011/12 and therefore any growth will only be generated by increases in pupil numbers. A minimum funding guarantee of -1.5% will be applied to individual schools budgets.
10. An estimate of DSG for Wiltshire has been calculated based on the October pupil count for schools and early years settings. Adjustments have been made, based on previous trends and other known changes, to arrive at an estimate of pupil numbers for January 2011. The pupil count includes pupils at Academies so that the recoupment for academies can then be calculated. As reported to Schools Forum at the January meeting the estimated level of DSG, after recoupment for academies, is £273.117 million. The final grant will be confirmed in June following verification of the January pupil census data.
11. Appendix 1 to this report summarises the budget requirement for 2011/12. It includes an estimate of the impact of demography in schools and savings that have already been achieved against central DSG budgets as part of the Council's Management Review. Savings of £84,000 have also been identified against central DSG budgets in response to the deduction of the Local Authority Central Spend Equivalent Grant (LACSEG) for each academy. Further work is under way with schools to develop traded services which will enable further reductions to central budgets for 2012/13.
12. Appendix 2 summarises the cost pressures presented to Schools Forum at the previous meeting and the recommendations made at that meeting.
13. Appendix 1 indicates that there is a shortfall of £1.246 million against the estimated level of DSG if the identified cost pressures are to be funded. This shortfall would increase to £1.536 million if Schools Forum were also to invest in the Young Persons Support Service following the review of the service.
14. This shortfall can be met from the 2010/11 rollover however this would mean investing up to £1.536 million one off funding in to the 2011/12 budget. The risk associated with this would need to be mitigated through the development of savings proposals within central DSG budgets of at least £1.6 million for 2012/13. Use of one off funding in this way will allow time for central services to be restructured in line with the Departmental restructure, and for the continuation of the work started with schools to transform and develop traded services.

Allocation of Former Standards Funds

15. Following the January meeting of Schools Forum revised proposals for the allocation of former standards funds through the funding formula are presented in Appendix 3. Three options are presented in the Appendix 3:
 1. Inclusion of a Flat Rate of £20,000 per primary school, £50,000 per secondary school and £20,000 per special school;

2. No flat rate
 3. A stepped flat rate, with a lower flat rate for small schools
16. In each case the following grants have been removed from the baseline for the minimum funding guarantee (MFG) and reallocated for MFG calculation purposes by the same methodology as that proposed for 2011/12:
- Extended Schools sustainability and subsidy grants
 - Primary and Secondary National Strategies
 - 1-2-1 Tuition
17. This reduces the impact of large one off allocations in the current year. If Schools Forum agrees this approach the permission of the Secretary of State will still be required.
18. For each option the impact by school is presented with the funding per pupil in each school also shown.
19. Appendix 4 shows two options for the allocation of Specialist School funding and High Performing Specialist Schools funding in secondary schools. The first model shows the first specialism allocated by AWPU and the 2nd and 3rd replicated as per 2010/11. The second option allocated 50% of the 2nd and 3rd specialisms by AWPU.

Risk Assessment

20. *Estimate of Dedicated Schools Grant* – the schools budget must be set on an estimate of DSG for the financial year. Confirmation of the final level of grant will not be received until June 2011 and the final level of grant could be higher or lower than the estimate. If the final grant is higher than the budget set then Schools Forum will have the option to roll forward that additional funding in to 2012/13 or to amend budgets in year. If the final grant is lower, again, Schools Forum have the option to amend budgets in year or roll the deficit forward. Practice in previous years has been to deal with a shortfall in grant within the year.
21. *Use of one off funding in 2011/12* – any surplus on the DSG from 2010/11 will be rolled forward in to the following year and can be utilised against priorities. Currently it is estimated that there will be an underspend of £2.369 million in 2010/11. There is some risk in this projection because of uncertainty around take up of the extended free entitlement for 3 & 4 year olds however it is not proposed to commit the full £2.3 million to the 2011/12 budget.
22. *Use of one off funding in 2011/12 and the implications for future years* – the risk associated with investing one off funding in 2011/12 must be mitigated by the development of savings across central DSG funded services of at least £1.6 million, or 5%, in time for 2012/13. This work will be carried out in conjunction with the work already under way in DCE to transform services in line with the Council's Business Plan and to meet the changing needs from schools.
23. *Academies* – The estimate of DSG includes those academies known in January to be converting to academy status by April 2011. Recoupment will take place for each school that converts and this will impact on the

estimated DSG and will also bring about budget reductions in year during 2011/12. Recoupment from the delegated budget will be revenue neutral however the LACSEG recoupment will impact on central budgets and savings or additional income will need to be achieved in year. The work described in paragraph 22 above will go some way to mitigating this risk.

Proposal

24. It is proposed that

- a. Schools Forum agree on the level of budget for 2011/12. The budget requirement outlined in Appendix 1 is £274.363 million, increasing to £274.653 million if it is agreed to invest in YPSS.
- b. If one off funding is to be utilised in funding the 2011/12 budget Schools Forum require officers to develop proposals to identify savings in central budgets of at least £1.6 million to be in place for 2012/13.
- c. Schools Forum agree a methodology for allocation of all other former standards funds that are now part of DSG based on the proposals recommended by the Schools Funding Working Group.

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Background papers

The following unpublished documents have been relied on in the preparation of this report: None

Appendices

Appendix 1 – Schools Budget Requirement 2011/12

Appendix 2 – Summary of cost pressures and recommendations for funding

Appendix 3 – Impact of Proposals for the allocation of former standards funds

Appendix 4 – Proposals for the allocation of former specialist school funding in secondary schools
