



Schools Forum

AGENDA ITEM: 7

Title: SCHOOL BUDGETS 2004/05

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Author: Alan Mander, Assistant Head of Finance

Contact Officer: Alan Mander – 01296 382635

Electoral Divisions Affected: All

Introduction

1. The Schools Forum needs to be updated on a number of issues relating to schools funding for 2004/05 and beyond. These are set out in the paragraphs below.
2. The Schools Forum needs now to consider urgently what its initial thoughts and responses are to a number of issues set out in the second half of this report which constitutes some important work for the Schools Forum over the next month or six weeks.

A. Minimum Funding Guarantee 2004/05

3. For primary and secondary schools generally the overall figure announced by the Secretary of State is a headline figure of 4% additional funding per pupil for each school. Within the calculation that needs to be done each school will have an adjustment made to its original school budget share for 2003/04 (this will include adjustments for rates, any specific funding attached to named pupils and any prior year adjustments). The subsequent adjusted school budget share will then be split between fixed and marginal costs (as prescribed by a national formula). For each school the fixed cost element will increase in cash by 4% into 2004/05 and pupil number changes will go up or down by an additional 4% per pupil.
4. For schools with rising rolls there is within this an absolute guarantee of at least 3.4% additional per pupil funding in total in 2004/05 over and above the 2003/04 figure.
5. Special schools will have this budget guarantee based on **places** rather than **pupils**. There will be no minimum statutory funding guarantee for nursery schools – because there is no delegated budget in 2003/04 to base figures on – however, we will look to ensure they are covered in any event by this minimum funding guarantee.
6. There are special arrangements for primary schools with 75 pupils or less where an individual calculation is done for each school.

B. Schools Standards Grant

7. Schools Standards Grant (SSG) will increase in 2004/05 by at least 4% per pupil for each school. The values of SSG for 2004/05 have already been announced, but in themselves they do not guarantee a minimum per pupil increase. Therefore, schools will receive from SSG **either** the already announced value of the SSG band appropriate to their pupil numbers **or** a 4% increase in their **per pupil** SSG in 2003/04, whichever is the greater.

C. Learning and Skills Council – Post-16 Funding

8. The Learning and Skills Council (LSC) will increase all its funding rates for school sixth forms by 4% from current levels in its school funding year 2004/05. The LSC will be contacting LEAs with school sixth forms and schools themselves separately to explain in more detail how they intend to match the guarantee through their formula funding including the Real Terms Guarantee. At the time of writing this letter we have not received this detail from the LSC but will share it with secondary schools with sixth forms as soon as we receive such information.

D. Standards Fund

9. The Standards Fund circular has very recently been released by DfES which will be seeking to implement, wherever practical, the minimum 4% increase for schools – although this will not apply to all Standards Fund activities.
10. Those activities due to cease in April 2004 will do so but be replaced by new 'School Development Grant' of equal or higher value for allocation to schools. This new grant can be spent by schools as they wish.
11. Standards Fund at the moment remains the least certain of how individual school funding will be impacted upon in 2004/05.
12. From 2005/06 it is intended to bring together Schools Standards Grant and the new School Development Grant into a single grant for schools, with distribution arrangements similar to the Schools Standards Grant arrangements in 2004/05.

E. Targeted Transitional Grant

13. The County Council is due to receive in 2004/05 Targeted Transitional Grant of some £2.8m. This is being given to the County Council because the funding received by the authority from central government for schools funding generally has been less than a 12% increase per pupil over two financial years. To access and receive this grant the County Council will have to ensure this funding is targeted tightly on specific schools that need help in order to get their budgets back into balance. There are other conditions attached to this grant some of which we are aware of at the current time and some of which we are not.

F. Financial Management

14. The DfES has commissioned KPMG to work with the National College for School Leadership and headteacher associations to design and develop a varied menu of support and guidance in relation to budget management that can be drawn on by schools and cater for a wide range of needs. This programme of support will be available to schools from the end of this calendar year and those schools that are in

receipt of Target Transitional Grant from the County Council will be prioritised for this involvement. The aim will be to help schools make strategic decisions about the use of their budgets and to implement these through effective day-to-day budget management. Further details about this are due to be received.

G. Teachers' Pay

15. On 10 November the Secretary of State published details of the Schools Teachers Review Body (STRB) recommendations on teachers' pay, both from 1 April 2004, and through to September 2006. We know therefore, that in terms of the pay settlement, teachers' pay will rise by 2.5% into 2004/05. There are no increased contribution rates for employees on National Insurance or Superannuation as regards teachers' pay.

H. Provisional Revenue Support Grant Settlement 2004/05

16. On 19 November the Office of the Deputy Prime Minister (ODPM) will announce details of the Provisional Revenue Support Grant settlement for local authorities for 2004/05. This announcement will provide details of the provisional Schools Formula Spending Share (SFSS) for the County for 2004/05. The Forum will receive an updated on this announcement at its meeting.

Detail

17. The following items are those on which the Schools Forum's views will be required and to which the Schools Forum will need to devote some time both at its meeting today and also at future meetings:-

Composition of Schools Budget 2004/05

- (1) As the members of the Schools Forum will be aware, the schools' budget itself comprises not only delegated budgets but also those budgets and services provided for pupils which include Early Years education, Out-County arrangements for Special Needs pupils, arrangements for the use of Pupil Referral Units and the education of children otherwise than at school as well as admissions costs, etc. We will want to bring to the Schools Forum meeting on 12 December details of this split within the overall funding available and will ask the Schools Forum to give us their clear views on whether these splits are appropriate.

Any Proposed Changes in Formula for Allocating Funding

- (2) The County Council will shortly be consulting schools on a limited number of changes for next year's budget which will not include any re-distribution of existing funding. The Schools Forum Consultation Group has met and given us their views on the consultation arrangements and indeed will be sent a copy of the consultation document itself before distribution. Again on 12 December the Schools Forum might wish to give us any updated views it has on the consultation process itself.

Impact of Minimum Funding Guarantee

- (3) The Schools Forum will be aware of the commitment of the Secretary of State to increase all schools funding by some 4% per pupil. A spreadsheet will be circulated at the meeting of the Forum showing the effect for each school and

therefore the cost of the guarantee and the impact of it across all schools within the County where we can do this exercise, which at this stage is just primary and secondary schools. Again, any comments the Schools Forum wishes to make on this arrangement will need to be made and formalised.

Any Application for Central/Schools Percentage Variations

- (4) The County Council has until 8 December 2003 to apply to the Secretary of State should it wish to increase any of the central non-delegated elements of the Schools Formula Spending Share by a higher percentage than it increases the Individual Schools Budget. There are adjustments to this where the County Council will be more than passporting the increase in the SFSS and at this stage we do not envisage such a request being made. However spending pressure budgets for the County Council for 2004/05 are currently being completed and it might be possible that such a request will be made in which case we will need to formally consult the Schools Forum on this matter.

Regulation 28 Variations

- (5) Where LEAs in exceptional circumstances encounter particular difficulties in implementing the Minimum Funding Guarantee or any other particular issue, they may choose to put forward proposed modifications to the operation of the guarantee and other matters to the Secretary of State. The Secretary of State may then, where it appears to him to be expedient to do so, authorise such a change. Again at this stage we do not think the County Council will be doing this but when considering the merits of each case, the Secretary of State will want to know the views of the Schools Forum and indeed whether the Forum supports any such proposals.

Targeted Transitional Grant

- (6) Given the likely timing for this and the fact that the County Council should be receiving some £2.8m as targeted transitional grant to target tightly on specific schools that need help in order to get their budgets back into balance, this is probably the most contentious issue currently around. Clearly many schools have striven to live within their budgets and would not welcome additional funding being provided to those who have found themselves in an overspending situation. The Schools Forum will need to put forward its views as to the conditions which schools might need to conform with in order to qualify for the targeted transitional grant. This will need considerable attention by the Schools Forum and it is felt that at this meeting it would be useful for the Schools Forum to discuss this issue and put forward some conditions and items for discussion which could be formalised and form part of a substantial agenda item at the meeting of the Schools Forum on 12 December 2003.