

REGULATORY AND OTHER COMMITTEE REPORT

NAME OF COMMITTEE:	Schools' Forum
DATE OF MEETING:	12 October 2011
SUBJECT:	Revised Schools Budget 2011/12
REPORT BY:	Tony Warnock (Head of Finance – Children's and Specialist Services)
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IS REPORT CONFIDENTIAL?	No
IS REPORT EXEMPT?	No

SUMMARY

The purpose of this report is to notify the Schools Forum of the revised Schools Budget for 2011/12 and to seek support for the proposed use of the underspending from 2010/11.

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 final DSG for 2011/12 (£466.679m) was determined by multiplying the number of children recorded in schools during the January 2011 schools census by £4,797 (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 2011/12 budget, an estimate of the January 2011 PLASC pupil numbers had to be made. The final DSG for 2011/12 has now been published and is £1.804m (0.38%) more than the Local Authority's (LA) estimate.

The LA is required by the DfE to discuss with the Schools Forum how it plans to deal with the estimating error.

2. DSG centrally held budgets

At the meeting on 27 April 2011, the LA took the unusual step of alerting the Schools Forum to the prospect of a significant underspending on the DSG at 31 March 2011. The accounts are now closed and the underspending can be confirmed at £16.974m. This is c.£2m more than indicated in report in April 2011 and, as explained below, that increase was due to the LA's subsequent use of other available resources to help maximize the funding available to support schools. Indeed, a similar approach in previous years is the main reason that the resources available are now so high.

The level of underspending is much higher now than has ever been the case since the DSG was first introduced, but it represents only 3.6% of the total DSG. Its size reflects the prudent approach that the LA and Schools Forum have jointly taken to management of the DSG in recent years. Over a year ago, the economic outlook was bleak and yet by carefully managing underspendings from previous years, not committing all of the headroom funds, driving down the costs in centrally held budgets and first utilising all other available resources, the underspending is now at a level that it can be deployed to have real impact. By adopting this prudent approach, Lincolnshire has avoided the situation that some LAs now find themselves in, i.e. of having an overspending on their DSG which has to be clawed back. More detail regarding how the underspending arose is set out below:

- **2010/11 DSG headroom (£1.656m)**

In January 2010, given the gloomy economic outlook, the Schools Forum supported the LA's proposal that any remaining headroom (after provision for transition arising from the introduction of the new SEN formula in 2010/11) would not be committed.

- **2009/10 DSG underspending (£5.352m)**

In October 2010, shortly before the Government announced details of its Comprehensive Spending Review, the Schools Forum agreed not to commit the DSG underspending from the previous (2009/10) financial year.

- **2010/11 central DSG budgets underspending (£5.368m)**

The central budgets held within the DSG are published in Table 1 of the s251 budget statement and include Early Years; a range of SEN services including Out of County; Admissions; School Redundancies; etc. Explanations for the underspending are set out in Appendix 1.

- **2010/11 Schools Contingency underspending (£4.598m)**

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 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. Explanations for the underspending are set out in Appendix 2.

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 utilize these one-off funds, having regard to the following:

- Existing commitments.
- The need to recognize the LA's emerging priorities and tackle key areas for improvement.
- The Government's plans to alter school funding arrangements from 2013/14.
- The need to facilitate further re-organisation of some county schools.
- The ongoing development of plans for redistribution of the grants that were streamlined in to the DSG in 2011/12 and the likely need to fund transition.
- The need to commit the underspending, rather than retain an excessive level of reserves.

The commitments total £3.982m and are set out in Appendix 3.

The LA's proposal for developments to address key priorities total £2.030m and are set out in Appendix 4, together with detailed information regarding their proposed use.

The underspending remaining after the commitments and developments would be £10.962m. The LA proposes to use that sum in 2012/13 and 2013/14 to help finance transitional arrangements that will arise from the development of proposals for the redistribution of grants that were streamlined in to the DSG in 2011/12. Schools that lose funding are expected to be protected through continuation of the Government's Minimum Funding Guarantee, but these additional funds should enable schools that gain under the new mechanism, to do so earlier than would otherwise be the case. The work around the re-distribution of the streamlined grants is still in its early stages and so it is not possible at this point in time to estimate how much transition might be required. However, as a guide, it is noteworthy that the fairly modest changes to the £15m of funding for SEN in April 2010 required £2.3m of transition. The grants that were streamlined in to the DSG totaled £67m and so in percentage terms, £10.962m would be a comparable figure.

It is proposed that the underestimate of the 2011/12 DSG, which is essentially now part of the base budget (not a one-off sum of money), is also set aside and used, if necessary, to help finance the transition arising from the redistribution of streamlined grants.

RECOMMENDATIONS

The Schools Forum is asked to:

- a. Note the contents of the report;
- b. Support the proposals for use of the 2010/11 DSG underspending.
- c. Support the proposal for use of the 2011/12 DSG underspending arising from the estimating error.

The views of the Schools Forum will then be reported to the DMT and Lead Executive member before final decisions are made.

APPENDICES (If applicable) - these are listed below and attached at the back of the report.
Appendix 1 - Central DSG Budgets 2010/11 – Explanations for major variances
Appendix 2 - Schools Contingency 2010/11 – Explanations for major variances
Appendix 3 - 2011/12 DSG commitments
Appendix 4 - 2011/12 DSG developments

BACKGROUND PAPERS			
PAPER TYPE	TITLE	DATE	ACCESSIBILITY
Report to Schools Forum	Revised Schools Budget 2010/11	13 October 2010	County Offices, Newland, Lincoln, LN1 1YQ
Report to Schools Forum	School Funding 2011/12	27 April 2011	County Offices, Newland, Lincoln, LN1 1YQ

Central DSG Budgets 2010/11 – Explanations for major variances

The main variances were:

Service / Budget	Underspending £m
Early Years	1.079
Special Recoupment	0.465
Out of County placements	0.429
Home Tuition	0.189
Preventing Exclusions	0.205
Redeployment of Staff	0.222
School Redundancies	2.015
PFI	0.230
Broadband Admin	0.271
Other miscellaneous	0.263
Total	5.368

Schools Contingency 2010/11 – Explanations for major variances

The main variances were:

Service / Budget	Underspending £m
Summer Term Update (4 year olds)	0.111
Early Years Grant	0.333
Free School Meals	0.181
September Trigger	0.111
NQT Allocations	0.183
Threshold Payments	0.592
More Practical Learning Options	0.156
Hard to Place Children	0.099
Pupil Census Adj / School Status Changes	0.207
Admissions / Exclusions	0.110
SEN Formula Adjustment	0.083
KS1 Class Size	0.049
Sub total	2.215
Mandatory Rate Relief Applications	0.378
Non awpu deductions (6 th forms)	0.919
Federations & Partnerships Budget	0.622
Carbon Commitment	0.173
Miscellaneous	0.291
Grand total	4.598

2011/12 DSG commitments

Service / Budget	£m
EMBC Closure of Operations	296
Carbon Management	173
Mary Knox PRU	54
Grantham PRU	41
Special schools outreach programme	650
Gainsborough Special Schools	14
VLE Training for schools	311
Crowland St.Guthlacs	1,638
Chad Varah	40
Boston St.Bedes / Haven High transition	63
PFI Contract	20
Full-Time Places in Nursery Classes Transition	41
Gainsborough Special Schools - heating and water problems	18
Diploma Funding - to maintain last year's funding rates	103
Cherry Willingham	60
Other	460
Total	3,982

2011/12 DSG developments

Service / Budget	£m
English Baccalaureate	1,700
Enhanced SIP work - Two year project	270
Olympics Legacy	60
Grand total	2,030

English Baccalaureate

The Government introduced the English Baccalaureate (EBacc) in recognition of student performance in 2010. It is made up of GCSE Grade C or above passes in English, Mathematics, two Sciences, a Modern or Ancient Foreign Language and a Humanity such as History or Geography. The Government intends for the EBacc to become one of the main measures of achievement for schools in the future.

The EBacc performance nationally in 2010 for this award was 15%; in Lincolnshire it was over 17%. However it is clear from discussing this with Headteachers that this is going to be a major challenge particularly to non-selective schools in selective areas. It is also clear that this needs embedding from the earliest possible age and the research clearly shows major problems with transition between phases.

In the Spring Term round of Headteacher briefings this was launched as a concept and very well received. A great deal of work has taken place and the work has now been designed to cover four key areas of work.

- Activities to bring the Baccalaureate to life, creating enthusiasm, excitement and engagement for all schools to take part;
- Improving the transition between primary and secondary education to enable smooth and continuous learning between years 6 and 7;
- Support for developing reading and phonics;
- Training opportunities for staff – all schools will have access to free support for two subject areas (not English or Mathematics) in any single year.

This is a 2-year programme which is flexible to meet most schools' needs. One of the key features is the development and promotion of activities which bring subjects to life creating enthusiasm, excitement and engagement of young people and this allows young people from across the county to explore, demonstrate and celebrate their skills and knowledge in different environments. Materials and opportunities will be extensively developed by groups of teachers. Illustrated below are some examples of what will be on offer to all schools:

- Mastermind / Junioriversity - A team competition for Key Stage 2/3 with rounds for spelling, History, Science and Geography.
- Slam Jam- a performance based public speaking competition for Key Stages 2 and 3. A short story competition linked to the Lincoln Book Festival.
- E-Bacc Heroes - a cross-phase or inter-school project linking famous and infamous people and E-Bacc subjects.
- E-Bacc Challenges - set on a termly basis for individuals and groups linking all E-Bacc subjects.
- The E-Bacc Triathlon - a series of enjoyable events that can be undertaken by a class, a year group or a whole school over the course of a week or just a day. Children have fun while developing their communication skills across the curriculum.

- Making the Show: using E-Bacc to bring the Lincolnshire Show and the Lincoln Christmas Market to life, from their history to planning and logistics, all linked to E-Bacc subjects.
- Supporter to Reporter - linked to the highly successful Lincolnshire Journalist Academy, using multi-media and games based learning to bring the E-Bacc curriculum to life.
- Themed days in our heritage buildings or as a drama in your own school: The Victorians, Tudors, The Roman Invasion, Medieval Times, Vikings, Saxons, the Gunpowder Plot, World War 2, The Great Fire of London or The Spanish Armada.
- Making Links with History (links to Science and Geography). Discover how history has shaped our futures through our natural history trails. Develop a history trail for Key Stage 2 or Key Stage 3.
- Labs 4 U - can we transform your classroom into a scientific laboratory for a day? An opportunity for whole class Science investigation at your school. Choose from within Chemistry, Biology or Physics.
- Isaac Was Here - Lincolnshire's science conference to be held in Grantham, the home of Sir Isaac Newton. Science research and development is still one of the UK's greatest commodities. At this event we aim to inspire teachers to enable them to engage and motivate the young scientists of the future and ensure our children discover their innovative talents for their new world ahead.
- The Electronic Gateway - discover and compare the physical and human geography within our own region, across the nation and across nationalities through our VLE conferencing and live web-cam feeds.
- The LAFTAs – Lincolnshire Film Awards.
- Rooted in Reading, including a transition passport.
- The Family Maths Challenge.
- Maths Mania – a competition for Year 5 mathematicians. Have you got the next Carol Vordeman or Johnny Ball in your school?
- Cultural Days (linked to Geography) - be immersed in the culture of different countries (France, Germany, Spain, Poland) at one of our learning centres or in your own school. Speak the language, taste the food, listen and dance to the music.

In addition, to bring the Baccalaureate to life we will be supporting comprehensive reading and phonics activities to ensure the basic skills are being addressed, and there will be detailed support in all subjects throughout the programme. We also recognise that schools will want to engage in the programme in different ways, and there is the flexibility for them to choose to engage as they wish. In the Local Authority we have considerable challenges in the area of transition between the Primary and Secondary phases and with the challenges facing Secondary schools there is a clear need to address transition. Working in some high priority areas first, we will develop materials to help address transition from Year 5 to Year 8, and this will include specimen schemes of work.

The funding would be used as follows:

	5-10 £	11-16 £
Support for reading and phonics	0.195	0.057
Bringing the E-bacc to life	0.501	0.214
Supporting transition	0.155	0.154
Support for developing subjects	0.132	0.292
Total	0.983	0.717