



Walsall Council

Walsall Children's Services

Report to: Schools Forum

Date: 16 March 2011

Subject: School Finance (England) Regulations 2011

Contact: Julie Taylor (julie.taylor@walsallcs.serco.com)

Purpose of the report:

- To inform Schools Forum of the changes to the Regulations governing the financing of schools for the 2011-12 financial year.
- To inform Schools Forum of the impact of the potential changes to the Central Expenditure Limit for 2011-12.
- To seek approval for the School Specific Contingency Sum 2011-12.

Recommendation: To note the local impact of the changes and approve the recommendations detailed in section 5 of the report.

1. Introduction

- 1.1 The DfE published the School Finance (England) Regulations on 21 February 2011. This report summarises the main changes to the regulations.
- 1.2 The new regulations must be applied to the 2011-12 School Budget and delegation processes.
- 1.3 The Regulations are available for viewing via this web link:
<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/financeregulations/a0074691/school-finance-england-regulations-2011>

2. Summary of Changes

- 2.1 The majority of the changes were included in the earlier consultation document and have been previously reported to the Forum.
- 2.2 Summarised below are the formal changes that may impact on the administration of the Walsall Schools Budget for 2011-12, or in future years.

2.2.1 Early Years Single Funding Formula

- All Local Authorities (LAs) are required to have an Early Years Single Funding Formula from April 2011 and to fund early years pupils on numbers of actual hours, to use at least three counts during the year, and, to have a deprivation supplement.

2.2.2 Mainstreaming of Grants

- LAs will be allowed to use a formula factor which replicates part or all of the previous level of a mainstreamed grant, either as a cash amount or using grant methodology, to avoid undue turbulence at school level.
- The mainstreamed grants must be taken into account in the calculation of the Minimum Funding Guarantee (MFG) for all schools.

2.2.3 Central Expenditure

- Mainstreaming of grants will also affect the calculations for the Central Expenditure Limit (CEL). The total of relevant grant allocations must be added to the 2010-11 School Budget. By default the CEL assumes that all grants will be retained within the ISB. Any grant funding centrally retained in the CEL may cause a breach, and be subject to Schools Forum approval.

- Where there is an overspend on central Schools Budget expenditure from 2010-11, which reduces the Schools Budget available in 2011-12, then the funding of the overspend must be approved by the Schools Forum.

2.2.4 Ethnic Minority Achievement Grant

- LAs are allowed to retain funding centrally within Dedicated Schools Grant (DSG) for services which support schools in narrowing gaps for under-performing ethnic groups and in meeting the specific needs of bi-lingual learners.

2.2.5 Minimum Funding Guarantee (MFG)

- The MFG level of -1.5% has been set for 2011-12. There are circumstances in which a Schools Forum can approve a disapplication of the MFG without reference to the Secretary of State, for example targeted elements of the National Strategies Grants.

2.2.6 Special Educational Needs (SEN)

- SEN Support Services are an allowable item within the Central Schools Budget. Funding for these services will not be recovered from LAs in 2011-12 and passported to academies via the Local Authority Spend Equivalent Grant (LASEG).

2.2.7 Federations

- Federations may have calculated a single budget share covering all schools in the federation if there is a single governing body within Section 24 of the Education Act 2002.
- This facility is conditional on the federation receiving a budget which is no lower than if the schools had received separate budget shares.
- The benefit of this arrangement to federations will be in the way the single budget share is managed and accounted for.
- A new formula factor can be used to put in the relevant amount of funding to protect former budget schools funding levels.

2.2.8 Carbon Reduction Commitment

- A new class of expenditure has been added to the central part of the School Budget for the purchase of carbon allowances relating to schools and academies within the LA's Carbon Reduction Commitment calculation.

2.2.9 Notification of Budget Shares

- A new regulation has been added which requires local authorities to formally notify schools and early years private, voluntary and independent (PVI) providers of their budget shares, if they do not already do so.

3. Impact on the Walsall Central Expenditure Limit

3.1 The changes made to the central elements of the 2011-12 Central Schools Budget are:

	Additions £'000s	Deductions £'000s
Transfer of Practical Learning to the ISB		558
Transfer of the central element of the Harnessing Technology Grant to the ISB		216
Retention of former National Strategies Funding – Combined Services*	421	
Carbon Reduction Commitment allowances	266	
Standards Fund Grant allocations in relation to Pupil Referral Units (PRUs)	186	
Reduction in PRU Premises costs		46
Management of Advanced Skill Teacher Scheme – Combined Services	10	
Contribution to Music Service – Combined Services	38	
Total	921	820
*Subject to Schools Forum approval. If approved, this expenditure will be included on the line for Combined Services on the 2011-12 Section 251 Budget Statement, along with the £10,000 for running the Advanced Skills Teacher Scheme and the contribution towards the		

music services, both of which have been previously agreed by the Schools Forum
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- 3.2** There are three draft Central Expenditure tables attached to this report, which contain the LA's best estimates in respect of actual YPLA allocations for secondary schools and the timing of academy conversions during April and May 2011. A final version will be published as the Central Expenditure Limit (CEL) Annex of the 2011-12 Section 251 Budget Statement, based on the latest position at the publication date of 31 March 2011.

However, it should be noted that the Section 251 information relates to maintained schools only. The CEL exemplified in tables two and three attached to the report, have been adjusted to remove the delegated budget share, YPLA allocations and central expenditure allocations in respect of the following known or anticipated academies.

Existing Academies (Full Years Adjustments)

- The Grace Academy Darlaston
- Sheffield Community Academy
- Park Hall Infants Academy

New Academies (Full and Part Years Adjustments)

- Ryders Hayes – with effect from 1 April 2011
- Shire Oak – A Science College – with effect from 1 April 2011
- Frank F Harrison Engineering College – with effect from 1 April 2011
- Hatherton Primary – with effect from 1 April 2011
- Queen Mary's Grammar – with effect from 1 May 2011
- Queen Mary's High – with effect from 1 May 2011

- 3.3** If other schools are converted into academies during the year, then further reductions will be made to the central expenditure budgets as required.
- 3.4** The CEL exemplified in Table 1 is the position if there had been no new academy conversions from September 2011 onwards. If this was the case there would have been no breach of the CEL. The CEL calculation is very

sensitive. A 1% movement on the ISB is £1.84m whereas a 1% movement on the central expenditure is £158k.

- 3.5** The CEL exemplified in Table 2 has been adjusted for all eligible funding, above and below the line for expected academy conversions from September 2010 through to May 2011. This table also assumes that the School Forum has agreed to the retention on £421,000 of former National Strategies funding. The effect of these adjustments is a breach of the CEL by £421,000.
- 3.6** The CEL exemplified in Table 3 is as in Table 2, but has assumed that the £421k of former National Strategies Grant has been included within the ISB. The impact of this transfer of funds is that the CEL is no longer in breach.

4. School Specific Contingency

4.1 The School Specific Contingency has been set at £920,856 and includes the following sums:

DSG Pupil Numbers	£100,055
EYFSS Contingency	£100,000
Business Rates	£50,000
Academies	£98,847
Sneyd Y8 and Y9 transfers	£94,000
Formula Errors	£50,000
New Statement of SEN	£150,000
School Action Intensive	£140,000
Increased September 2011 admissions to reception at LA request	£44,720
Teachers Pay Grant (YPLA grant)	£22,003
Palfrey Girls Statements	£11,112

Diploma Funding 2011-12 £60,119

Total Contingency £920,856

- 4.2** The contingency is retained within the ringfenced Schools Budget, and any under or overspends will be carried forward to the following financial year.

5. Recommendations

- 5.1** The Schools Forum is recommended to approve the Schools Specific Contingency of £920,855 as detailed in paragraph 4.1 of the report to allow the Schools Budget to be managed effectively and all mid-year school funding adjustments to be made.
- 5.2** The Schools Forum is recommended to approve the retention of £421k of former National Strategies funding to allow the LA to continue to support all schools at risk or schools causing concern.
- 5.3** The Schools Forum is requested to approve a breach to the 2011-12 subject to the central retention of £421k of former National Strategies funding.

TABLE THREE (A) ALL ACADEMIES CENTRAL EXPENDITURE LIMIT TABLE FUNDING PERIOD: 2011-12

Department for Education Section 251 Financial Data Collection				Annex to Table 1: Central Expenditure Limit			
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Year	2011-12	Local Authority Name		Local Authority Number		E-Mail Address	
Contact		Tel No.		Version No.		Completion Date	

1006231

Central Expenditure Limit =

(B-G)/G

must be less than or equal to

(C-I)/I

Schools Budget =
 DSG +
 YPLA +

				SECTION 251 Reference
		2011-12		
Individual Schools Budget (pre 16)	i)	171,854,385		Table 1 line 1.0.1 less ii),iii) & iv) below Table 2 line (xx) column x SBS table line 5 less vi) below SBS table line 3c less vii) below
Post 16 funding from the YPLA delegated to schools	ii)	12,804,737		
Local Authority Contribution (delegated to schools)	iii)	0		
DSG carry forward (delegated to schools) (may be positive or negative)	iv)	0		
Total delegated funding	A	184,659,122		
Centrally retained budgets (excluding those specified above)	v)	15,430,360		Table 1 lines 1.0.4 to 1.8.2 less lines vi) & vii) below SBS table line 5 less iii) above SBS table line 3c less iv) above
Local Authority Contribution (as part of the centrally retained budget)	vi)	0		
DSG carry forward (not delegated to schools) (may be positive or negative)	vii)	0		
Total central expenditure	B	15,430,360		
TOTAL PROPOSED SCHOOLS BUDGET	C	200,089,482		
		2010-11		
Individual Schools Budget (pre 16)	viii)	158,900,260		10-11 - Table 1 line:1.0.1 less ix), x) & xi) below 10-11 - Table 2 line (36) column 6 10-11 - SBS table line 8 less xiii) below 10-11 - SBS table line 3c less xiv) below
Post 16 funding from the YPLA delegated to schools	ix)	15,018,742		
Local Authority Contribution (delegated to schools)	x)	0		
DSG carry forward (delegated to schools) (may be positive or negative)	xi)	0		
Sum of viii) ix) x) and xi)	D	173,919,002		10-11 - Table 1 line:1.0.9
Private, Voluntary and Independent Providers	E	4,460,669		
Total expenditure treated as delegated (D+E)	F	175,079,671		
Centrally retained budgets (excluding those specified above)	xii)	17,065,860		
Local Authority Contribution (as part of the centrally retained budget)	xiii)	0		10-11 - Table 1 lines 1.0.8 to 1.7.2 less lines (xiii) & (xiv) below excluding line 1.0.9 10-11 - SBS table line 8 less x) above. 10-11 - SBS table line 3c less xi) above
DSG carry forward (not delegated to schools) (may be positive or negative)	xiv)	0		
Total central expenditure - sum of xii) xiii) and xiv)	G	17,065,860		
Mainstreamed grants	H	28,923,649		
TOTAL ADJUSTED SCHOOLS BUDGET	I	221,069,180		
Percentage Increase in central expenditure (B-G)/ G	xv)	-9.6%		
Percentage Increase in Schools Budget (C-I)/ I	xvi)	-9.5%		
Has the Central Expenditure Limit been breached?	xvii)	No		
Where a breach is shown, has this been agreed with the Schools Forum	xviii)	NO BREACH		
Date and Minute of meeting	xix)			
