

REGULATORY AND OTHER COMMITTEE REPORT

NAME OF COMMITTEE:	Schools' Forum
DATE OF MEETING:	13 October 2010
SUBJECT:	Revised Schools Budget 2010/11
REPORT BY:	Tony Warnock (Head of Finance – Children's Services)
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IS REPORT EXEMPT?	No
IS REPORT CONFIDENTIAL?	No

SUMMARY

The purpose of this report is to notify the Schools Forum of the revised Schools Budget for 2010/11 and to seek support for the proposed use of the underspending from 2009/10.

DISCUSSION

The Dedicated Schools Grant (DSG) is a ring-fenced grant and can only be spent for the purposes outlined in DfE' regulations. A revision to the Schools Budget is necessary each year to reflect, firstly, the final DSG announced by the DfE in the summer and, secondly, the under or overspending arising on the DSG in the previous financial year. Details are set out below.

1. DSG estimating error

Lincolnshire's DSG for 2010/11 was determined by multiplying the number of children recorded in schools during the January 2010 schools census, by £4,098 (i.e. the per pupil amount that Lincolnshire receives, as determined by the DfE).

As in previous years, the timing of events is such that for the purpose of setting the 2010/11 budget, an estimate of the January 2010 PLASC pupil numbers had to be made. The final DSG for 2010/11 has now been published and is £1.123m less than the DfE' estimate.

As reported previously, DfE' estimates have proved inaccurate in the past and so officers again used their own estimate instead (i.e. £397.6m for 97,021 children). Remarkably, that was very close indeed to the final figure (97,040 children), giving an underestimate of just 19 pupils or £0.077m of the DSG. ¹

As a result of this, the LA does not have to consider how to recover any over allocation and, instead, has an additional £0.077m available for use. The DfE requires LAs to discuss with their Schools Forum how it plans to deal with the estimating error.

2. DSG centrally held budgets

The central budgets held within the DSG are published in Table 1 of the s251 budget statement. They include Early Years; a range of SEN services including Out of County; Admissions, School Redundancies, etc.

Overall, central budgets within the DSG underspent by £2.752m in 2009/10. The major underspendings were:

School redundancy budget	£0.898m ²
Redeployment of staff	£0.245m
Broadband admin	£0.557m
SEN Out of County	£0.459m

and there were no major overspendings.

3. DSG & Schools Contingency

This budget is typically set at c.£12m p.a.. It finances the in-year adjustments to school budget shares required under Lincolnshire's approved school funding formula. It includes funding for additional statements of special educational needs, threshold payments for teachers, NQT allocations, infant class size, free school meals, hard to place pupils, English as an additional language, etc. It is not possible to estimate precisely (either at an individual school or county wide level) the allocations required for the forthcoming financial year. Therefore, a prudent budget is set each year, to help minimise the risk of overspending and having to claw that back from the DSG in the following financial year.

At the end of the 2009/10 financial year, the Schools Contingency recorded an underspending of £2.600m. Some of the more interesting underspendings included English as an additional language (£0.148m) and Infant Class Size (£0.096m). An overspending arose on free school meals (£0.191m). In addition, a sum of £2.173m was held for outstanding commitments, most of which were payments aligned to the academic, rather than the financial year.

¹ The LA's record in estimating the DSG has been good since the DSG was first introduced in 2006/07. Where DfE' estimates have proven materially inaccurate, officers had used their own, more accurate estimates. Due to this and prudent management of the Schools Contingency budget, the LA has never overspent the DSG or therefore required funding to be clawed back from schools in the following financial year. That has happened in some LAs.

² This underspending arose due to the transfer of costs to the non DSB budget, to help maximise the resources available to Children's Services.

Under DfE' regulations, underspendings on the DSG are ring-fenced against the Schools Budget and are carried forward automatically to the following financial year. However, the DfE requires the LA to consult with the Schools Forum over its plans to utilise or address or any under or overspendings.

The LA has considered the current position and how best to deal with the one-off, uncommitted funds. Given the considerable uncertainty arising from:

- the gloomy economic outlook and the possibility of reductions in public sector / school budgets in the next few years;
- the potential impact of the Government's ongoing review of the formula that governs how LAs are funded for schools;
- the potential impact of other important Government announcements including: the pupil premium; the availability of funding to replace Building Schools for the Future and thereby help the LA to address major structural issues, and; the future funding of academies;
- the possible transition required to soften the impact upon school budgets from changes arising from the introduction in April 2011 of:
 - the Early Years Single Funding Formula;
 - a new methodology for distributing various existing school grants through budget shares;
 - the new system of funding for special schools;
- the unknown level of redundancy budget needed to deal with declining rolls, the phasing out of transition for the new SEN funding formula, and the significant rise both in number of schools with deficits and their value;

it would be prudent not to commit this one-off funding at this point in time. This matter can be reconsidered at the next Schools Forum meeting in January 2011, when there should be much more clarity on many of these issues, including from the Government's Comprehensive Spending Review on 20 October 2010, the local government settlement at the end of November, and other school funding related announcements expect this autumn.

RECOMMENDATIONS

The Schools Forum is asked to:

- a. Note the content of the report;
- b. Support the proposals for dealing with the underspending on the 2009/10 DSG and the revision to the 2010/11 DSG.

APPENDICES (If applicable) - these are listed below and attached at the back of the report.
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Return to the DfE entitled: 'Budget 2010/11 DSG CFO Statement'.

BACKGROUND PAPERS			
PAPER TYPE	TITLE	DATE	ACCESSIBILITY
None			