



# Schools Forum

## AGENDA ITEM: 7

**Title:** Update on Financial Situation 2003/04 and 2004/05

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### Summary

It is appropriate to update the Schools Forum on a regular basis of current issues regarding schools funding. This report tries to do that for those items relevant to the Forum at an overall level.

#### 1. Financial Plans 2003/04

As at 25 June 2003 the County Council had received 206 financial plans from its 235 maintained schools. The closing date for financial plans to be received by the County Council was 31 May and a letter was sent early in June reminding those schools that had not submitted them, however, by 25 June there were still 29 plans not received. In addition to that of those plans received some 63 need follow up action. Sometimes this follow up action is very minor and involves an addition error through to something far more time consuming with a significant underlying deficit.

Given that contact remains necessary with some 92 schools, there is still a substantial amount of work needed to be done. We are allocating each school across a number of officers so that no one officer has more than 5 – 10 schools to deal with in an attempt to get as much as possible resolved before the end of this term.

The underlying overall deficit situation is still thought to be that there will be between 50 and 60 schools in deficit, some 20 in the secondary sector and some 30 in the nursery, primary and special sector. Some of the deficits look relatively minor, whereas some are more worryingly deep rooted.

#### 2. Unallocated Funding 2003/04

At the last meeting of the Forum there was an update on the request from the Secretary of State for information about funding not yet allocated to schools. The County Council, along with all LEAs responded within the timeframe for the questions and as the Forum will know a letter was sent to each school detailing

those items not yet allocated and the procedure for so doing. As at the time of writing this report a significant further element of some £4.5m of Standards Fund was allocated and rates budgets are being allocated as bills are being paid by schools. In addition funding for newly qualified teachers will be allocated to schools in January, although we have already made clear to schools so they are aware that they should expect to continue to receive some £1,000 per NQT per term. The actual level of allocation to each school will of course depend on the number of NQTs employed divided into the fixed sum currently available.

### **3. Capital Devolved Allocations**

There was a statement by the Secretary of State that schools and LEAs could, if they wish, and if it is appropriate, use Capital Devolved Standards Fund allocations in the current financial year only to help with revenue expenditure commitments. This generally should only have been done where the school would find itself in a very difficult position otherwise this would cause instability. A letter was sent to schools with a simple request form if they wished to use their Capital Devolved Funding in the current financial year to help with revenue expenditure. At the time of writing this report it is likely that only some 5 or 10 schools are likely to come forward with this request, although of course no time limit is imposed on it and there may be others coming forward. Initially, however, it is quite clear that it is not the intention of a large number of schools to use their Capital Devolved Funding for revenue purposes.

### **4. Update on 2004/05**

The Forum at its last meeting received a position statement on the financial year 2004/05 on the overall situation and what this might mean for school budgets. There is nothing further to report on the overall situation with no known changes occurring.

However, we do understand it is becoming increasingly likely that the Secretary of State through the DfES will be looking to make some required adjustments to schools funding arrangements for 2004/05 so that the disquiet over the current year's school budget allocations is not repeated. Clearly, the DfES will have many things in mind, ranging from doing very little through to a National Funding Formula being handled through Central Government. We understand that all possibilities are still around and nothing can be counted in or discounted. However, it appears that at least the DfES might be requiring each school to have a minimum increase per pupil for 2004/05, together with a maximum increase per pupil. The limits of these floors and ceilings is clearly not yet fixed and discussions will need to be taking place involving Local Education Authorities about what items might be included within the base budget for the current year in order to be able to make the calculation through to 2004/05.

For instance if a school suffered badly in the current financial year from pupil number adjustments, yet would benefit considerably in 2004/05 from additional pupil numbers, say from September 2003, it would not be appropriate to count

these amounts within the minimum or maximum percentage increase. However, we do await more detailed information advice and eventual regulations around this matter. This issue of course would limit the Schools Forum advice and the County Council's flexibility around the allocation of school budgets next year, including perhaps the allocation of any additional funding were there to be any.

## **5. Learning and Skills Council Funding**

On 23 June 2003 the County Council was informed of the end of year adjusted allocations from the Learning and Skills Council (LSC) for secondary schools to do with the retention of post 16 pupils. Basically secondary schools with post 16 provision were funded based on the pupil numbers in September 2002 in the 2002/03 financial year and these have now been reconciled to actual pupil numbers at the date of the Pupil Level Annual Schools Census (PLASC) return in January 2003. Initially schools only received 90% of funding on an assumption of a national retention percentage and all those schools retaining more than 90% of their pupils have now received additional funding, whereas those retaining less than 90% are suffering no clawback.

This has had the effect of increasing the budgets for secondary schools in the current financial year by some £770,000 because of an adjustment relating to the academic year 2002/03. Some £600,000 of this money has gone to grammar schools and some £170,000 to upper schools. This will clearly alleviate some of the pressures being faced by schools around deficit budgets and we will be making payments of the total amount of these adjustments to individual schools, rather than phasing payments over the rest of the current financial year.