

SCHOOLS BUDGET 2007/08

Contact Officer: Richard Schmidt, Head of Technical Accounting - MK 253570

1. Purpose

1.1 To agree the distribution of the schools budget for the financial year 2007/08.

2. Recommendations

2.1 To agree the DSG estimate of £140.101m for purposes of setting the Schools budget for 2007/08.

2.2 Approve the linking of the increase in the funding for Private, Voluntary and Independent early years providers to the increase in the AWPU rate.

2.3 Approve the funding of the Looked After Children Education Team (LACET) from the Schools Budget, as set out in item 9a.

2.4 Approve the inclusion of a budget of £200k as a provisional sum pending a review of children placed in external establishments, as set out in item 9a.

2.4 Approve the centrally retained contingencies as set out in the supporting Item 9 a.

2.5 Approve the changes to the funding formula to permit a recognition that for new and re-organising schools funding factors should reflect the changes in circumstance from one academic year to another as set out in item 9c.

2.6 Approve an increase in the compensation funding to the 2 new secondary schools as set out in item 7 and 9c.

2.7 Approve an increase in deprivation funding within the ISB as set out in item 9d and 9c.

2.8 Approve an increase in the rate of funding for Free School meals within the primary sector as set out in item 6 and 9c.

2.9 Agree the use of any remaining Headroom following consideration of all of the issues placed on the agenda.

3. Background

3.1 There are three main elements to agreeing the Schools Budget. The first is to define the resources available by way of forecasting the Dedicated Schools Grant (DSG). Secondly those elements that need to be retained centrally by the Local Authority have to be determined. Finally the distribution of the resources within the Individual Schools Budget (ISB) between schools by way of formula needs to be agreed.

4. The Dedicated Schools Grant (DSG)

- 4.1 The report to the Schools Forum at its meeting in December 2006 showed that the latest forecast of the DSG by the Department for Education & Skills (DfES) was £138.941m, a rise of £1.012m on the previous estimate from the DfES in spring 2006. It was also reported that local pupil forecasts indicated that the final answer may well be higher, although this was tempered with the fact that historically school forecasts when taken together have tended to be on the high side. Based on the Annual School Census carried out in January 2007 the Authority has calculated its own forecast of the DSG. This now stands at £140.101m, a further £1.484m above the estimate in December 2006.
- 4.2 The final announcement of the DSG from the DfES will not be until June 2007. It is therefore necessary to finalise the Schools Budget for the financial year 2007/08 based on an estimate. Members of the Forum may recall that when the final announcement for 2006/07 was made it turned out to be £213k lower than the estimate produced by the authority. Based on this experience it may well be prudent to reduce the estimate in an attempt to avoid future problems. However, Item 11 on this agenda reports on the monitoring position for the current financial year. This shows a forecast likely underspend. Whilst there are a number of uncertainties over the final answer due to some volatile budgets, it is reasonable to assume some degree of underspend. In this context it may be felt unnecessary to be prudent with the DSG forecast itself.

5. Central Expenditure

- 5.1 Part A of this report gives consideration of issues associated with the central expenditure retained by the local authority within the Schools Budget. The Schools Forum are invited to consider these issues and determine the way forward taking account of available headroom and the constraint of the Central Expenditure Limit.

6. The Central Expenditure Limit

- 6.1 Part B of the report explores the affordability of the various proposals on the agenda in respect of the Central Expenditure Limit.

7 Headroom

- 7.1 Part C of the report attempts to pull together the various strands of this report and others on this agenda with respect to considering the impact these have on the available Headroom.

8 Deprivation Funding

- 8.1 Part D of this report provides feedback from the meeting of the funding group established to give consideration as to how available Headroom could be deployed to increase funding targeted on deprivation.

9 **Standards Fund**

- 9.1 Part E of the report focuses on issues to do with the distribution of Standards Funds for 2007/08.