

Report considered by Cabinet – 15 February 2005

Key Decision	Yes
Listed on Forward Plan	Yes
Within Policy	Yes
Policy Document	Previous Reports, Policy and Monitoring

COUNCIL WIDE REVENUE BUDGET - SCHOOLS BUDGET UPDATE

Accountable Cabinet Member: Councillor Tallack

Contact Officer: Peter Timmins (Chief Officer Finance and Corporate Services) - MK252371

1 Purpose

- 1.1 To update the report on the Council wide revenue budget 2005/06, 2006/07, 2007/08 for the latest information on the schools budget.

2 Recommendations

- 2.1 That the impact of the change in pupil numbers to the Learning & Development Directorate budget be noted and that the following changes to the Schools Budget be approved:

Increase in Primary AWPU by 6% rather than 5%	£176k
Increase in Secondary AWPU by 4.75% rather than 4%	£ 26k
Increase in Nursery place funding by 6% rather than 5%	£ 2k
Fully meet the requirements of the Special Formula Review	£ 88k
Initial Allocation for the Olney Campus of Ousedale School	£ 49k
Increase to facilities time budget	£ 30k
Reinstate the cut to the Schools Specific Contingency	£ 25k
Residual balance to be added to the AER budget	<u>£ 10k</u>
	<u>£406k</u>

2.2 That the additional resources be used to smooth out the impact of the School System Re-organisation for 2006/07 and 2007/08.

3. Issues and Choices

The Schools Budget

3.1 Since the Cabinet set out its draft budget proposals revised data that drives the schools' funding formulae has been received. Most particularly this has arisen from the Annual School Census carried out on 20th January 2005. In general the revised data has led to a reduced resource requirement creating some, so called Headroom. Head room is the gap between the "Passporting Target" and the funds required to meet the Minimum Funding Guarantee in schools, as well as the inflationary and demographic cost pressures in centrally retained budget within the Schools Block.

3.2 The resources made available by the reduction in pupil numbers and other data changes equals approximately £406k. The Council still needs to budget to spend this sum if the "Passporting" target is to be met. Below are listed items that address both the requests of the Schools Forum and a number of other resource pressures in the system.

Increase in Primary AWPU by 6% rather than 5%	£176k
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3.3 In agreeing the draft budget the Cabinet supported a number of growth items and/or removed potential savings. If these items are recommended to the Council as a part of the final budget proposals, the Passporting target will be exceeded. Reducing the Schools Budget back down to the level of the Passporting target has been taken into account in the figures described above. This has the effect of making available resources outside of the Schools Budget to the value of £295k. This is a permanent saving against the total level of expenditure assumed in the draft budget. It is proposed that this saving is used to smooth out the impact of the School System Re-Organisation over the next few years. Currently the planning assumptions are that the expenditure needed to support the Re-Organisation will rise again in 2006/07 then reduce a little in

2007/08 (but still be above the 2005/06 level). The savings produced here could be used to keep the additional requirement at the level of £1.6m, as illustrated in the table below.

Smoothing of SSR spend	2005-06	2006-07	2007-08
School System review spend – Dec 21	£1,607k	£2,095k	£1,863k
Less use of underspend		£ 590k-	£ 295k-
Net spend	£1,607k	£1,505k	£1,568k

- 3.4 The proposed changes impact on the Medium Term Budget Projections as follows:

Table 3 (Revised): Medium Term Budget Projections 2005-06 to 2007-08

	Unit	2004-05	2005-06	2006-07	2007-08
Formula Spending Share (FSS)	£000's	239,997	260,012	276,871	294,266
Increase in FSS	%	-	8.34	6.6	6.3
Budget requirement - expenditure	£000's	237,223	259,998	280,419	299,018
Increase in budget requirement	%	-	9.6	7.9	6.6
Income	£000's	237,223	259,997	276,034	292,052
Increase in income	%	-	9.6	6.2	5.8
Shortfall to be actioned by planning	£000's	-	-	4,385	6,965
Planned Balances	£m	4.25	5.0	5.75	6.5
A 1% increase in Tax equates to	£		677,000	717,000	749,000
Council Tax Base (Band D)	Props	74,307	75,652	76,711	77,785
Council Tax Band D increase – planning assumption in latter two years	%	-	4.5	3.0	3.0
Band D equivalent Council Tax	£	894.82	935.09	963.14*	992.03*

4 Implications

4.1 Resources

The proposed use of the saving to smooth the impact of the schools systems review will bring the 2005/06 proposed budget into line with the passporting target

4.2 Legal

The Council must set a balanced budget by midnight on 10 March 2005 (a Thursday). Failure to do this would leave the Council potentially vulnerable to court action by way of judicial review from the Audit Commission. Delay in sending out Council tax demands would result in losses being incurred by the Council.

Background Papers:

2004

Policy Development Committees	Oct 26, Nov 4, 11 & 23
Govt Formula Grant - Provisional settlement	December 2
Budget Report - Cabinet	December 21

2005

Council Tax Base 2005-06 - Cabinet	January 18
Policy Development Committees	January 13, 19, 20 & 25
Govt Formula Grant - Final settlement	January 27
Collection Fund Estimated outturn 2004-05 - Cabinet	February 1
HRA Rent Increase 2005-06 - Cabinet	February 1
Prudential Indicators for Capital Finance 2005-06 to 2007-08 – Cabinet	Feb 15
Treasury Strategy Report - Cabinet	February 15
Capital Programme 2005-06 to 2009-10 – Cabinet	February 15
Revenue Monitor Report to end Dec 2004 Period 9 –Cabinet	February 15
Council Wide Budget 2005/6, 2006/7, 2007/8	February 15