



# Walsall Council

## Walsall Children's Services

**Report to:** Schools Forum

**Date:** 14 June 2011

**Subject:** Standards Fund Grant Payments 2010-11

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**Purpose of the report:** To inform the Schools Forum of the funding issue relating to payment of the final instalment of the 2010-11 Standards Fund Grant.

**Recommendation:** Schools Forum are recommended to agree the proposals contained within section 4 of this report.

## **1. Introduction**

- 1.1 The 2010-11 Standards Fund may be spent by a local authority and schools over a seventeen month expenditure period, this is 1 April 2010 to 31 August 2011. In recognition of this fact, the DfE has typically paid local authorities 95% of the total grant due to them within the financial year, and the remaining 5% has been paid at the start of the following financial year along with the first tranche of the new grant allocation.
- 1.2 On 22 March 2011, local authorities received a letter from the DfE which stated that the 5% balance of the 2010-11 Standards Fund due in 2011-12 would not be paid as this would constitute a cash windfall, following the mainstreaming of grants. The 5% balance due to Walsall equated to £1.030m.
- 1.3 This late change of policy came as a complete surprise to local authorities, many of which had already fully expended their grant allocations, and issued schools with 2011-12 budget shares. Local authorities have therefore strongly challenged the DfE decision which has left them with unplanned deficits to be managed within the School Budget.

## **2. Latest National Position**

- 2.1 Following discussions with local authority representatives, the Department has proposed the following action:
  - Identify a sum within the 2011-12 DSG that represents the last instalment of the 2010-11 Standards Fund. This will enable local authorities to show their auditors that they have received this sum
  - However, DfE recognise that each LA will still have a similar sum outstanding at the end of the 2011-12 financial year from the DSG, therefore the DfE will identify an equivalent sum as 2011-12 Standards Fund in April 2012 as part of the 2012-13 funding arrangements
  - DfE recognise that this situation cannot carry on indefinitely, especially considering the wider changes to the school funding system. The Department has committed to working on a solution to the problem over the next few months to be implemented no later than 2012-13, in consultation with local government
  - DfE also reminded LAs that the conditions of grant for DSG are sufficiently flexible as to allow for LAs, in conjunction with their Schools Forum, to decide to balance their 2011-12 DSG or carry forward a shortfall in payment of a sum due

### 3. Walsall Impact

3.1 The following Walsall grant allocations are affected by the DfE change, and the table below also identifies any grant that remains unallocated

Grant	2010-11 Allocation £	2010-11 Expenditure £	2010-11 Unallocated £	Memo 5% Shortfall £
School Development Grant	12,567,956	12,567,956	0	628,398
School Lunch Grant	491,786	491,786	0	24,589
Ethnic Minority Achievement	1,620,019	1,620,019	0	81,001
1-2-1 Tuition	1,506,070	1,441,036	65,034	75,304
Extended Schools Sustainability	1,182,972	1,182,972	0	59,149
Extended Schools Subsidy	1,270,258	1,270,258	0	63,513
Targeted Support for Primary Strategy	461,132 ) 1,391,365 )	1,692,538	159,959	69,568
Target Support for Secondary Strategy	582,299	600,192	99,240	29,115
<b>Total Allocation</b>	<b>21,190,990</b>	<b>20,866,757</b>	<b>324,233</b>	<b>1,030,636</b>

3.2 The Council as part of its Schools Budget currently has a 2011-12 cash deficit of £1.030m, which will be reduced to £706k, with the non-allocation of the sums detailed above.

3.3 The remaining £706k will need to be met from any balances remaining after the closure of Sneyd High school, plus future Dedicated Schools Grant.

#### **4. Recommendations**

- 4.1 The Schools Forum is recommended to agree that the remaining sums in the 2010-11 Standards Fund be earmarked towards the cash shortfall of £1.030m.