

To: Headteachers of All Milton Keynes Schools
Chairs of Governors
Professional Associations
Diocesan Authorities

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Our Ref: AF/WB

Circular No: 62/00

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Dear Colleague

SCHOOLS' BUDGETS

The Council has now set its budget for the coming year and I am writing to explain the position for schools. The issues affecting the budget have been discussed throughout the process with various groups of headteachers and I have briefed Heads and Chairs on the situation at their January meeting. I am sure you are all therefore aware of the Council's determination to make school budgets a priority.

The process began in the summer, taking into account all known factors and projections of SSA overall and for specific services. It was clear that the Council's overall expenditure needed to be reduced by around £12M for 2000/01. However, a commitment was made to prioritise school budgets and to allocate significant 'new money' and budget planning proceeded on this basis. When the actual SSA was received, the overall figure was £1.4M lower, and the Education SSA £1.1M lower than expected. Nevertheless, the amount committed to education budgets was only affected by recognising that pupil numbers were lower than anticipated and that this reduced the cost of demographic growth by around £0.7m.

A number of issues, such as the level of Standards Fund uptake and the final allocation of the amounts available to education, have been discussed by Members in recent weeks and the table attached as an Annex shows the final decisions, along with notes explaining the various lines.

You will no doubt be aware that the Secretary of State set targets in relation to the funding of schools. These have been achieved, though we are in discussion with the DfEE about the detail of Regulations which have recently been received. The targets are set out below, compared with the position in Milton Keynes:

- LEAs to spend below £65 per pupil on central administration costs – the calculation of this comes from the Section 52 Budget Statement, work on which is not yet complete. However, initial estimates suggest that we will be well below the target figure.

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- LEAs to delegate at least 80% of its local schools budget to schools – the provisional figure for Milton Keynes is 81.5%, again subject to finalisation of the Section 52 statement.
- LEAs to achieve at least a 6% average cash increase in delegated funding per pupil, including funding devolved through the Standards Fund – the figure for Milton Keynes against this target is 8.3%.

In the annexed table, you will see that £100K has been allocated for the purposes of strategic planning. This relates to my recent letter (Circular 40/00) about the need to address some significant structural issues for Milton Keynes schools. Whilst the highest priority has been given to schools' budgets, the amounts ultimately available for distribution to schools have meant that it has been possible to meet that commitment as well as providing funding to carry out such work. It would be impossible on current resources to begin such work, or even to carry out properly the reviews set out in the School Organisation Plan.

As I noted in my last letter, agreement for such resources is not given lightly, given the needs of schools. However, Milton Keynes is below the indicative amount per pupil for administration costs and this work is vital to the future effectiveness and indeed funding of the system. I must emphasise, however, that this does not suggest that there is a commitment to go beyond the initial analysis work, including any necessary consultation, at this point – any further significant review work would depend on the outcome of that preliminary work.

More detail about individual schools' budgets will be sent out with the final budgets, but I thought it would be helpful to explain the overall position as soon as possible.

Yours sincerely

Andrew Flack
Director of Education and Early Years Services

ANNEX - SCHOOLS' AND SCHOOLS-RELATED BUDGETS

	Budget 1999/00 £000	Final Budget 2000/01 £000	Change £000	Note
Primary ISB	34,397	36,513	2,116	1
Secondary ISB	29,604	31,475	1,871	2
Special ISB	4,375	4,602	227	3
	<u>68,376</u>	<u>72,590</u>	<u>4,214</u>	4
Standards Fund (LEA Contribution)	1,670	2,649	979	5
Schools Library Service	240	220	(20)	6
Contingency for Amalgamation	0	26	26	7
Strategic Planning	0	100	100	8
Transitional Funding Grant	0	(445)	(445)	9
The "Extra £50m"	0	(234)	(234)	10
	<u>70,286</u>	<u>74,906</u>	<u>4,620</u>	

1. In the primary sector, this represents an average increase of 6.5% per pupil (prior to further delegation), except for Foundation schools where the cash protection mechanism prescribed by the DfEE gives a per pupil increase of 2.5%. The overall average increase in funding per pupil, including further delegation and delegated Standards Fund is 9.3%.
2. For secondary schools the average increase is 4% per pupil (prior to further delegation), except for Foundation schools where the cash protection mechanism prescribed by the DfEE gives a per pupil increase of 2.5%. The overall average increase in funding per pupil, including further delegation and delegated Standards Fund is 6.8%.
3. For special schools the average increase is 4.5% per pupil (prior to further delegation). The overall average increase in funding per pupil, including further delegation and delegated Standards Fund is 5.2%.

4. The ISB for 2000/01 is £4.2m (6.2%) more than that for 1999/2000. This increase includes demographic growth, inflation, single status costs, further delegation and decreased levels of cash protection for former GM schools. In addition it includes real growth of around £0.6m (now almost entirely in the primary sector). This real growth is lower than previously assumed due to the need to allow for the 3.3% pay award for teachers.
5. The total LEA contributions required in order to take up the full Standards Fund allocation now stands at £2.649m, £979K more than in 1999/2000 and £579K more than predicted in the provisional budget arrived at in October 1999. This has affected the amount fed directly into schools' budgets.
6. The budget savings approved by P&R Committee in October 1999 included a £50k reduction in the School Library Service. £30k of this saving has now been reinstated.
7. Contingency for amalgamations not happening – The budget calculations assume separate funding until Sept. 2000 and combined funding from then for Alex Campbell / Castles and Brooksward First/Middle. If these did not occur then the individual schools would be short on fixed allocations of around £13k each. The sum of £26k is set aside to meet the eventuality of one of these amalgamations not happening. If they did happen then the set-aside would have to be distributed across all Primary schools. This money will therefore find its way into the ISB during the year in some way.
8. Strategic Planning – covered in letter.
9. Transitional Funding Grant is a grant from central government towards the costs of cash protection for former grant maintained schools.
10. We have received notification of an additional £234k, being the MKC share of the additional £50m for schools announced by David Blunkett last November. Whilst this will come as a specific grant and is conditional on the authority demonstrating that the increase in Education SSA has been passported to Education, it has already been built into school budgets. This follows analysis of the budget against the Secretary of State's targets and discussion with the DfEE about distributing the funding.