



Haringey Council

The Children and Young People's Service

**Agenda Item
8**

Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum 17 January 2011

**Report Title:
2011-12 Budget Strategy**

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Purpose:

To consider the issues affecting the determination of the Dedicated Schools Grant (DSG) in 2011-12 and its allocation within the context of the Dedicated Schools Budget (DSB).

This report provides an opportunity for the Forum to make their views known to the Council on the issues raised, and as such forms part of the Council's formal consultation process with schools.

Recommendations

- (i) The Forum are asked for their views on funding for Music Services in the borough pending the outcome of the government's own review.
- (ii) The Forum are asked to **Note** the estimated amount of DSG for 2011-12 at £204.615m as detailed in Table 2;
- (iii) The Forum are asked to **endorse** the approach, for those universal grants subsumed into DSG, outlined at paragraph 4. 9 which allows for the replication of 2010-11 cash amounts taking account of a 1.5% reduction in line with the MFG rate;
- (iv) The Forum is asked to **endorse** the approach, for those targeted grants subsumed into DSG, outlined at paragraph 4.14 which adds those resources to the available headroom – recognising that the

- MFG will seek to protect 2010-11 amounts and thus limiting the value of resource actually transferred to headroom;
- (v) The Forum is asked to **endorse** the distribution of EMAG resources on the basis of 2010-11 cash amounts to schools and for the retention of £628,000 centrally in support of narrowing the achievement gap for underperforming ethnic groups in schools as described in paragraph 4.19;
 - (vi) The Forum is asked to **endorse** the use of the 2010-11 formula for distributing the resources from the previous School Lunch Grant, as described in paragraph 4.20;
 - (vii) The Forum is asked to **endorse** the targeting of £522,000 of resources in 2011-12 only, as described in paragraph 4.25, to allow the schools specified in Appendix 4 to adopt wraparound childcare services previously provided through centrally retained resources.
 - (viii) The Forum is asked to **endorse** the proposed local formula changes described in paragraph 5.4 including providing the resource necessary to support them as the first priority from the available headroom;
 - (ix) The Forum is asked to **endorse** routing the remaining available headroom within the Individual Schools Budget (ISB) through deprivation measures within the EYSFF and the Haringey Schools Funding Formula according to the relevant pupils' age.
 - (x) The Forum **approves** that a sum of £300,000 in respect of SEN transport costs be charged against the DSG funded from savings and efficiencies to be found in the centrally retained element of DSG.

1. Background and Introduction.

- 1.1. The three year period 2008-09 to 2010-11 has brought a period of stability in school funding with a multi-year funding announcement covering the whole of that period, a minimum funding guarantee to prevent excessive turbulence in school budgets and an increase in the role and powers of the Schools Forum.
- 1.2. Both the economic and the political situation has changed fundamentally and the 2011-12 funding settlement for schools is particularly complex. The announcement itself was delayed until the 13th December 2010 making it extremely difficult to align the consultative process with the School Forum with the Council's decision making Cabinet meeting.
- 1.3. However, that said this report brings together the range of issues upon which the Council is required to consult with the Schools Forum in order to seek their views and ensure that these are available for Members in their consideration of the Council's budget strategy, including those elements relating to the Dedicated Schools Budget (DSB).

2. The Overall Picture

- 2.1. The main points of the 2011-12 settlement are:
- (i) The 'spend plus' methodology will continue in 2011-12 and the DSG will continue as a ring fenced grant.
 - (ii) A number of specific grants for schools have been mainstreamed into the DSG.
 - (iii) A new Pupil Premium is being introduced for disadvantaged pupils.
 - (iv) A number of specific grants for local authorities have ceased (included for information only as Appendix 1);
 - (v) The 2011-12 funding per pupil, including mainstreamed grants, is being held at 2010-11 cash levels.
 - (vi) As previously announced the Early Years Single Funding Formula (EYSFF) will be implemented from April 2011.
 - (vii) A per pupil Minimum Funding Guarantee (MFG) for schools will continue in 2011-12 set at **minus** -1.5%.
 - (viii) The funding of dual subsidiary pupils in PRU's is ceasing.
 - (ix) There is no Exceptional Circumstances Grant in 2011-12.
- 2.2. Those relevant aspects are considered further in this report. A summary of the financial effects of all of the proposals is included as Appendix 2.
- 2.3. The first point to note is that, because the government has decided to continue with the 'spend-plus' approach there will be no changes which address the inequity of Haringey's position in respect of the Area Cost Adjustment. Furthermore the approach the government has adopted for the new Pupil Premium – basing it on a flat rate, increases the disadvantage facing Haringey's pupils compared to other authorities.
- 2.4. The Cabinet Member for Children's Services has written to Lord Hill (Appendix 3) with whom the Forum will recall, representatives met as part of the 'Fair Deal for Haringey Children' campaign, setting out her disappointment and concerns that our case has not been recognised.
- 2.5. On the 20th December the Young People's Learning Agency (YPLA), who, amongst other things, fund post 16 provision, issued a statement on 16-19 funding. The key points of the announcement are:
- (i) In 2011 there is to be a consultation on the funding formula, including consideration as how support for Young People can be aligned with the Pupil Premium, through a 'Young Person's Premium' in 2012;
 - (ii) There is a 1.5% cash increase over 2010-11 budgets to accommodate an estimated 1.4% increase in provision – i.e. it is also effectively a real terms cut in funding;
 - (iii) There is to be a single National Funding Rate, removal of both the Teachers Pay Grant and the Teachers Pensions contributions for schools with VI forms;
 - (iv) The funding for Young people in disadvantaged areas is to be increased;
 - (v) They are committed to carefully manage a convergence of funding between providers (over the period of the Spending Review); and

- (vi) In 2011-12 the YPLA expects the reduction in average funding per learner to be no more than 3% which it will achieve through transitional arrangements.
- 2.6. Based on the YPLA timetable, provisional allocations based on indicative funding rates will be made during the period to the end of February with the final funding rate and allocations in March 2011.

3. Availability of Resources.

- 3.1. The way that resources are being given to schools is changed. Instead of receiving a formula allocation and separate allocations for other grants, schools will in future receive resources through two main funding streams:
- The Individual Schools Budget (ISB); and
 - The new Pupil Premium.
- 3.2. There is, in addition, a new Early Intervention Grant (EIG) which incorporates existing funding streams such as the Sure Start Early years and Childcare Grant (SSEYCG) together with some resources previously provided through the Area Based Grant (ABG). The EIG for Haringey is, in comparison with its component 2010-11 elements, reduced by around £5m; the EIG will continue to fund services which benefit children e.g. Children's Centres.

The 'Enhanced DSG'

- 3.3. A number of grants have been mainstreamed and will now form a part of the DSG. The level of DSG resource for 2011-12 has generally been maintained on a per pupil basis at the 2010-11 cash level, including the element that was received in respect of the specific grants identified in Table 1 below. There are, however, a few exceptions to this general principle which are highlighted below:
- (i) Within the resources given to schools through the Primary National Strategies the following elements present in 2010-11 totalling £344,000) have not been continued into 2011-12:
- Assessment for Learning (AfL) [£128,000];
 - Communication Language and Literacy Development (CLLD) Project [£65,000];
 - Behaviour and Attendance (SEAL) cross phase [£80,000]
 - Primary EAL hub [£8,000]
 - Maths Specialist Teachers (MaST) [£18,000]
 - Improving Schools Programme (ISP) [£45,000]
- (ii) Within the resources given to schools through the Secondary National Strategies the following elements present in 2010-11 would appear to not have been continued into 2011-12:
- Assessment for Learning (AfL) [£77,000];
- (iii) The Playing for Success [£80,000] element of the Standards Fund has ceased;

- (iv) The Aim Higher [£277,000] element of the Standards Fund has ceased;
- (v) The Diploma Formula Grant has reduced by £122,000 and the Diploma Local Delivery Support Grant [£88,000] has ceased; and
- (vi) Foundation Learning (also known as KS4 engagement has moved into the new Early Intervention Grant) [£80,000].

Table 1 – Enhanced DSG 2011-12.

Based on 32,084 pupils (2011-12 allocations)	Amount Devolved 2010-11 (£m)	Amount Retained 2010-11 (£m)	Total Amount 2010-11 (£m)	Total Amount 2011-12 (£m)	Per Pupil 2011-12 (£)
Dedicated Schools Grant	152.498	19.631	172.129	172.129	5,364.29
School Standards Grant	5.557	0.036	5.593	5.593	942.52
School Standards Grant (P)	2.568	0.003	2.571	2.571	
School Development Grant	10.739	0.359	11.098	11.076	
School Lunch Grant	0.250	0.143	0.393	0.393	
Ethnic Minority Achievement Grant	4.365	0.628	4.993	4.993	
1-2-1 Tuition	1.199	0.090	1.289	1.289	
Extended Schools - Sustainability	0	0.921	0.921	0.921	
Extended Schools - Subsidy	0.995	0	0.995	0.995	
Targeted Support for Primary	1.373	0.149	1.522	1.118	
Targeted Support for Secondary	0.390	0	0.390	0.313	
Diploma Formula Grant	0.195	0	0.195	0.073	
London Pay Additional Grant	0.853	0.052	0.905	0.905	
Total	180.982	22.012	202.994	202.369	

- 3.4. In addition to the grants included in Table 1 the government has announced that it is awaiting the outcome of its review into Music services before confirming the treatment of those resources previously provided (£464,000) through the Standards Fund.
- 3.5. Clearly, one outcome may be the cessation of this funding as for other Standard Funds grants and, in that event, the Forum could choose to replace it with DSG funding. If that were the case it would be reasonable for the Forum to expect the Head of the Music Service to provide some information on how DSG resources could be used. **The views of the Forum are sought in relation to Music services, and specifically on whether and under what circumstances they might consider funding from DSG, including whether attendance by Peter Desmond at a future Forum meeting is appropriate.**
- 3.6. The treatment of the resources for the extension of the free entitlement relating to the introduction of the Early Years Single Funding Formula (EYSFF) which was previously funded through the Standards Fund, is also different. An amount equivalent to either the full time equivalent (fte)

number of eligible 3 and 4 year olds, or 90% of the 3 and 4 year old population (whichever is the higher) will be funded at the Guaranteed Unit of Funding (i.e. £6,306.81) for the additional 2.5 hours; this will be in addition to the 'enhanced DSG'. In 2010-11 funding for this purpose amounted to £2.246m.

3.7. In summary therefore the Council will be funded for the DSG on the basis of the number of relevant fte pupils as recorded on the January 2011 PLASC and other relevant returns, multiplied by £6,306.81 plus the additional resources for the extension of the free entitlement described in paragraph 3.6.

3.8. The important message to note is that DSG funding, including mainstreamed grants, has been maintained at 2010-11 cash levels i.e. it does not include any inflationary increase.

3.9. As in previous years we have taken a conservative approach in estimating likely DSG, basing it upon 2010-11 pupil numbers, this means that for 2011-12 we have used an estimated DSG of £204.615 being:

Table 2 – Estimated DSG 2011-12

	2011-12 £m
Enhanced DSG 2011-12 (based on 32,084 fte pupils)	202.369
Extension of the Free entitlement for 3 and 4 year olds	2.246
Total Estimated DSG	204.615

The Pupil Premium

3.10. In addition to the 'enhanced DSG' described above the government has announced the introduction of a new Pupil Premium for disadvantaged pupils. This funding is to be provided by way of a separate specific grant which must be passed on to schools with disadvantaged pupils. Because it is to be paid separately to schools it sits completely outside, and is therefore additional to, the Minimum Funding Guarantee (MFG)

3.11. The key features of the new Pupil Premium are:

- (i) It will be introduced from April 2011 for disadvantaged pupils in years reception to year 11 based on the January 2011 PLASC return;
- (ii) A disadvantaged pupil is defined as a pupil eligible for Free School Meals at January 2011
- (iii) A flat rate Pupil Premium of £430 per pupil will be payable for each disadvantaged child;
- (iv) Children who have been looked after for more than 6 months during 2010-11 will also attract the Premium in 2011-12;
- (v) Children whose parents are in the armed forces will attract a Premium of £200 in 2011-12.

- 3.12. The government has also announced its intention to extend coverage of the Pupil Premium from 2012-13 to include pupils who have previously been known to be eligible for FSM (the so called 'ever FSM' indicator).
- 3.13. We have been notified of the amount that we are to receive in respect of the Looked After Children (LAC) element for 2011-12 which is £132,870.
- 3.14. Because the final Pupil Premium is to be based on the January 2011 PLASC return, we do not have a final figure in respect of 2011-12 however, based on the January 2010 returns we estimate that the Pupil Premium will be worth approximately £4.3m to Haringey Schools. There will of course be very significant variation between Haringey Schools due to the uneven incidence of FSM eligibility across the borough. Based on the 2010 data this would have ranged from £430 (1 pupil) to £338,000 (786 pupils).

4. Application of Resources

- 4.1. There are a number of issues which are relevant in determining the application of resources, each of which are explored more fully below. These include:
- The availability of headroom;
 - The treatment of resources previously provided as separate grant but now subsumed into the 'enhanced DSG' (Table 1 above refers);
 - The introduction of an Early Years Single Funding Formula (EYSFF);
 - Pressures within Central Expenditure items
 - The Forum's view on priorities for any available headroom;

The Availability of Headroom

- 4.2. Headroom at its simplest level can be defined as the amount of resources available once the cost of the Minimum Funding Guarantee (MFG) has been met. Because the Guaranteed Unit of Funding has been maintained at 2010-11 levels, all other things being equal, there would be no headroom in 2011-12.
- 4.3. However, in its previous consultations on school funding for 2011-12 the government has raised the possibility of the MFG being negative (-ve) on the basis of schools being required to make 'efficiencies in procurement and back office support'. For 2011-12 the MFG has indeed been set at negative -1.5%. The calculation of a school's MFG will also include grants previously provided separately in order to allow a like for like comparison.
- 4.4. The effect of the MFG on individual schools and therefore overall, is difficult to predict given that it will be based on the January 2011 PLASC return from schools however, based on 2010-11 data and applying a negative -1.5% MFG would generate £2.1m of headroom in respect of Schools' Budget Share and a further £0.4m in respect of those grants

now subsumed into DSG. In total therefore an amount of around £2.5m could be available as headroom within the Individual Schools Budget (ISB).

- 4.5. It should be noted that the Pupil Premium is to be paid as a specific grant to schools and therefore sits outside of the MFG calculation; some schools, with high numbers of disadvantaged pupils, may therefore see a significant amount of additional resource over and above their budget share.

The treatment of previous grant resources.

- 4.6. Table 1 above set out those grants which have now been subsumed into DSG from 2011-12. The value of these grants received by schools in 2010-11 is protected through the MFG as described above however, there are a number of ways in which these can be included within schools' budget shares, before the calculation of the MFG. The Forum should note that these grants are now un-hypothecated and they may be reallocated as the Forum sees fit.
- 4.7. The government has stated its intention to allow the distribution of these grant streams to be preserved by including within the school funding regulations the ability for Council's to either replicate the cash value given to schools in 2010-11 or replicate the formula allocation methodology used in 2010-11. In calculating the potentially available headroom above we have also assumed that a -1.5% efficiency saving would also apply to those grants subsumed into DSG which is consistent with the calculation methodology for the Minimum Funding Guarantee (MFG).
- 4.8. Some of these grants are 'universal' e.g. the School Standards Grants (SSG) going to all schools on a consistent formula and containing no element of centrally retained resources (other than that for those pupils educated in central provision such as the PRU) The treatment of these grants are relatively straightforward although there will be a different result depending on the following two options:
- (i) ***replicating the 2010-11 cash amount*** – this approach would base schools' allocations on their 2010-11 characteristics so that, for example, a grant such as the SSG which has a per pupil component, would not reflect any pupil number changes in 2011-12; or
 - (ii) ***replicating the 2010-11 formula*** – this approach would recalculate schools' allocations based on their 2011-12 characteristics. To the extent that there were changes in the base data (e.g. pupil numbers) this approach would either draw or supplement the amount of headroom identified in Appendix 2.
- 4.9. **For universal grants the recommendation is to replicate the cash amount (i) above because it is the most straightforward to**

understand and implement and has the advantage of not distorting the amount of headroom upon which decisions can be taken.

4.10. We consider that the following (from Table 1) are universal grants as described above:

- School Standards Grant;
- School Standards Grant (personalisation);
- School Development Grant (excl. Specialist and High Performing); and
- London Pay Additional Grant.

4.11. Where a grant has been used in a more targeted way, including its retention centrally by the Council or those relating to school improvement or for the Specialist School allocation within the SDG there are a number of options for deciding how to allocate those resources. Some of the streams identified in Table 1 are in fact comprised of several separate strands e.g. the Primary National Strategies strand has 8 separate streams and the School Development Grant has separate streams for:

- Main grant;
- Specialist Schools; and
- High Performing Specialist Schools

4.12. The main options are:

- (i) **Replicating the 2010-11 cash amount** – for those same schools in receipt of allocations in 2010-11;
- (ii) **Continuing to retain sums centrally;**
- (iii) **Prioritising certain schools** – in a way which reflects a specifically determined need;
- (iv) **Distributing the relevant sum across all schools** – on a rational basis such as a lump sum, pupil numbers or combination; or
- (v) **Adding the sum to headroom** – the Forum would then indicate its priorities for the use of headroom.

4.13. In considering these options the Forum are reminded that the MFG will take into account the sums actually received by schools in 2010-11 from all grants subsumed into DSG which will, in any case, provide some stability to those schools in receipt of grants from whatever source in 2010-11. The specific approval of the Forum is also needed to retain sums centrally as this might cause the Central Expenditure Limit to be breached.

4.14. For previously targeted grants the general recommendation is to add the relevant sum to headroom (v) because the strong indication from the government's approach in subsuming these grants into the DSG, is that these should no longer be targeted.

- 4.15. However, in practice schools in receipt of these various streams will continue to receive protection for their 2010-11 cash amounts through the MFG which will replace all apart from 1.5% of the original amount from headroom.
- 4.16. There are three specific areas where the Council would like to propose an alternative approach:
- The Ethnic Minority Achievement Grant (EMAG) including the centrally retained element;
 - The School Lunch Grant; and
 - £522,000 of the Extended Services grants.
- 4.17. These are explored further in the following paragraphs.
- 4.18. The government has said that it will allow within the school funding regulations local authorities to retain funding centrally within the DSG for services which support schools in narrowing the achievement gap for underperforming ethnic groups and meeting the needs of bilingual learners. This will enable the authority to continue to fund centrally services funded through the EMAG grant which accounted for around £628,000 of expenditure in 2010-11.
- 4.19. **The Forum are asked to endorse the approach where both the schools and the Local Authority components of the EMAG are distributed at the same cash value as in 2010-11.**
- 4.20. The Forum has previously endorsed an approach whereby the School Lunch Grant is targeted only in support of those schools that have maintained the price of a meal to parents at the recommended rate. It is proposed to continue this arrangement in 2011-12 and therefore the **Forum is asked to endorse replicating the formula used in 2010-11 to distribute the School Lunch Grant to schools.**
- 4.21. A further issue is that resources from some grants subsumed into DSG have been used to fund centrally based staff or as contributions to broad based initiatives such as for Play or NLC allocations made from the Extended Schools – sustainability grant.
- 4.22. In framing its proposals for savings within Children’s Services we are also conscious of the way some of these funds have been used in support of activities, such as the resources provided in support of Play provided through the Extended Schools sustainability grant and breakfast clubs; we are keen for this ‘wraparound childcare’ to continue, particularly for the most vulnerable children and this is an important area of discussion taking place with identified schools.
- 4.23. We would like to propose that £522,000 be targeted in 2011-12 only to provide some transition in support of identified schools to take on those services which have previously been provided centrally. It is envisaged

that after the transition year, schools will be able to deliver these services in a self-sufficient way and the resources can then be distributed to all schools.

4.24. We have identified in Appendix 4 schools that we have previously supported in the provision of Breakfast Clubs or After School Childcare provision (or both). Based on an assumed standard 1 hour of provision for Breakfast Club and 3 hours of provision for After School Childcare, we would propose making available in 2011-12 a sum of £9,000 for Breakfast Club and £27,000 for After School childcare provision.

4.25. The Forum are asked to endorse the approach for 2011-12 only of targeting resources at the schools identified in Appendix 4 for the support of wraparound childcare activities.

4.26. There are other grants which were used to support central expenditure such as that in connection with the national strategies – these can be seen from Table 1. The loss of this funding has been reflected in the proposals for much reduced services in the future in both School Standards and Children's Networks; the corollary being that this resource (c£997,000) will be added to the available headroom in the way proposed in paragraph 4.14 above.

5. Application of Headroom within the ISB

5.1. This section of the report sets out options for the application of headroom within the ISB.

The Introduction of an Early Years Single Funding Formula.

5.2. Elsewhere on the agenda the Forum is being asked to consider the formula for implementing the free entitlement for 3 and 4 year olds. The current exemplification identifies a shift of resource from maintained settings to the Private, Voluntary and Independent sector. Whilst there are specific proposals for phasing implementation in over a three year time frame and also recognising that the Minimum Funding Guarantee will provide a degree of protection for maintained schools, a further option for mitigating the effects of this would be to direct 'headroom' towards the deprivation supplement contained within the EYSFF formula.

Prioritisation of Deprivation/ AEN Funding.

5.3. The School Forum has proposed and the Cabinet endorsed an approach to increase the resources delegated to schools through deprivation measures and has been allocating, where resources permit, additional headroom through the AEN/ Deprivation factor within the schools funding formula.

Locally proposed Formula Changes

- 5.4. A small number of changes to the Haringey Formula are considered necessary in the following areas:
- VI form Centre additional lump sum (£25,000);
 - Increase in resourced places within schools and the ILC (£470,000) ;
 - An additional lump sum, on a transitional basis, for expanding schools on split sites (£57,000)
- 5.5. The Council is required to consult The Forum on such changes and, as such, the Forum has received previously details of these proposed formula changes. We will also be seeking the views of schools on these proposals separately.
- 5.6. In addition we estimate that funding of £450,000 is required for new classes under the provision for new and expanding schools within the formula.
- 5.7. To the extent that these require additional resources as set out above it is proposed that the resource be taken from the available headroom within the ISB.**
- 5.8. In determining how to distribute any remaining headroom there are two main options available to the Forum:
- (i) A general distribution to all pupils through an enhancement to the Key Stage Funding units; or
 - (ii) A more targeted approach based on the Forum and the Cabinets priority of enhancing those resources provided via deprivation measures.
- 5.9. In balancing these two options the following considerations are relevant:
- **All** schools will experience an initial budget reduction of -1.5% per pupil based on the government's view about the scope for efficiencies in schools;
 - **Some** schools will receive additional resources through the Pupil Premium targeted at those entitled to FSM;
 - **All** schools will have to absorb inflationary pressures some of which are set out in Table 3 below:

Table 3 – Estimated Inflationary pressures for Schools 2011-12

Component	Proportion of Total Spend	Assumed Increase 2011-12	Aggregate rate
Teachers Pay (Full Year effect September 2010 award)	61.6%	1.00%	0.616%
Teachers pay (anticipated 2011 award)	61.6%	0.00%	0.000%
Support Staff 2010 and 2011 anticipated awards	25.9%	0.00%	0.000%
Other Non Pay elements	10.7%	2.00%	0.214%

Energy	1.8%	20.00%	0.360%
Other Issues <ul style="list-style-type: none"> National Insurance 	87.5%	1.00%	0.875%
Estimated Aggregate Rate			2.065%

5.10. The Forum will want to consider whether the Pupil Premium has already prioritised funding towards deprived pupils sufficiently and, as a consequence a general distribution to assist with pressures facing all schools is appropriate.

5.11. **It is proposed that the available headroom within the ISB, be routed:**

- (i) For 3 and 4 year old children through the deprivation supplement within the EYSFF; and*
- (ii) For all other age groups of children through the AEN/ Deprivation factor within the Haringey Formula for Financing Schools.*

5.12. As identified above the Forum may however, wish to propose an alternative distribution for consideration by the Cabinet.

6. Other Issues.

6.1. There are a number of pressures within the centrally retained element of the DSG, most notably resources for pupils with SEN educated out of the borough. To an extent this is being mitigated through increased resourced provision at the Integrated Learning Campus and Heartlands School, although a continued pressure above 2010-11 levels of funding amounting to £167,000 in independent and voluntary schools is anticipated.

6.2. In addition there is a continuation of the previously agreed process of charging transport costs (which generally sit outside of the DSG) to the DSG. This can only happen with the specific agreement of the Forum and is predicated upon savings to the DSG from the more efficient provision of SEN services; it is therefore linked to the issue outlined at paragraphs 5.4 and 6.1 above.

6.3. In the same way as schools are required in 2011-12 through the maintenance of funding at 2010-11 levels to deliver efficiency savings in order to fund inflation and other pressures and also recognising the need to avoid a breach of the Central Expenditure Limit (CEL) which requires central expenditure to increase at a rate no greater than that seen in schools budgets, it is proposed that pressures within the centrally retained resource of the DSG be contained through savings and efficiencies in that part of the DSG. A 1.5% efficiency target on the 2010-

11 centrally retained resource of £20.5m, including rolled in grants, yields £307,000 and it is proposed that this approach be adopted to fund any pressures, including those identified in paragraphs 6.1 and 6.2 above.

7. Summary

- 7.1. Schools' funding for 2011-12, including mainstreamed grants, has been maintained at 2010-11 cash levels.
- 7.2. Additional funding has been made available for disadvantaged pupils through the new Pupil Premium.
- 7.3. The mainstreaming of grants will release some additional resource to schools previously used to fund centrally based staff although the resource used centrally to support the achievement of ethnic pupils through EMAG is proposed for retention centrally.
- 7.4. Headroom is likely to be available within the ISB both from the application of the MFG and from the approach proposed for the mainstreaming of grants and a number of uses are proposed in a priority order.
- 7.5. To the extent that pressures are present within the centrally retained DSG these must be funded from savings and efficiencies made from central services.
- 7.6. The approach adopted should ensure that the Central Expenditure Limit is not breached in 2011-12.

8. Capital Issues 2011-12

- 8.1. The government has also announced the basis for calculating schools' Devolved Formula capital (DFC) allocations which, on a like for like basis, indicate a reduction of about 80% reduction over 2010-11 formula levels. Because the DfE paid part of the 2010-11 formula allocation in 2009-10 this represents a cash reduction of over 66% compared with last year. Further reductions will also apply to secondary schools substantially refurbished or replaced through the Building School for the Future (BSF) programme.

9. Conclusion

- 9.1. In accordance with its consultative role in connection with the Schools Budget, the Forum considers and gives its view on the issues raised in this paper for consideration by the Council's Cabinet.

NEVILLE MURTON

Appendix 1.

Grants ending 2011-12
Assessment for Learning (paid via National Strategies grant)
Targeted Improvement Grant (including Gaining Ground)
National Challenge
City Challenge
Playing For Success
Aimhigher
Local Delivery Support Grant
Prospectus and Common Application Process
School Development Grants (LA retained)
School Travel Advisers
School Improvement Partners
Secondary National Strategy - Behaviour and Attendance
Primary National Strategy - Central Co-ordination
Secondary National Strategy - Central Co-ordination
Extended Schools Start Up Costs
Flexible 14-19 Partnerships Funding
School Intervention
General Duty on Sustainable Travel to School
Designated Teacher Funding
Choice Advisers
Education Health Partnerships

Appendix 2

DSG Budget Strategy 2010-11

	%	2011-12 £m		Total
		ISB	Central	
2010-11 DSG		152.498	19.631	172.129
Rolled in SF Grants				30.240
Early Yrs flexible entitlement				2.246
Estimated resources 2011-12				204.615
<i>Use of Resources Outside Headroom</i>				
Rolled in grants – Universal		18.505	0.091	18.596
Rolled in grants – Targeted		5.137	0.143	5.258
Rolled in grants - Central			0.628	0.628
Rolled in grants – other ²		4.761		
Early Yrs flexible entitlement		2.246		2.246
Sub-total		183.147	20.493	
<i>Calculation of estimated Headroom</i>				
Minimum Funding Guarantee ¹	-1.5%	(2.500)	(0.307)	(2.807)
New School opening costs		(0.234)		(0.234)
Additional Resourced Provision (Heartlands and ILC)		0.470		0.470
Other Formula changes		0.082		0.082
Formula pressures – new classes.		0.450		0.450
SEN Placement costs			0.167	0.167
SEN Transport costs			0.300	0.300
Add'l savings to be found			(0.160)	(0.160)
Headroom Available (est)		2.707	0	2.707
2011-12 Estimated DSG		184.122	20.493	204.615
<i>Additional Resources</i>				
Pupil Premium – Schools		4.266		
Pupil Premium – LAC		0.133		
Pupil Premium - Total		4.399		

Note 1: The MFG calculation for the Schools Budget makes adjustments for NNDR, SEN and other adjustments and so does not multiply through. The MFG for schools and Centrally Retained resources includes rolled in grants.

Note 2: Although described as being added to headroom the MFG will seek to replicate the 2010-11 distribution and which will draw as a first call upon that headroom.

Appendix 3.

Members' Room
5th Floor, River Park House, 225 High Road, Wood Green, London N22 8HQ
Tel: 020 8489 2966 Fax: 020 8881 5218
www.haringey.gov.uk



Cabinet Member for Children and Young People Councillor Lorna Reith

Haringey Council

Lord Jonathan Hill

House of Lords
London
SW1A 0PW

Lord Hill,

You kindly met with Lynne Featherstone MP and representatives from the Haringey Schools Forum in June to hear our concern that the Area Cost Adjustment methodology unfairly disadvantages Haringey children. We felt it was an encouraging meeting and that you understood the difficulties that we faced.

We were therefore dismayed that your government's Provisional Local Government Finance Settlement for 2011-12 failed to address the inequity of the current funding arrangements.

When we met, we highlighted that the funding gap was significant and widening. We have illustrated this in the following table, which shows that the difference between our per pupil funding and the average per pupil funding for our 'inner London' neighbours (Camden Islington and Hackney) increased from £1,114 in 2009-10 to £1,172 in 2010-11.

	2009-10 DSG Per Pupil	2010-11 DSG Per Pupil	Per Pupil Differential
Haringey	5,161	5,364	203
Camden	6,373	6,618	245
Islington	6,043	6,310	267
Hackney	6,409	6,682	273
Average of neighbours	6,275	6,536	261

We are also dismayed that the new Pupil Premium for disadvantaged children does not recognise area cost differentials. This is particularly disappointing because you pointed out at our meeting that the Pupil Premium would be of particular benefit to Haringey as a deprived borough, whereas in fact the use of a flat rate reduces the value of the premium in high cost areas such as Haringey.

We are disappointed that your government did not take the opportunity offered by the mainstreaming of grants into the DSG to address the lack of area cost differentials in these grants. The lack of such a differential has always reduced the value of these grants in a high cost area like London.

We have repeatedly highlighted what is perhaps the most obvious inequity, the requirement on us to pay inner London weighting to our teachers whilst being funded at levels significantly below inner London authorities. No minister from this or the previous government, nor any

departmental official, has been able to justify the significant disparity in funding that is depriving children in Haringey of around £35-£40m *per annum*. Indeed, Michael Gove, in a recent visit to Haringey, acknowledged the unfairness of the current funding formula. He also recently received a letter from the Haringey Schools Forum about the impact of our funding in relation to the Early Years Single Funding Formula.

We find this extremely disappointing, especially following the apparent acceptance of our case after strong local feelings on this issue, expressed in the campaign for 'A Fair Deal for Haringey Children', generated an overwhelming response for change in the DSG consultation

We would ask you to consider what measures you can take so that the intention of school funding to deliver resources equitably and transparently across the country, including the new Pupil Premium, can be achieved for Haringey.

Yours sincerely.

Councillor Reith
Cabinet Member for Children and Young People

CC:

Lynne Featherstone MP
David Lammy MP
Tony Brockman

Appendix 4.

Local Authority provided After School Childcare Services:

Alexandra
Broadwater Farm *
Campsbourne
Chestnuts *
Crowland
Mulberry *
Muswell Hill
Noel Park *
North Harringay
Rhodes Avenue
Stroud Green
Welbourne *
Weston Park

Local Authority funded Breakfast Club provision (in addition to those * above)

Bounds Green
Bruce Grove
Coleraine
Devonshire Hill
Downhills
Earlham
Earlsmead
Ferry Lane
The Green
Lancasterian
Lordship Lane
Risley Avenue
South Harringay
West Green