

SCHOOLS BUDGET 2012/13

Cabinet Member	Councillor Jonathan Bianco Councillor David Simmonds
Cabinet Portfolio	Finance, Property and Business Services Education and Children's Services
Officer Contact	Peter Malewicz – Planning, Environment, Education and Community Services
Papers with report	Consultation Document – Schools, Early Years and 14-16 Funding Arrangements 2012/13 Report to Schools Forum – Consideration of School Consultation Responses Draft Minutes of Schools Forum – 24 January 2012

HEADLINE INFORMATION

Summary	The purpose of this report is to seek Cabinet's approval for the size and distribution of the schools budget for 2012/13, following consultation with school Headteachers and Governors and Private, Voluntary and Independent nursery providers and having regard to the advice of the Schools Forum
Contribution to our plans and strategies	Schools are a key frontline service in the borough, and are the largest service providing investment in residents' children's and young people's future life chances, and delivering on Our People theme in the Council's Vision, and the improving Aspiration Through Education and Learning priority in the Sustainable Community Strategy. The distribution of funding to schools supports these strategic aims.
Financial Cost	Funding for schools and school related expenditure is provided through the Dedicated Schools Grant (DSG) and the Pupil Premium and as such has no impact on the Council's budget requirement.
Relevant Policy Overview Committee	Education and Children's Services Policy Overview Committee
Ward(s) affected	All

RECOMMENDATIONS:

That Cabinet:

- 1) Agrees that the total Schools Budget for 2012/13 will be equal to the total of the Dedicated Schools Grant (as set out in paragraph 28) and Pupil Premium Grant (where the rate is set out in paragraph 26, but the final total figure is still to be released) provided to the Council.**
- 2) Approve the proposed changes to the Primary and Secondary schools funding formula as agreed by schools and the Schools Forum, as set out in paragraphs 11 to 24.**
- 3) Approves the proposal to introduce a Transitional Funding Arrangement of +/- 1.5% over a period of two years, where the full implications will be realised in the third year.**

Reasons for recommendation

Cabinet is the decision making body for school funding issues and decisions are required on the arrangements to allow for final funding allocations to be provided to schools by no later than 31 March 2012.

The School Finance (England) Regulations 2011 requires the Council to consult the Schools Forum on a range of financial matters prior to making decisions on them. Each year the Council consults with schools on the following years funding and school funding formulas, for 2012/13 budgets, this consultation ended on 17 January 2012 and has been considered at the Schools Forum meeting on 24 January 2012, the results of which are reflected in the recommendations of this report.

Alternative options considered / risk management

A range of funding models were considered as part of the review of the Primary and Secondary schools funding formula. Schools were informally consulted on the new proposal in December 2011, which resulted in a number of changes being made to the funding model that was formally consulted on in January 2012.

Cabinet could decide to recommend that Schools Forum reconsider the proposed Primary and Secondary schools funding formula, including the inclusion of a transitional arrangement over a period of 2 years. However, such decisions are not recommended as the proposals contained in this report are the result of a significant consultation process with Schools Forum, schools and other stakeholders.

The recommended Schools Budget 2012/13 contains a number of contingencies to provide for the growth in nursery and reception age children, where it is uncertain at this point in time, where the required additional classes need to be provided for. It also includes an increased contingency for the placement of children with Special Educational Needs and an increase in the resources required to deliver effective Alternative Education provision.

INFORMATION

Comments of Policy Overview Committee(s)

The Education and Children's Services Policy Overview Committee considered the schools' budget as part of the Budget Proposals report that was held on 19 January 2012. No comments were received with regards to the schools' budget.

Supporting Information

1. Throughout 2011/12 there has been a significant change in the landscape and funding arrangements of schools, including the Academies Act 2010, significant consultation on school funding arrangements and through the Schools Forum, a fundamental review of the Primary and Secondary School Funding Formula.

Academies Act 2010

2. The introduction of the Academies Act 2010, and its subsequent amendments, has resulted in 10 Secondary and 1 Special schools becoming academies in 2011/12, with a further 3 Secondary and 2 Special schools expected to convert before the 31 March 2012.
3. Currently, the funding for Academies is received by the local authority within the Dedicated Schools Grant. The Young People's Learning Agency (YPLA), now the Education Funding Agency (EFA), recoups the relevant Academy school budget through deductions from the Individual Schools Budget (DSG funded) and the retained DSG, known as the DSG Local Authority Central Spend Equivalent Grant (LACSEG).

Consultations

4. The coalition Government released a significant number of consultations with local authorities throughout the year, some of which potentially will have a significant impact on the future funding arrangement for schools. These include the following:

The Basis for the Decision on the Appropriate Amount of Academies Funding Transfer for 2011-12 and 2012-13

5. Consultation was issued in July 2011, with a response required within a 4 week timeframe. The implications of this suggested that all Local Authority budgets would be subject to a further top-slice, both in 2011/12 and 2012/13. It was decided that the budget savings requirement would be increased by £1.8 million to reflect this potential reduction in the budget for 2012/13.

A consultation on school funding reform: Proposals for a fairer system

6. This consultation was released in July 2011, with a response required by the middle of October 2011. In summary this represented a significant change from the previously trailed intention to create a new national funding formula, as stated in the Education White Paper in November 2010, in terms of both timetable and content. The key points are:
 - The current funding system will continue unreformed until at least 2013/14
 - Schools will continue to be funded primarily from the ringfenced Dedicated Schools Grant (DSG) and the Pupil Premium
 - The Minimum Funding Guarantee (MFG) will continue under the current and proposed reformed systems
 - The reformed system will either create notional allocations for each school aggregated to the local authority level and then distributed via a local formula, or a revised distribution of funding at local authority level – in each case funding for

individual maintained schools and Academies will be determined by a local funding formula (as present)

- The DSG will be calculated from the aggregations of four funding blocks covering schools, early years, high cost pupils (i.e. special needs and alternative provision), and centrally retained functions
- These funding blocks will not be ringfenced but limits will be placed on movement between them through the MFG and a mechanism similar to the current Central Expenditure Limit (CEL)
- The role of Schools Forums to challenge local authority proposals for school funding will be enhanced
- The definition of the respective responsibilities of schools, centrally retained functions, and Council education functions, and how these should be funded will be reviewed and clarified
- Options presented for the future construction of funding for Academies Local Authority Central Spend Equivalent Grant (LACSEG) from 2013/14 onwards, including mandatory delegation of funding currently in the scope of DSG LACSEG recoupment
- Proposals for significant reforms of special educational needs (SEN) funding are included, with the intention that all providers of SEN places receive a minimum funding allocation of £10,000 per place, with additional costs funded on a top-up basis by the local authority commissioning the provision
- The Pupil Premium will be expanded to include a wider definition of pupils previously eligible for free school meals, with a proposed move to an Ever 6 Free School Meals (FSM) method, which will pick up any pupil eligible for FSM at any point over the last six years

Implementation of the 2010-11 Review of Education Capital (The James Review)

7. This consultation was released in July 2011, with a response required by the middle of October 2011. The James Review identified that capital resources were not being used effectively across the country and that each authority spent funds on designing individual new schools within their area. The main proposal was to consider the DfE managing this centrally and set up a central procurement contract for the construction of new schools.
8. Additionally the government announced a new Priority Schools Building Programme (a new Public Finance Initiative), which authorities could submit bids to. Hillingdon submitted three bids (2 based on the condition of the buildings, which includes Abbotsfield and Northwood Secondary schools and 1 based on severe basic need shortages, which relates to the Lake Farm Primary school proposal). The Partnership for Schools planned to publicise the results of this in December 2011, but as of today, no decisions have been made.

Consultation on the Proposed Decision on the Calculation and Recovery Arrangements for the Academies Funding Transfer for 2011/12 and 2012/13

9. This consultation was released in December 2011, with a response required by the middle of January 2012. This consultation was in response to the feedback that the Government received on their previous consultation on the Basis for the Decision on the Appropriate Amount of Academies Funding Transfer for 2011-12 and 2012-13. This provides much more clarity in the way in which the Revenue Support Grant related Local Authority Central Spend Equivalent Grant (LACSEG) is calculated and arrived at. It also states that Local Authority budgets would not be further top-sliced in both 2011/12 and 2012/13. Furthermore, where it is determined that the top-slice is greater than what should have been deducted, the relevant local authority will be reimbursed, by means of a grant, for the difference in funding.

10. For Hillingdon, it has been assessed that the implications of this consultation will no longer require the additional £1.8 million that was built into the savings target for 2012/13, as the amount determined using the proposed calculation is equivalent to the amount that has already been top-sliced (£1.4 million).

Primary and Secondary Funding Formula Review

11. The framework for funding schools for 2012/13 has undergone a major review, which was undertaken by the Resources Strategic Advisory Group on behalf of the Schools Forum. At its' meeting on 7 December 2011, Schools Forum agreed to the changes that were being proposed for the Primary and Secondary schools funding formula. Additionally, three meetings were held for all Headteachers and Governors, to run through the proposed changes and allow schools the opportunity to influence the changes. Together this has resulted in a significant number of changes to the Primary and Secondary schools funding formula that were consulted on in January 2012.

12. Consultation with schools took place between 6 January 2012 and 17 January 2012. Schools were given an opportunity to attend any one of three meetings that were set up to explain the changes in more detail. The responses to this consultation were discussed at Schools Forum on 24 January 2012, and form the proposals which are being recommended in this report.

13. Schools Forum agreed a set of principles and objectives for the school funding formula review including the following:

- To ensure that there is no movement in funds between the Primary and Secondary sectors
- To retain the current percentage differentials between AWPU levels
- To limit the impact and turbulence on pupils of the review on budgets to a movement of +/- 1.5% for a period of 2 years.
- To simplify the model, generate a fairer funding model and deliver a model that is more transparent
- To reduce the per pupil funding range in both the Primary and Secondary sector
- To reduce the value of the Minimum Funding Guarantee (MFG)
- To provide Schools with predictability of funding where individual circumstances change
- To ensure that the formula would be intuitive, understandable and accessible
- To have regard to the DfE Consultation on School Funding Reform: Proposals for a Fairer System

14. Councils are required to fund their schools using a single count date of the January before the start of each financial year. However, the introduction of the Early Years Single Funding Formula (EYSFF) in April 2011, means the single January count will only determine the funding for Reception through to Year 6 in the case of Primary schools. Nursery class funding will be through the EYSFF and will be based on an estimate of take-up across each term in the financial year. Schools will thus know their **final** school budgets (Reception – Year 6 only for Primary schools) immediately before the start of the financial year (these budgets **will not be** subject to re-determination in-year). Further, Primary schools will also receive an **indicative** EYSFF budget for their nursery classes (if applicable), which **will be** subject to adjustments in-year to reflect the difference between estimated and actual take-up of the free entitlement.

15. The following changes to the Primary and Secondary schools funding formula are being proposed for 2012/13:

- Set the MFG at the minimum level prescribed by the Government, which is -1.5% for 2012/13.
- Seek approval from the Secretary of State to exclude factors from the MFG calculator including Air Conditioning, Split Site Factor, Fixed Factor, Expanding Schools Factor and Small Schools Factor.
- Create one funding formula for both sectors
- Delete all of the Standards Fund Formula Allocations
- Delete the Teachers Pay Grant Formula Allocation
- Set the Fixed Factor at £100,000 for all Primary and Secondary schools
- Have two separate funds available for Deprivation Funding, one for Primary schools and one for Secondary schools
- Have three factors for allocating Deprivation funding including Free School Meals (FSM), Pupil Mobility/In Year Admissions and Looked After Children (LAC).
- Set the percentage value of Deprivation funding to be apportioned using FSM at 2% for Primary schools and 2.3% for Secondary schools based on the total available budget
- Set the percentage value of Deprivation funding to be apportioned using In Year Admissions at 1% for both Primary and Secondary schools based on the total available budget
- Set the value of funding at £3,146 for each LAC
- Have two separate funds available for Achievement Funding, one for Primary schools and one for Secondary schools
- Use KS1 assessment results for Primary schools applying an Average Point Score (applying 1 point for a score of Level 1 and 2 points for a score below Level 1) for all children achieving Level 1 and below across any of the Reading, Writing and Maths assessments
- Use KS2 results for Secondary schools applying an Average Point Score for all children achieving Level 3 and below across English and Maths assessments
- Set the percentage value of Achievement funding at 1% for both Primary and Secondary schools based on the total available budget
- Introduce a Transitional Arrangement over a period of two years to dampen the impact of the proposed formula changes to +/- 1.5%.

The Minimum Funding Guarantee

16. In the school funding settlement released on 12 December 2011, the Government set the national level of the MFG at negative 1.5% per pupil for 2012/13. It is being proposed that this is the value that is applied within the funding formula for 2012/13.

17. Additionally as part of the review of the school funding formula, it is being proposed that the following factors are excluded from the MFG calculator, as these factors have a significant distorting affect on the per pupil funding protection that schools receive and they are not linked to the number of pupils in any given school:

- Air Conditioning
- Split Site Factor
- Fixed Factor
- Small School Factor
- Expanding Schools Factor

Funding Formula

18. The review of the schools funding formula identified that in order to assist with moving towards a simpler funding model and to aid with decision making, one model needed to be

developed across both the Primary and Secondary sector, which would then allow for the same apportionment methods to be used when determining the distribution of resources.

Standards Fund Allocations

19. Standards Funds were incorporated within the school budget share in 2011/12 based on the actual distribution of these funds in 2010/11. The opinion of Schools Forum, is that this has distorted the funding received by schools, and over time, if retained, would provide schools with protected funding based on historical allocations. Schools Forum agreed that these factors would be deleted and apportioned through a number of more appropriate factors including AWPU, Deprivation and Achievement to ensure that funding was targeted more in line with need.

Teachers Pay Grant

20. The Teachers Pay Grant is an historical factor within the model that no longer exists and is apportioned based on pupil numbers. Schools Forum agreed that this factor should be deleted to meet one of its principles of reducing the number of factors within the overall funding formula

Fixed Factor

21. The current funding model has two different levels of fixed factor, where Primary Schools receive £124,383 and Secondary schools receive £143,176. Working on the principle of having one funding formula and having regard to the Government School Funding Reform consultation, Schools Forum agreed to reduce this factor to £100,000 for all Primary and Secondary schools. The release of these funds then enables and facilitates the desired changes being proposed as part of the funding formula review.

Deprivation Funding

22. The current funding model has a range of apportionment methods for the distribution of Deprivation funding, some of which are based on historical data that has been rolled over year on year, and some of which are different between the Primary and Secondary schools. Applying the principle of one model for the Primary and Secondary schools, did not work effectively for the distribution of these funds, as the distribution was skewed based on the pupil population, which basically resulted in funds being moved from the Secondary schools into the Primary schools. Schools Forum agreed that for this factor, the same models would be used, but would be applied to two separate funds, the value of which would be no more or less than the current level in 2011/12. However, Schools Forum agreed that the level of funds applicable in each area would be based on a percentage of the total schools budget for the Primary and Secondary Schools. Schools Forum also agreed that there should be three factors including Free School Meals (which would be set at 2% of the total Primary and Secondary schools budget for the Primary schools and 2.3% for Secondary schools and allocated based on a linear distribution), Pupil Mobility/In Year Admissions (which would be set at 1% of the total Primary and Secondary schools budget for both Primary and Secondary schools and allocated based on a linear distribution) and Looked After Children (the value of which would be set at £3,146 per each Looked After Child).

Achievement Funding

23. The current funding model has a range of apportionment methods for the distribution of Non-statemented SEN funding, some of which are based on historical data that has been rolled over year on year, and some of which are different between the Primary and Secondary schools. Schools Forum agreed to rename this factor to Achievement. Applying the principle of one model for the Primary and Secondary schools, did not work effectively for the distribution of these funds, as the distribution was skewed based on the pupil population, which basically resulted in funds being moved from the Secondary schools into the Primary schools. Schools Forum agreed that for this factor, the same models would be used, but would be applied to two separate funds, the value of which would be no more or less than the current level in 2011/12. However, Schools Forum agreed that the level of funds applicable in each area would be based on 1% of the total schools budget for the Primary and Secondary Schools. For Primary schools, this would be allocated using KS1 results for Primary schools applying an Average Point Score (applying 1 point for a score of Level 1 and 2 points for a score below Level 1) for all children achieving Level 1 and below across any of the Reading, Writing and Maths assessments (this factor changed slightly following the meetings with Headteachers and Governors in December 2011, where it was felt that the original proposal needed to be fine tuned), and for Secondary schools would be allocated using KS2 assessment results for Secondary schools applying an Average Point Score for all children achieving Level 3 and below across English and Maths.

Transitional Arrangements

24. Having applied all of the changes discussed, the impact on school budgets was reviewed. This indicated that there was a wide range of schools that gained and lost funding. Schools Forum agreed to introduce a damping factor (the transitional arrangement) to reduce the impact on school budgets in the first two years of the proposed changes, so that in the third year, schools would be on their true level of funding. It was agreed that this level is set so that no school could move up or down by +/- 1.5% in the first two years. This would then allow schools to plan for any reduction in budgets over a more manageable time frame. Once determined, the value of cash reduction or increase will be the same for the first two years. An example of how this will work is set out in the following table, these examples assume no changes in pupil numbers or other factors over 3 Years:

How transitional protection is calculated and effect on 3 years of Budgets

	Base Year 2011-12	Base Year 2012-13			Year 1 2012-13	Year 1	Year 2 2013-14	Year 2	Year 3 2014-15	Year 3
	Budget Old Formula	Budget New Formula	Change	Max change under Transitiona l Protection	Budget New Formula with Transitiona l protection (A + D)	change from previous year	Budget New Formula with Transitiona l protection (E + D)	change from previous year	Budget New Formula with Transitiona l protection (A + C)	change from previous year
	A	B	C	D	E	F	G	H	I	J
				1.5%						
School A	£5,000	£4,800	-£200	-£75	£4,925	-£75	£4,850	-£75	£4,800	-£50
Transitional protection					£125		£50		£0	
School B	£3,000	£2,800	-£200	-£45	£2,955	-£45	£2,910	-£45	£2,800	-£110
Transitional protection					£155		£110		£0	
School C	£3,000	£3,200	£200	£45	£3,045	£45	£3,090	£45	£3,200	£110
Transitional protection					-£155		-£110		£0	

How transitional protection will appear in the funding formulas.

			School A	School B	School C
Base Year	2011-12	Budget New Formula	£4,800	£2,800	£3,200
Year 1	2012-13	All other Factors	£4,800	£2,800	£3,200
Year 1	2012-13	Transitional Protection	£125	£155	-£155
Year 1	2012-13	Total Budget	£4,925	£2,955	£3,045
Year 2	2013-14	All other Factors	£4,800	£2,800	£3,200
Year 2	2013-14	Transitional Protection	£50	£110	-£110
Year 2	2013-14	Total Budget	£4,850	£2,910	£3,090
Year 3	2015-16	All other Factors	£4,800	£2,800	£3,200
Year 3	2015-16	Transitional Protection	£0	£0	£0
Year 3	2015-16	Total Budget	£4,800	£2,800	£3,200

Revenue Funding

25. The schools funding settlement for 2012/13 was announced by the Secretary of State for Education on 12 December 2011. Funding levels have been confirmed for 2012/13 only including the pupil premium for disadvantaged pupils.

26. The main headlines in relation to revenue funding are:

- The per pupil unit of funding (the Guaranteed Unit of Funding (GUF)) in the Dedicated Schools Grant (DSG) has been set at £5,419.62 for 2012/13, no change from the 2011/12 position.
- The Minimum Funding Guarantee has been set at -1.5% for 2012/13.
- The level of the Pupil Premium has been confirmed at £600 per pupil (an increase of £112 on the current rate of £488), however the method of distribution has changed from those currently eligible for Free School Meals to those pupils eligible for Free School Meals at any point over the last six years (Ever 6).
- Children in Care of school age who have been looked after for more than six months (i.e. the pupils counted on the SSDA903 (Under the Children Act 1989, a child is looked after by a local authority if he or she; is provided with accommodation, for a continuous period of more than 24 hours, [Children Act 1989 Section 20 and 21]; or is subject to a care order [Children Act 1989 Part IV]), will be those pupils that have been continuously looked after for over 6 months aged 4 to 15 at 31 August 2011. The count point for 2012 is 31st March) will continue to receive £488.
- An additional amount of £250 per pupil will be included in the Pupil Premium in 2012/13 for the children of members of the UK armed forces, which is an increase from the current £200.

Overall Indicative DSG Funding

27. The current method of funding local authority level DSG allocations remains unchanged. All local authorities will continue to be funded at their guaranteed unit of funding multiplied by the number of DSG pupils on roll in the January count. Dual-registration funding ceased in 2011/12, therefore, a pupil attending both a school and a Pupil Referral Unit, will only be recorded once. DSG pupils will be those recorded on the following:

- Annual Schools Census
- SLASC
- Form 8B / Alternative Provision

- Early Years Census

28. The guaranteed units of funding announced for Hillingdon in 2012/13, together with the Council's estimate of Hillingdon pupils and indicative total DSG allocations is shown below in the following Table. It should be noted that from 2011/12 onwards the DSG includes the mainstreaming of the Standards Fund Grants.

Hillingdon - Guaranteed unit of funding / Pupil number estimate / Revised Total Indicative DSG 2008-13

<i>Financial Year</i>	<i>Guaranteed per Pupil Unit of Funding (£)</i>	<i>Council Estimate of Pupil Numbers</i>	<i>Indicative Total DSG (£ million)</i>
2008/09	4,361.40	37,907	165.3
2009/10	4,519.38	38,372	173.4
2010/11	4,708.57	38,414	180.9
2011/12	5,419.62	39,768	215.5
2012/13	5,419.62	40,557	219.8

29. The overall DSG is guaranteed in terms of an amount per pupil. If the January 2012 pupil numbers are higher or lower than the assumptions made, the total DSG at local authority level will go up or down.

30. The tasks in managing the school funding settlement for 2012/13 are:

- Assess and monitor the overall pupil numbers estimated over the coming months leading up to the January census, **including Academy school pupil numbers**;
- Assess how much funding should be allocated to each sector;
- Assess the impact of the Minimum Funding Guarantee, natural inflation on retained items, changes in commitments resulting from new business case developments and the expected headroom for each year;
- Assess the impact arising from the Early Years Single Funding Formula (EYSFF)
- Distribute school funding to individual schools and PVI nurseries.

Finalising the DSG Allocation

31. The 2012/13 indicative DSG allocation shown in the Table above has been calculated on an estimated pupil projection of 40,557. The final cash allocation of DSG funding will be based on actual pupil numbers from the January 2012 count.

32. The current forecast of pupil numbers would suggest Hillingdon's indicative DSG allocation will be in the region of **£219.8 million** for 2012/13.

Estimated DSG Budget for 2012/13

33. The following Table summarises what the Council believes to be the expected income from, and commitments on, the DSG and Young People's Learning Agency (YPLA) post-16 funding for 2012/13. This uses the Department for Education's (DfE's) standard Section 251 Budget Statement, which is available to access via the DfE's website.

Consideration of DSG Budget 2012/13

S251 Row No and Description	2011-12	2012-13	Diff	%	Note
Pupil Nos	39,849	40,557	708		1
GUF	£5,419.62	£5,419.62	£0.00		
Total DSG	£215,966	£219,803	£3,837	1.78%	
<u>INCOME</u>					
0.0 INC DSG	-£215,966	-£219,803	-£3,837		1
0.0 INC PP	-£3,093	-£3,093	0		
0.0 INC YPLA Schs	-£17,597	-£17,597	0		
0.0 INC YPLA SEN	-£1,663	-£1,663	0		
0.0 INC YPLA TBG	-£279	-£279	0		
TOTAL INCOME	-£238,598	£-242,435	-£3,837	1.61%	
<u>DEVOLVED TO SCHOOLS</u>					
1.0.1 Individual Schools Budget	£222,036	£225,583	£3,547		
TOTAL DEVOLVED TO SCHOOLS	£222,036	£225,583	£3,547	1.60%	
<u>RETAINED BUDGET</u>					
1.0.2 Threshold and Performance Pay (Devolved)	£0	0	0		
1.0.3 Central expenditure on education of children under 5	£1,503	£1,519	16		
1.1.1 Support for schools in financial difficulty	£0	0	0		
1.1.2 Contingencies	£1,563	£1,050	-£513		2
1.2.1 Provision for pupils with SEN (including assigned resources)	£772	£772	0		
1.2.2 SEN support services	£881	881	0		
1.2.3 Support for inclusion	£254	£254	0		
1.2.4 Fees for pupils with SEN at independent special schools & abroad	£6,617	£7,210	£593		3
1.2.5 SEN transport	£0	0	0		
1.2.6 Fees to independent schools for pupils without SEN	£375	£375	0		
1.2.7 Inter-authority recoupment	£710	£710	0		
1.2.8 Contribution to combined budgets	£182	£182	0		
1.3.1 Pupil Referral Units	£1,295	£1,309	£14		
1.3.2 Behaviour Support Services	£613	£613	0		
1.3.3 Education out of school	£446	£596	£150		4
1.3.4 14-16 More practical learning options	£444	£444	0		
1.4.1 Support to underperforming ethnic minority groups and bilingual learners	£0	0	0		
1.5.1 School meals/ milk - nursery, primary and special schools	£0	0	0		
1.5.2 Free school meals eligibility	£0	£50	£50		5
1.5.3 School kitchens - repair and maintenance	£0	0	0		
1.6.1 Insurance	£0	0	0		
1.6.2 Museum and Library Services	£184	£184	0		
1.6.3 School admissions	£163	£163	0		

S251 Row No and Description	2011-12	2012-13	Diff	%	Note
1.6.4 Licences/subscriptions	£0	0	0		
1.6.5 Miscellaneous (not more than 0.1% total of net SB)	£203	£203	0		
1.6.6 Servicing of schools forums	£5	£5	0		
1.6.7 Staff costs supply cover (including long term sickness)	£103	83	-£20		6
1.6.8 Termination of employment costs	£0	0	0		
1.6.9 Purchase of carbon reduction commitment allowances	£250	£250	0		
TOTAL RETAINED BUDGET	£16,562	£16,853	£ 290	1.75%	
BALANCE	£0	-0	-0		

Notes

34. Where significant changes are being made and a note reference has been added the following paragraphs provide more information on each change.

Note 1, S251 row: Income:

	Pupil Nos	Pupil Nos	
Sector	Jan 2012	Jan 11	Diff
Primary	23,308	22,609	699
Secondary	13,621	13,612	9
Special	451	451	0
EYSFF	2,936	2,936	0
Alternative	241	241	0
Total Pupils	40,557	39,849	708

35. Based on the provisional January 2012 pupil numbers, there is an increase of 708 pupils on the January 2011 pupil numbers. Therefore, 708 extra pupils at the Guaranteed Unit of Funding of £5,419.62 gives an increase in funding of £3,837k.

Note 2, S251 row: 1.1.2 Contingencies

	2011-12	2012-13	Explanation
EYSFF	£516	£600	The £515k (11-12) was calculated at 4% of the overall EYSFF pot. £600k (12-13) represents contingency for 240 extra places at £2.5k per place.
Secondary HPSS Standard Fund distributed in year.	£335	£0	This has been added to the total pot for Primary and Secondary schools.
Primary AST Standard Fund distributed in year.	£223	£0	This has been added to the total pot for Primary and Secondary schools.
Primary Expansion in September	£273	£450	The 2012-13 amount represents a contingency for 9 extra forms at £50k each.
Shortfall in DSG pupil Nos	£216	£0	We do not consider a contingency is required this year
Total	£1,563	£1,050	

Note 3, S251 row: 1.2.4 Fees for pupils with SEN at independent special schools & abroad.

36. This has been increased in line with the evidence for increased pupil numbers and increased pupil numbers with SEN, which equates to 20 extra children at approx £30k per child.

Note 4, S251 row: 1.3.3 Education out of school

37. It is estimated that an extra 30 pupils at Key Stage 4 will be placed on courses that will be run through a local College, at an average cost of £5k per pupil.

Note 5, S251 row: 1.5.2 Free school meals eligibility

38. It is estimated that £50k will be required to cover the total cost of running and supporting the software that will allow schools and parents to register pupils eligible for Free School Meals online without the need to schools to check paper records.

Note 6, S251 row: 1.6.7 Staff costs supply cover (including long term sickness)

39. The reduction of £20k represents the sum of money that was retained to pay for NQT recruitment costs, where it is being proposed that for 2012/13 this is delegated. This has then been added to the total pot for Primary and Secondary schools.

Central Expenditure Limit

40. The 'Schools Budget' is defined in the Schools Finance (England) Regulations 2011. The regulations state that the centrally retained funding cannot increase by more than the same percentage as the Schools Budget as a whole.

41. The Council is required to seek approval from Schools Forum where it believes it cannot comply with the limit and therefore agree the delegated Individual Schools Budgets (ISB) total should increase by a lower percentage than the Schools Budget as a whole.

42. The Regulations still permit the Council to ask the Secretary of State for a decision where the Schools Forum does not agree with the Council's proposition for a lower increase.

Impact on the Central Expenditure Limit (CEL)

43. An indicative calculation of the CEL, (based on 40,557 pupils) is provided in the following Table.

Estimated central expenditure limit calculation

Indicative Central Expenditure Limit 2012/13	(£million)
Current 2011/12 DSG	£215,966
Estimated 2012/13 DSG	£219,803
Predicted % Growth in DSG	1.78%
Central Expenditure 2011/12	£16,562
Allowable % Growth in Central Expenditure 2012/13	1.78%
Allowable £ Growth in Central Expenditure 2012/13	£0.295
Allowable Central Expenditure 2012/13 (a)	£16,857
Total Requested Central Expenditure 2012/13 (including new items) (b)	£16,853
Requested breach of central expenditure limit 2012/13 (a)-(b)	Zero

44. Based on the current available data, there is no proposed breach of the CEL in 2012/13.
45. In the event where the authority is below its CEL limit, the LA may choose to retain the maximum permitted level of CEL without seeking agreement from Schools Forum. This course of action has not been taken.
46. In the event that actual January 2012 pupil numbers fall substantially below 40,557 pupils, there is a risk the Council will trigger a breach of the CEL. Should this occur the Council will need to seek permission from the Schools Forum to breach the CEL.
47. The consideration of issues concerning the CEL detailed in this section will help shape the apportionment of DSG funding between:
- Individual Schools Budgets (ISB) and
 - Central Expenditure

Financial Implications

This is a financial report dealing with funding issues affecting schools. The financial impact is explained throughout the report. The proposals contained within this report do not affect the General Fund proposals that are considered elsewhere on this agenda, as the School Budget is fully funded from the ring-fenced Dedicated Schools Grant and Pupil Premium.

EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendation?

The approval of the recommendations as set out in this report will enable the distribution and confirmation of the funding arrangements for schools for 2012/13, including the final individual school budget shares, which have to be distributed to schools on or before 31 March 2012.

Consultation Carried Out or Required

The Council is required to consult with the Schools Forum annually on a set of matters prescribed in the Schools Forums (England) Regulations 2010, which are covered in this consultation paper. These are:

- arrangements for the education of pupils with special educational needs
- arrangements for the use of pupil referral units and the education of children otherwise than at school
- arrangements for early years provision
- arrangements for insurance
- administrative arrangements for the allocation of central government grants paid to schools via the authority
- arrangements for free school meals

Schools Forum has a limited range of decision making powers with regards to school funding. In most aspects Schools Forum role is to advise the Council on decisions that rest with Cabinet, such as the school budget. The main role of Schools Forum is to consult with schools on proposed changes to funding arrangements, including any changes to the school funding formula.

For 2012/13, the majority of the consultation with schools revolved around the fundamental changes that are being proposed to the Primary and Secondary schools funding formula. An informal consultation with schools took place in December 2011, which resulted in a number of minor changes to the proposed funding formula. The formal consultation was released on 6 January 2012, where three consultation information sessions were held on 12 January 2012 (morning and evening session) and 13 January 2012.

CORPORATE IMPLICATIONS

Corporate Finance

The Schools Budget proposals are provided through the ring-fenced Dedicated Schools Grant (DSG) and the Pupil Premium Grant, both from the Department for Education (DfE) and so have no impact on the Council's General Fund budget. The Council may add to the amount of the Schools Budget from resources funded by general Government grant or Council Tax from the General Fund, but may not set the Schools Budget below the level of the DSG.

Proposals for change to the funding regime, as detailed within this report, will not be implemented during 2012/13 and so will not impact the General Fund. However, as explained in the report, there could be changes implemented in future years, particularly in relation to Academy Funding which will require careful analysis by Officers to assess the future impact on the General Fund.

The funding proposals for the Schools Budget 2012/13 set out in this report are fully consistent with the report on the General Fund revenue budget and capital programme for 2012/13 contained elsewhere on this Cabinet agenda.

Legal

The funding system for schools maintained by local authorities is based on the legislative provisions contained in sections 45–53 of the School Standards and Framework Act 1988 (as amended) and regulations made in exercise of powers conferred by those sections. A maintained school is defined as (a) a community, foundation or voluntary school, (b) a community or foundation special school, or (c) a maintained nursery school.

By section 45, every maintained school shall have, for each funding period, a budget share which is allocated to it by the local authority which maintains it.

The local authority must consult its Schools Forum annually in respect of its functions relating to the schools budget covering the following matters:

- (a) arrangements for the education of pupils with special educational needs;
- (b) arrangements for the use of pupil referral units and the education of children otherwise than at school;
- (c) arrangements for early years provision;
- (d) arrangements for insurance;
- (e) administrative arrangements for the allocation of central government grants paid to schools via the authority;
- (f) arrangements for free school meals;
- (g) such other matters concerning the funding of schools as it sees fit.

School Forums were set up by section 47A of the 1988 Act. Their purpose is to advise the local authority in relation to the matters immediately specified above. They must inform the governing bodies of maintained schools of any consultation carried out by the local authority.

Under the Council's Constitution the Cabinet has the appropriate powers to agree the recommendations proposed at the outset of the report. Subject to the Cabinet being satisfied that the required consultation has taken place, there are no other significant legal implications arising out of this report to bring to Cabinet's attention.

Relevant Service Groups

No other consultation required.