

REGULATORY AND OTHER COMMITTEE REPORT

NAME OF COMMITTEE:	Schools' Forum
DATE OF MEETING:	12 October 2011
SUBJECT:	The 2011/12 s.251 budget statement and Central Expenditure Limit
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 share with the Schools' Forum information regarding the s.251 budget statement for 2011/12 and to seek formal, retrospective approval for exceeding the Central Expenditure Limit (CEL).

DISCUSSION

Section 251 budget statement

The section 251 budget statement shows the Local Authority's (LA) planned spending on Children's Services for the following financial year. Ordinarily, the LA has a statutory duty to publish the statement by 31 March and this is then reported to the April meeting of the Schools Forum. This year, the DfE again extended the deadline for publication due to late changes to the content of the statement and technical difficulties with the DfE's new on-line COLLECT system which have taken several months to resolve. Indeed, at the time of drafting this report, Table 1 of s251 is not ready for

publication, as it is failing to draw through all relevant figures from the other tables. As soon as the DfE resolves this issue, the report will be circulated to Schools Forum members.

The content and format of s.251 is prescribed by the DfE. The statement will be published as soon as possible.

A separate report will be presented to the Schools Forum in due course, showing benchmarking data that compares Lincolnshire's spending plans with its statistical neighbours.

The Schools Forum is not required to approve the budget. Nevertheless, as in previous years, the Schools Forum has been consulted on all key aspects of the budget plans for 2011/12 and, indeed, has supported those. They include:

- Individual Schools Budget (ISB).
The Schools Forum was consulted on proposed changes to the ISB / school funding formula at its meetings in January 2011. The proposals included the introduction of a new funding formula for both special schools and early years, plus minor modifications to the SEN formula factor introduced in April 2010.
- Centrally held budgets.
The Schools Forum was also consulted on proposed changes to centrally held budgets at the meeting in January 2011. The proposed changes included an increase in the budget for early years, given the Government's extension of the free entitlement to 15 hours; the reduction in Out of County and the Redeployment budgets; the funding of the carbon tax (£0.650m), and; the funding of Broadband following the Government's decision to end the Harnessing Technology Grant (£3.456m).
- Headroom funds
The Schools Forum was also consulted on the proposed use of the 'headroom' funds (i.e. the DSG sum remaining after provision for centrally managed budgets and the minus 1.5% Minimum Funding Guarantee (MFG) for schools) at the meeting in January 2011. Upon publication of budget shares in March 2011, it was clear that there was sufficient headroom to enable all formula factor values to be maintained in cash terms, and so a reduction of 1.5% for the MFG was not necessary in Lincolnshire.

The views expressed by the Schools Forum in January 2011 were considered carefully by Children's Services Directorate Management Team and Executive Portfolio Holder, and they helped shape the final decisions that were made. No material changes were made to the proposals outlined above and the final decisions were reflected in the school budget share information published in March 2011.

CEL

The Schools Forum's approval is required where the LA proposes to increase centrally held budgets within the DSG by a greater percentage than the Individual Schools Budget.

The s.251 statement for 2011/12 shows that the Central Expenditure Limit has been breached. However, the prospect of this occurring was highlighted in the report to Schools Forum in January 2011, i.e. as part of the proposals for setting central budgets to meet Broadband and carbon tax pressures. This warning was repeated in the report to Schools Forum in April 2011.

Indeed, the breach was only to be expected. With regard to the ISB, the LA and Schools Forum knew that school budgets for 2011/12 were to remain largely unchanged as there had been no increase in the Government's DSG per pupil funding. Also, with regard to central budgets, we knew that some would reduce (e.g. Out of County) but the magnitude of the increases of £3m and £0.6m to finance Broadband and Carbon tax cost pressures respectively would almost certainly cause a breach of the CEL.

As stated at previous meetings of the Schools Forum this year, the fact that the Schools Forum has considered and supported all material changes to the budget that was set for 2011/12 (as explained above) and fully supported the creation of central budgets for Broadband and carbon tax, could be

regarded as tacit approval to exceed the CEL. Nevertheless, formal approval is required, hence this report.

It may be worthwhile rehearsing what would have happened if the Schools Forum did not approve the breach of the CEL. In that situation, the LA would have been required to delegate the funds for Broadband and carbon tax to schools to avoid breaching the CEL. However, the LA and Schools Forum are well aware that the costs of Broadband and carbon tax vary tremendously from school to school and a major challenge would have been to find a fair way to delegate those sums of money. Despite the LAs best efforts, the likelihood is that some schools would have gained, whilst others lost out. By retaining the funds and meeting all of those costs centrally, the time, cost and difficulties of delegation and well as the subsequent inequities have been avoided.

The breach of the CEL can be attributed to the setting of those two central budgets¹ and given the Schools Forum's support for those decisions, the LA therefore requests that the Schools Forum formally sanctions the consequent breach of the CEL.

RECOMMENDATIONS

The Schools' Forum is asked to:

- a. Note the contents of the report;
- b. Provide retrospective approval for exceeding the Central Expenditure Limit in 2011/12.

APPENDICES (If applicable) - these are listed below and attached at the back of the report.
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None

BACKGROUND PAPERS			
PAPER TYPE	TITLE	DATE	ACCESSIBILITY
Report to Schools Forum	School funding arrangements 2011/12	26 January 2011	County Offices, Newland, Lincoln, LN1 1YQ
Report to Schools Forum	School Funding 2011/12	27 April 2011	County Offices, Newland, Lincoln, LN1 1YQ

¹ The LA's treatment of the grants that the DfE streamlined in to the DSG in 2011/12 also had an impact on the CEL, but those decisions were also the subject of consultation with, and agreement by, the Schools Forum.