

SCHOOL FORUM**Item 1**

Members of the School Forum are asked to consider the contents of this report and comment

DSG Final Funding Settlement for 2008-2009 and impact on indicative 2009-2010 funding

The authority was notified, in November 2007, of its Indicative DSG (direct support grant) allocations for the three funding periods April 2008 to March 2011. The allocations use a guaranteed funding unit per pupil (GFU) for each year, with the DCSF commitment that the value of the GFU per pupil will remain unchanged from indicative to final allocations.

The indicative figures were based largely on DCSF projections of Walsall's pupil population for the next three years. A paper brought to Forum in February 2008 recommended that as January school census data indicated our pupil numbers to be lower than those by the DCSF, it would be prudent to use local figures with the GFU to calculate a revised, and hopefully more realistic, estimate of our DSG income across the multi year period.

Final DSG settlement figures for 2008-2009 were sent out to all local authorities in May with Walsall's allocation lower again to our estimate, by a reduction of 450K. After investigation with DCSF it appears that the validate numbers from our school and early years census is lower than the census data used for our estimate of DSG. The impact of this reduction in pupil population in 2008 has a cumulative effect on the projected numbers used for indicative DSG allocations for 2009 and 2010. Annexe 1 details the impact of reduced numbers on our final 2008 and potential settlement figure. Annexe 2 demonstrates the potential impact against published budgets across the multi year period.

A meeting with the council finance team was held in August where various options and strategies were discussed. In regard to the current financial year it was agreed that school allocations will remain as published in March 2008, however a number of small cuts and savings from central budgets will be implemented and will reduce the projected deficit to approx 300k. It is hoped to identify further savings over the next six months to reduce the deficit even further.

Of greater concern is the impact of reduced DSG income for 2009 and 2010 which, against indicative budget figures published in the summer term, have the potential to create a cumulative deficit at the end three year period of 1.86 million. Any deficit would be the first call on resources available in the next funding round.

Provisional pupil data from admissions team, prior to September census, support the revised estimates considered last term.

Outlined below are the options considered with the council finance team.

1. Leave indicative budget information as published, changing final figures only in so far as each school's actual pupil number varies to estimates. It was agreed this is not a viable option due to impact on the next multi year funding period.
2. Give notice to all schools and governing bodies that final budget figures for 2009 and 2010 will be reduced compared to indicative figures, without republishing indicative information. This will alert schools but we would be unable to quantify the reduction on a school by school basis.
3. Undertake 2009/10 and 2010/11 indicative budget process again, reducing available resources by 1.86 million, apportioned equally across the two years. Provide schools with a revised indicative budget share thus enabling the impact to be built into their spending plans. This is the preferred option of the authority.

The Schools Budget for both 2009 and 2010 is currently made up 91% ISB i.e. delegated to schools and 9% central retained. If these percentages were applied to the shortfall figure of 1.86 million there would be a reduction to the ISB across the two years of 1.69m, with 170k falling to central budgets.

However cuts and savings to central budgets have been identified totalling approx. 560k and this will enable the reduction to the ISB to be cut to approx. 1.3 million, split, as far as possible, equally across the two financial years.

As stated the preferred option of the authority is to republish 2009 & 2010 figures and were September census data to be used the revised allocations should provide a more accurate projection of final figures.

Forum members are asked to consider the information provided and are invited to express views on the process and options 2 & 3.

September 2008