

# SCHOOLS BUDGET & FUNDING ARRANGEMENTS FOR 2010-11

<b>Cabinet Member</b>	Councillor David Simmonds
<b>Cabinet Portfolio</b>	Education & Children's Services
<b>Report Author</b>	Amar Barot, Education & Children's Services
<b>Papers with report</b>	<ol style="list-style-type: none"><li>1. Consultation Paper on School Funding Arrangements 2010/11 (16<sup>th</sup> Dec 09)</li><li>2. Summary of responses to Consultation Paper (26<sup>th</sup> Jan 10)</li><li>3. Minutes of School Forum meeting (26<sup>th</sup> Jan 10)</li></ol>

## HEADLINE INFORMATION

<b>Purpose of report</b>	<p>Since 2006-07, expenditure which falls within the Schools Budget is funded by the ring-fenced Dedicated Schools Grant (DSG). No cost falls upon the General Fund and the Council Tax-payer unless the Council chooses to supplement the DSG from local funds. The Schools Budget consists of all budgets devolved to individual maintained schools, plus a number of budgets which are 'centrally retained' but relate directly to the education of children – examples are spending on early years children in independent nurseries, special educational needs (SEN) costs, specialist schooling out of borough, and out-of-school education including pupil referral units (PRU).</p> <p>The 2010-11 financial year is the third year of a three-year funding period. For the most part the method of distribution of funding to Schools for 2010-11 was fixed by the decisions that were taken by Cabinet after extensive consultation in March 2006. The 2008-11 Schools Funding Consultation Paper sought confirmation from schools that the same methodology should apply for 2008-2011, which was agreed, as were variations to the previously agreed arrangements in relation to the distribution of funding in relation to deprivation.</p> <p>The detailed consultation paper was published on Wednesday 16<sup>th</sup> December 2009. Stakeholders have been consulted on the issues in the paper and School Forum has articulated its advice to Cabinet on the issues for consideration. The School Forum also has powers to agree two areas of centrally retained expenditure (CRE), increases in the total of the CRE over the original estimate for 2010-11, and any breach of the Central Expenditure Limit (CEL). This report seeks final decisions on the arrangements for schools funding for 2010-11. The main issues relate to proposed increases in CRE required to finance a number of new initiatives to improve outcomes. Cabinet are requested to approve the Budget proposals as detailed below.</p>
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<b>Contribution to our plans and strategies</b>	The Schools Budget and capital programme form part of the financial plan for the Council for the 2010-11 financial year, and contain the funding strategy for delivering the Council's objectives as set out in the Council Plan.
<b>Financial Cost</b>	Unless the Council decides to supplement the Dedicated Schools Grant, there is no effect on the General Fund.
<b>Relevant Policy Overview Committee</b>	Education and Children's Services
<b>Ward(s) affected</b>	All

## RECOMMENDATIONS

That Cabinet:

- a) note that the final Schools Budget for 2010-11 cannot be determined until the data from the January pupil count becomes available in late-February, but agree that the total Schools Budget for 2010-11 will equate to the total Dedicated Schools Grant provided to the Authority
- b) agree that, apart from matters referred to below, the method of distribution of the Schools Budget for 2010-11 be as agreed in March 2006
- c) agree a budget of £273k within the centrally retained part of the Schools Budget to be held temporarily as unallocated Individual Schools Budget (ISB) and distributed to fund six additional forms of entry within the Primary sector
- d) agree a budget of £87k within the centrally retained part of the Schools Budget to provide additional support for the Local Leaders in Education programme
- e) agree a budget of £40k within the centrally retained part of the Schools Budget to provide for a TYST Senior Practitioner Post
- f) agree a budget of £55k within the centrally retained part of the Schools Budget to provide for a Schools Procurement Officer
- g) note that the School Forum have agreed in principle to allow a breach of the Central Expenditure Limit that results from their support for items c to f above, amounting to £139k. The breach will be less due to the subsequent distribution of the unallocated ISB and the natural growth in the centrally held element of the Schools Budget (the exact amount of the breach cannot be confirmed until the final Dedicated Schools Grant for 2010-11 is received in May 2010);
- h) agree to adjust the KS1 Infant Class Size Factor to reflect the authorities change to a single intake of Reception aged pupils
- i) agree to increase the Special schools sector budget by £700k, which is to be targeted towards the development of a cost effective outreach service
- j) note the School Forum's views as contained in the attached minutes.
- k) note that the implementation of an Early Years Single Funding Formula expected in 2010/11 has been postponed until 2011/12.

## **REASONS FOR OFFICER RECOMMENDATIONS**

Cabinet is the decision making body for school funding issues and decisions are required on the arrangements to allow draft budgets to be provided to schools by early March 2010 and to ensure that indicative and final 2010-11 budgets and indicative budgets for 2011-12 for schools are in place and published as soon as practical and certainly no later than 31<sup>st</sup> March 2010. The Authority is required to consult schools and School Forum on a range of financial matters prior to making decisions on them and this process has been followed.

The proposals are generally consistent with the feedback from both schools and School Forum as detailed in appendixes 2 and 3.

## **OPTIONS AVAILABLE**

School Forum have agreed to increases in centrally retained expenditure and the inclusion of budgets for a number of new initiatives to improve outcomes for children which are detailed within recommendations (c) to (f) above.

An alternative option is to not agree some or all of the proposals for increased centrally retained expenditure, contrary to the School Forum's advice. Cabinet are strongly advised against this option as it would limit the authority's ability to further strengthen key areas of the Hillingdon Children's and Families Plan, in addition it could lead to additional pressure on General Fund budgets.

## **COMMENTS OF POLICY OVERVIEW COMMITTEE**

None at this stage.

## **INFORMATION**

1. Schools were consulted on a range of funding issues which were set out in a consultation paper that was published on Wednesday 16<sup>th</sup> December 2009. The Consultation Paper is included at **Appendix 1**.
2. A consultation information session was held on Thursday 14<sup>th</sup> January 2010. In total, 77 school representatives attended the session. 24 responses to the consultation paper were received by officers, including one from each of the Primary Forum and the Hillingdon Association of Secondary Heads. A summary of these was provided to the School Forum and is included at **Appendix 2**.
3. School Forum met to consider the issues and outcomes from the consultation process on 26<sup>th</sup> January 2010 and the minutes of the meeting are reproduced in **Appendix 3**. The rest of the main text of this paper sets out a consideration of the main issues which were conveyed to School Forum and each section indicates what School Forum's views were on each item.

## **Overall funding**

4. The total amount of funding available for the Schools Budget in 2010-11 is determined by the number of children on the Schools Census and on various other census returns completed on 21<sup>st</sup> January 2010. The authority will be funded for each child FTE (to age 16) through the Dedicated Schools Grant to the value of £4,708.57. The Learning

and Skills Council (LSC) has previously funded children aged 16 and over, however from April 2010 this responsibility will be transferred to the Young People's earning Agency (YPLA).

5. The provisional DSG for Hillingdon for 2010-11 is £180.9m, based on the authority's projection of pupil numbers of 38,414. The actual cleansed census data will not be available until late February, and the local authority will revise the estimated DSG and issue indicative individual school budgets in early March 2010. The final DSG allocation for 2010-11 will be confirmed by the DCSF in May 2010.

### **Distribution of funding**

6. The DCSF have delayed the implementation of the Early Years Single Funding Formula, which was due to be introduced for 2010/11. Following consultation with stakeholders, Hillingdon are not going ahead with the introduction of the new funding formula in April 2010.
7. School Forum has recommended the method of distribution of funding for 2010-11 for many factors remain the same as agreed for the funding period 2009-10. The only change to the formula regarding Primary schools was recommended and was endorsed by School Forum, point (h) above details the change. Full details of the individual proposal are contained within the consultation paper (p.18).
8. Beyond that we consulted upon how certain other funding should be distributed. This included a LA proposal to further increase funding for Special Schools through the funding formula as proposed in the 2009/10 Consultation, to which the Forum agreed. The option favoured by School Forum is detailed in the recommendations at point (i). Full details of the alternative proposals are contained in the consultation paper (p.23).
9. Finally we consulted on a number of items that fall within the centrally retained budget. These are considered in the section below and detailed in recommendations (c) to (f) above.

### **Centrally Retained Expenditure (CRE)**

10. The authority consulted on retaining a contingency of £273k to fund the planned expansion of Primary schools in September 2010, to which School Forum agreed. The Forum also agreed to the breach of the CEL caused by holding this contingency.
11. The authority also consulted on the following three areas that come within the centrally retained schools budget and would not lead to a breach of the CEL:
  - Local leaders in Education
  - TYST
  - Schools Procurement
12. While these items do not breach the CEL, the LA consulted with School Forum on these items and received the endorsement of School Forum to invest in these initiatives.

## **Capital**

13. Schools were updated of the latest developments on the Capital programme for 2010-11 via the consultation paper.

## **Specific Grants**

14. Schools were updated on the latest allocations of Standards Funds for 2010-11 via the consultation paper.

15. The Local Authority consulted on retention of the Harnessing Technology Grant in 2010-11 and the view of School Forum was that the entire grant should be retained to fund central provision of ICT.

## **School Forum issues**

16. The School Forum has the power to endorse any breach of the Central Expenditure Limit, which the LA did request. The Forum has agreed any resultant breach arising as a result of the items agreed in paragraphs 10 to 12 above.

17. The Forum's comments on other issues within the Schools Budget are of an advisory nature.

## **Financial Implications**

18. This is a financial report dealing with funding issues affecting schools. The financial impact is explained throughout the report, but the following areas are highlighted.

19. The Dedicated Schools Grant is only determined once the number of pupils at the count in January 2010 is agreed by the DCSF. This may not be finally agreed in detail until May 2010, but the total number of pupils will, in the vast majority of cases, be known during February 2010, with only disputes over duplicate entries or omissions accounting for any changes to the final figures.

20. If Members were to agree to allocate additional funding for 2010-11 to the Schools Budget from outside the DSG, this would need to be considered in the context of the overall financial position of the authority when setting the General Fund budget for the Council.

## **CORPORATE CONSULTATIONS CARRIED OUT**

### **Corporate Finance Comments**

Since 2006/07, the minimum level of resources for the Schools Budget, including the amount distributed to Individual Schools Budgets, is provided through the ring-fenced Dedicated Schools Grant (DSG) from the Department for Children, Schools & Families (DCSF). 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.

The funding proposals for the Schools Budget 2010/11 set out in this report are fully consistent with the report on the General Fund revenue budget and capital programme for 2010/11 contained elsewhere on this Cabinet agenda.

### **Legal Implications**

There are no specific legal implementation but the cabinet should be satisfied with the adequacy of the consultation process and, that the school forum have given unequivocal approval where statutory approval is required.

### **EXTERNAL CONSULTATIONS CARRIED OUT**

The original proposals were the subject of consultation with schools between 15<sup>th</sup> December 2009 and 18<sup>th</sup> January 2010. The views of schools are articulated by School Forum and in the summary of responses reproduced in the appendices.

### **BACKGROUND DOCUMENTS**

Guidance and regulations from the DfES on the funding arrangements can be found on Teachernet. ([www.teachernet.gov.uk](http://www.teachernet.gov.uk) )