

Budget Monitoring 2010/11 as at end of August 2010

1. Purpose of the Report

To consider latest forecast position for 2010/11 and to consider the action to address the overspends on Bulge classes.

2. Recommendation

- i) The Forum note the current forecast outturn position.
- ii) The Forum agree for officers to ask schools how they have used the funding provided to determine appropriate levels in the future.

3. Budget monitoring position for August

- 3.1 Appendix B gives a detailed breakdown of the monitoring situation. It is pleasing to note that the budgets for Special Educational Needs are now within the budget that was set.
- 3.2 We received notification from the Department of Education (DFE) of the final Dedicated School Grant on the 1 July 2010. The figure was £187,433k which was £51k lower than the originally expected. This was due to some pupils that were on both the role of Academies and Maintained Schools which were disallowed by the DFE. The sum can be accommodated in the contingency.
- 3.2 When setting this years budget it was anticipated that there would be a need to accommodate between 450 and 510 extra pupils. As, these pupils were not in school on the count date, no funding was received for them. They only attract funding from 2011/12. Some schools have the capacity to absorb these pupils but when their class capacities were reached another class was needed, which of course requires extra capital works, teaching staff and associated costs. The capital element will be met centrally. The total allowed for these so called bulge classes was £654k.
- 3.3 At the time of setting the budget negotiations were still going on with schools to set up the classes. The budget provided for 15 classes with half of them opening in September and half in January. It was also assumed in line with previous years that half of the pupils would enter in September and the remainder in January. In fact the proportion starting in September is 71%

- 3.4 Currently 17 classes are needed and 12 have already opened. The cost of this using last years methodology of funding is £983k, creating a budget pressure of £332k.
- 3.5 At the last Schools Forum meeting the budget pressure was already known and it was agreed that any schools carry forward that were capped through the Balance Control Mechanism (subject to appeal by the schools concerned) would be applied to the shortfall in funding. The appeals have not been upheld and the capped funds of £178k are available to meet part of the difference. Which still leaves a budget pressure of £154k

4. Bulge Classes

- 4.1 When the primary school applications were received in November 2009 the LA had to identify if there would be sufficient places to accommodate all those seeking a place. This led to the decision by the LA to establish additional reception classes in consultation with schools. The timing was just sufficient to enable the primary schools in question to determine how they would resource the additional class in the school.
- 4.2 The circumstances in some schools call into question the funding of some September classes
- A school where anticipated September starters did not materialise and the school ended up with two September classes and only 28 pupils.
 - A school with over 30 September starters and a second September class, but which reports normally having the second class open anyway.
 - A school with over 30 September starters and a second September class, but which reports there is often a need for a second class depending on dates of birth.

5. Funding provided to schools

- 5.1 The schools that open the bulge classes are given the details of the finance in advance to allow them to consider their budget position.
- 5.2 The funding position is relatively simple. The school attract funding for 30 extra pupils at the same rate as the Age Weighted Pupil Unit (AWPU), a sum for once off resources needs and a further sum for ongoing resources needs. The resources sum enables the school to purchase all the curriculum resources for the school as being a new class none will exist, such as a full set of books etc. The once off sum is to set up the admin systems. The detailed rates are shown in Appendix A and this is in line with the funding given out in the past to schools who have opened new classes.

- 5.3 Within the AWPU there is a sum that is allowed for management costs at a rate of £481 per pupil. This means that a school who opens a class in September would receive for the current financial year £8,420. It is debatable whether the school will need this level of support, it is probable that any management time is absorbed within the existing management structure within the school and a school would not employ extra staff and thus incur any extra expenditure. Leaving the money as a surplus.
- 5.4 For the current 17 schools the funding for management element of the formula amounts to £119k. One proposal would be to withdraw this funding and to use it offset the budget pressure.
- 5.5 There are number of issues to consider with this proposal
- It goes against the assurances that officers have given these schools.
 - Schools will or should have budgeted for this expenditure although they may have placed the sum in contingency or offset other pressures
 - Longer term, it may be more difficult in setting up bulge classes if schools are wary that the funding may be reduced or consider it less generous in the past.
 - It may introduce an element of unfairness as schools in the past that have taken bulge classes are funded for form of entry as they progress through the school. The funding levels follow those describe in 5.2. Hence there would be two funding levels depending on the year the class has opened.

Conclusion

The bulge classes present us with an immediate budget problem that needs addressing. The current method of funding bulge classes looks generous but this can only be confirmed with the schools concerned by reviewing how they are using the funding. The times of plenty have ended and the sums offered in the past will not be available in the future . The funding for bulge classes needs to be fair to all and at an appropriate level. It would seem reasonable to consider this when the Schools Forum set next years budget.

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