

Schools Forum 22 May 2007

Report of the Director of Children's Services

Primary Schools Reorganisation

Purpose of Report

1. To update Schools Forum on the financial position relating to the closure of four primary schools during 2006/07.

Budget Working Group Discussed

2. No

Schools Forum Action

3. Note the contents of the report and the on-going staffing costs

Attachments to Report

4. Appendix 1 – Financial summary for the 2006/07 financial year
5. Appendix 2 – On-going estimated staffing costs 2007/08

Karen Cocker
Children's Services Finance Manager
8 May 2007

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Purpose of Report

1. To update Schools Forum on the financial position relating to the closure of four primary schools during 2006/07.

Background

2. During the 2006/07 financial year, four Dudley primary schools closed: Beauty Bank, Holt Farm, Highfields and Sycamore Green. In order to facilitate the accounting process for the closure of the four schools and the relocation of the former pupils a financial framework was necessary. This report provides the 2006/07 financial year details relating to the allocation of available funds arising from the reorganisation process and highlights the anticipated on-going costs for 2007/08.
3. Although this report concentrates on financial matters, schools Forum will be interested to know that the primary pupil:teacher ratio (PTR) improved from 20.4 in January 2006 to 19.6 in January 2007. This suggests the view that actions such as closing schools do not necessarily lead to larger class sized and crowded schools.

4. **Income Budgets**

The income budgets as shown in Appendix 1 available during 2006/07 for allocation related to:

- a. **Claw Back of the Delegated Budget and Standards Fund Allocations**
Each of the four schools were allocated a budget in the 2006/07 financial year to cover the period from 1 April 2006 until the date of closure; where Holt Farm, Highfields and Sycamore Green were allocated 5/12ths and Beauty Bank 9/12th. The claw back of funds was therefore the balance unallocated at the point of closure.
- b. **Schools Reserves at 1.4.2006**
This relates to any reserves held by the four closing schools at the beginning of the financial year, after taking into account any outstanding commitments.

- c. Schools Delegated Budget 2006/07 In Year Surplus/Deficit
This represents the schools operating position for the 2006/07 financial year arising from the 2006/07 delegated budget allocation.
- d. Devolved Capital
This represents any accumulated unspent devolved capital from the four schools as at 31 March 2007.

5. **Expenditure Budgets**

The re-allocation of available funds as shown in Appendix 1 related to:

- a. School Budget Share Re-allocated (Sep /Jan) – Managed Moves
Funding for 449 re-located pupils was allocated to 26 Dudley schools, either from September 2006 or January 2007. This allocation was based on a 'per pupil rate' for each of the closing schools which ranged from £1,369 to £1,489.
- b. School Budget Share Re-allocated (new Reception PLASC 2007)
Additional funding was allocated to 11 schools for 103 pupils at a per pupil rate of £1,115 in recognition that at January 2007, a number of the reception pupils entering some Dudley schools would have been destined for the former closed schools; this meant some schools experienced additional costs as a result.
- c. One Off Allocations
A sum of £40k was allocated to each of the three schools which closed in August 2006 together with £40k for their partnering schools.
- d. DGfL (Dudley Grid for Learning)
This represents the cost of relocating the IT equipment from the closed schools to the receiving schools.
- e. Statemented Pupils
Once the destination of those pupils at former closing schools with statements of SEN was known, this part-year funding was allocated to the receiving school.
- f. Uniform Allowances
A sum of £50 per managed move pupil was allocated to the receiving school.
- g. Bus Passes
A number of bus passes were funded for pupils and parents relocating from Beauty Bank school.
- h. Devolved Capital
This funding has been centralised for future distribution in accordance with need. The LEA has the discretion to reallocate between schools on a fair basis any money released from closing schools, and it is the LEA's responsibility to manage in year adjustments of this nature.
- i. Redundancy Costs
7 staff took voluntary redundancy at 31 March 2007; this was in accordance with the report issued to Schools Forum on 20 March 2007 where 11 staff were approved.

Schools Forum had already earmarked the voluntary redundancy funding as a budget for 2007/08 so this can now either be set aside for the ongoing staff costs (paragraph 7b) or for the anticipated funding gap of future closing schools such as Cradley High secondary school, as discussed at the March Schools Forum.

6. **Net Financial Position**

The net position at the 31 March 2007 is an overall surplus of £129k. Appendix 1 refers. This has been carried forward into 2007/08 as a reserve and earmarked to fund the on-going staffing costs as identified in paragraph 7b.

7. **Other Funding Issues**

a. **Schools Standards Grant (SSG)**

Each of the four closing schools were allocated a budget in accordance with the period to which the school would be open during the 2006/07 financial year: where Holt Farm, Highfields and Sycamore Green were allocated 5/12ths and Beauty Bank 9/12th. However, as the DfES regulations do not permit the SSG to be reallocated where a school is closing in year, the balance of SSG remaining for the 2006/07 financial year has been returned to the DfES in accordance with their guidance.

b. **Staff in Temporary Posts**

At the 31 March 2007, 7 of the 11 staff have taken voluntary redundancy as approved at Schools Forum on 20 March 2007; 4 staff declined to take voluntary redundancy at this stage. This leaves 32 members of staff remaining from former closed schools who are currently seeking a permanent post. Some of the 32 staff have temporary funding identified from alternative sources (such as those schools who are currently employing these staff on a temporary basis), which will minimise the cost to the DSG (Dedicated Schools Grant) for the 2007/08 financial year. However as many of the temporary contracts are scheduled to end on 31 August 2007 the Directorate continues to work with these staff to secure permanent posts and therefore to minimise costs. The estimated cost to the DSG for 2007/08 is £349k in accordance with the details in Appendix 2. A reserve of £129k (paragraph 6) has been carried forward from 2006/07 to 2007/08, which can be offset against this charge. This will leave the current balance of £220k to be shown as an overspend on the 2007/08 DSG budget monitoring report. An updated position will be provided to Schools Forum at future meetings.

c. **Ongoing Premises Costs**

Premises costs for Highfields, Holt Farm and Beauty Bank. A sum has been earmarked within the schools specific contingency to fund the ongoing premises costs of the closed schools until such time that a disposal is made; any unspent balance can be used to offset the staffing costs highlighted in paragraph 7b.

Finance

8. The funding of schools is prescribed by the DfES through the School Finance (England) Regulations 2007.

9. From 1st April 2006, the Schools Budget is funded by a direct DfES grant: Dedicated School Grant (DSG).

Law

10. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

Equality Impact

11. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

Recommendation

12. Schools Forum note the financial details relating to the 2006 Dudley primary schools re-organisation and in particular the on-going staffing issues relating to the four closed schools.



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PRIMARY SCHOOL REORGANISATION 2006/07

FINANCIAL IMPLICATIONS 2006/07

SUMMARY – HIGHFIELDS/SYCAMORE GREEN/HOLT FARM/BEAUTY BANK

<u>Income</u>	£
School budget share clawed back	1,128,498
Standards fund revenue clawed back	75,088
Devolved capital unspent at 31.3.07	153,052
School reserves at 1.4.06	141,283
Schools in-year surplus /(deficit) for 2006/07	24,671
Total Income	<hr/> £1,522,592
<u>Expenditure</u>	
School budget share re-allocated (Sep /Jan) – managed moves	637,948
School budget share re-allocated (new Reception PLASC 07)	114,880
Standards fund revenue re-allocated	75,088
Devolved capital centralised pending re-allocation	153,052
Statement pupil adjustments	22,868
One off allocations (6 schools @ £40k)	240,000
Uniform payments (@ £50 per pupil)	17,750
Bus Passes	19,014
DGfL /computer moves	49,002
Redundancy costs	63,037
Total expenditure	<hr/> £1,392,639
Net Income and balance carried forward to 2007/08 at 31.3.07	<hr/> <hr/> £129,953

APPENDIX 2

PRIMARY SCHOOL REORGANISATION 2006/07

**FINANCIAL IMPLICATIONS ARISING IN 2007/08 *part year* and 2008/08 *full year*-
STAFFING**

School	Employees remaining at May 2007	Estimated Annual Cost £000	Estimated Cost (par year) 2007/08 £000	Designation of Staff						
				Thr	A	C/t	Cr	NN	My	EiC
Beauty Bank	7	95	56	1	1	1	2		2	
Highfields	6	120	110	2		1	1	2		
Holt Farm	12	236	113	3	1	1	2	1	4	
Sycamore Green	7	210	70	2			1	1	1	2
Total	32	£661	£349	8	2	3	6	4	7	2

Key: Thr = Teacher

A = Admin

C/t = Caretaker

Cr = Cleaner

NN = Nursery nurse

My = Midday Supervisors

EiC – Excellence in Cities staff