

## TECHNICAL FUNDING SUB-GROUP OF SCHOOLS FORUM

24<sup>th</sup> Sept 2010 – Notes & Further Action

### Members Present

Anne Bell (Headteacher, Willow Nursery School)  
Bill Hamilton (Roman Catholic Diocese Representative)  
Jim Parker (Headteacher, Manshead Upper School)  
Richard Holland (Governor, Harlington Upper School)

### Apologies

Shirley-Anne Crosbie (Headteacher, Glenwood Special School)  
Ray Payne (Headteacher, Henlow Middle School)

### Officers Present

Dawn Hill – Senior Finance Manager – Children's Services  
Gezim Leka – Senior Financial Adviser - Schools

## BACKGROUND

It was resolved at the School Forum meeting on 29<sup>th</sup> June 2009 to establish a Technical Funding Sub Group. The remit of the group is to review the current formulae for the Individual Schools Budgets (ISB), identify any factors that need reviewing, propose changes arising out of the current School Funding consultation, gain an understanding of the LA issues regarding retained Direct Schools Grant (DSG) and the calculation of the Indicative budget.

The 2009/10 Technical group discussed the following:

- Deprivation Funding
- Ghost Funding
- Pupils of Armed Forces
- New School Factor
- Relocating Schools
- Lump Sums
- Early Years

## UPDATE ON MEETING

This is the first meeting of the new group and was to act as both a training session on current methodologies relating to DSG and S251 and to discuss way forward on current funding consultation.

The discussion started around S251 budget statement (formerly S52), a statutory Children's Service Statement. The LA has a statutory duty to publish their Budget and Out-turn statements by a date prescribed by the DfE.

The S251 statement includes Schools Individual Budgets (ISB) – funded by DSG and YPLA (Young Peoples Learning Agency for post 16), Grants, Centrally retained DSG to support central services (known as Central Expenditure CE) as well as Other LA expenditure on Children Services.

Questions were raised as to the level of DSG held by the LA for CE. The total DSG allocation for 2010-11 is £146.9m and the centrally held amount is £10.9m (excluding PVI).

Central retained DSG is prescribed in the School Finance Regulations. The LA must limit any increase on CE, from one funding period to the next, by ensuring that this increase does not exceed the increase on the Schools Budget (ISB), unless the LA obtain the approval of the Schools Forum or Secretary of State.

Central Expenditure include – School Specific Contingency, SEN, PRU, Admissions

The agenda items for the meeting were:

- Calculation of Indicative DSG Allocation
- Individual Schools Budget (ISB) and Central Expenditure (CE)
- Pupil Referral Unit (PRU)
- Early Years Single Funding Formula (EYSFF)
- Consultation on Schools Funding 2011-12
- Funding Formula, factors to be reviewed.

## **1. Calculation of Indicative Direct Schools Grant Allocation (DSG)**

Indicative DSG is calculated based on January Census, the pupils counted are:

- School Level Annual Census
- Alternative Provision Census
- Early Years Census
- 3 year old Adjustment (90% of estimated of 3 yr old population)

The DSG calculation is based on a Guaranteed Unit of Funding known as the GUF and for 2010/11 this was £4,094. This is then multiplied by the number of pupils from the indicative census data (Central Bedfordshire 36,408 pupil). This gives an estimated DSG of £149,050k.

DfE announces the final DSG allocation around July of each year after the data cleansing process and taking into account the recoupment for Academies (approx £2,351K).

## **2. Individual Schools Budget (ISB) and Central Expenditure (CE)**

ISB is allocated to schools through the local formula. Any changes to the formula must be consulted with Schools Forum. CE is the retained element of the DSG supporting central services.

Questions were raised by members of the group as to whether overheads are included in the CE. Overheads are included across a broad number of headings within the S251 statement and based on historical apportionment data. Although there is a heading (7.0.1) for Statutory duties, this is not the total amount of overheads.

There is an exercise being carried out at the moment reviewing all lines on S251 to ensure that both the DSG is being deployed in line with the School Finance Regulations and consistent with S251 guidance.

### **3. Pupil Referral Unit (PRU)**

Central Bedfordshire (CB) do not have a PRU, this is a shared service hosted by Bedford Borough. CB do not claim DSG for these pupils as the residing authority of the PRU is the Borough. There is a Service Level Agreement detailing the arrangements, however, CBC are in the process of disaggregating and will be making their own arrangements for 11/12.

### **4. Early Years Single Funding Formula (EYSFF)**

An update was given on the progress of the EYSFF. A consultation has been launched for all stakeholders from 29 September to 19 November 2010. The consultation is based on three proposed formula for funding distribution. The outcomes of the consultation will be presented to the Early Years Reference Group Nov/Dec. The EYSFF will be implemented April 2011.

### **5. Consultation on Schools Funding 2011-12**

A second consultation has been launched by the DfE on the 26<sup>th</sup> July with a closing date of 18<sup>th</sup> October 2010, two days before the Comprehensive Spending Review (CSR). One of the key priorities is to introduce a Pupil Premium to support disadvantaged pupils.

#### **o Pupil Premium**

A pupil premium will be introduced to support disadvantaged pupils, who continue to underachieve compared with their peers. Funding for the premium, which will be introduced in September 2011, will come from outside **the schools** budget to support disadvantaged pupils from Reception to Year 11. Schools will decide how best to use the premium to support the attainment of disadvantaged pupils. The intention is to allocate the funding by means of a separate specific grant and not through the DSG.

Looked After Children (LAC), who generally have poor attainment, will be covered by the pupil premium using a separate process via local authorities since deprivation indicators do not generally pick them up accurately.

The Government will also explore the scope for extending the pupil premium to include Service children

#### **o Funding Arrangements for 2011-12**

The Government is proposing to retain for 2011-12 the current system for allocating DSG, based on the 'spend plus' methodology. This is a change to the first consultation where they proposed a new methodology for 2011-12.

The intention is to mainstream relevant grants into the DSG but to allow local authorities to use previous levels of grant as a factor in their formula to support stability in funding at school level.

The Government is also proposing a number of other changes - pupil count for three year olds should reflect actual take up or continue to reflect a minimum of 90% participation where lower; whether to cease to provide DSG for dual subsidiary registrations for pupils registered at pupil referral units; and whether to remove the current cash floor provisions which protect authorities with falling pupil rolls.

Local authorities which are yet to do so will need to implement an Early Years Single Funding Formula from April 2011.

The DfE is also working with partners to review the methodology for funding academies from 2011-12.

The DfE will allow local authorities to apply for additional funding in respect of schools which serve large numbers of children of parents from the Armed Services and which face falls in pupil numbers due to Armed Forces movements, and also for home educated pupils.

The Government is intending to retain the minimum Funding Guarantee (MFG) arrangement for 2011-12, although no announcement at what level yet. The level of MFG will be set following the spending review, and it could be negative rather than positive.

The DfE intend to give indicative DSG allocations for 2011-12 to local authorities, and to announce the level of the pupil premium for each local authority, in November or early December, following the CSR announcement on 20 October 2010

The group considered whether they should again formally respond to the consultation or whether the F40 Group response on behalf of all member authorities sufficiently covered this. The Group decided that a short paragraph picking up the main differences in the two consultations and in line with the F40 response would be sufficient on this occasion. There was some cynicism amongst the group as to the closing date of the consultation being 2 days before the CSR and how the responses would impact this. It was agreed that the response would be circulated amongst the group and left with the Chair of the Forum to respond.

## **6. Funding Formula, factors to be reviewed.**

The Group were presented with examples of our current formulae for each sector. The format was explained and discussed. It was agreed that this would need reviewing for the implementation of the EYSFF for Nursery and Lower Schools.

The Group discussed Special Schools and the implications of changing needs. 2009-10 saw a reduction in the number of pupils in Special Schools however needs meant a higher placing on the banding. The School Forum agreed in March 2010 not to include two further bandings (5 & 6) in the ISB and that the current method of requesting additional funding would continue for 2010-11.

A general discussion then took place on what factors of the formulae were driven by pupil numbers and those that were lump sum depending on sector.

## **7. Next Steps**

To provide stability and to keep transparent with the possible merging of grants the Group proposed that there should be NO changes to any of the formula funding factors for 2011-12. The review last year picked up the main anomalies.

The Group also proposed that if grants were to merge following the consultation, such as SSG, SSG (P) and SDG that these grants should be clearly shown as a separate factor in the formula budget. This is in line with the DfE proposal to allow previous levels of grant as a factor in the formula to support stability in funding at school level.

In relation to Special Schools Funding the Group proposed NO changes to be made for 2011-12.

The Group discussed the two schools impacted by a Private Finance Initiative (PFI) arrangement. The contracts are set for a 28 year period and are costing schools more than initially predicted. A question was raised as to whether there should be a factor in the formula relating to PFI. It was agreed that this would be looked at along with a number of other factors once the new funding methodology is known for 2012-13. The factors suggested are :

- Floor area
- Threshold
- PFI
- Lump sum
- AWPU

Next meeting date TBA.