
Meeting: Executive
Date: 8 January 2013
Subject: School Funding Reforms – Schools Block
Report of: Cllr Mark Versallion, Executive Member for Children’s Services
Summary: The report sets out the proposed distribution for the Dedicated Schools Grant – School Block. These proposals have previously been subject to full consultation with all Maintained Schools and Academies and more recently to consultation with and agreement of the Schools Forum.

Advising Officer: Edwina Grant, Deputy Chief Executive/Director of Children’s Services
Contact Officer: Pete Dudley, Assistant Director for Learning, Commissioning and Partnerships
Public/Exempt: Public
Wards Affected: All
Function of: Executive

CORPORATE IMPLICATIONS

Council Priorities:

This report supports the Council to deliver the following priority:

- Educating, protecting and providing opportunities for children and young people.

Financial:

1. Funded by Dedicated School Grant (ring fenced)

Legal:

2. Not applicable.

Risk Management:

3. Not applicable:

Staffing (including Trades Unions):

4. Not applicable.

Equalities/Human Rights:

5. Not applicable.

Community Safety:

6. Not applicable.

Sustainability:

7. Not applicable.

Procurement:

8. Not applicable.

RECOMMENDATION:

The Executive is asked to approve the distribution of the Dedicated Schools Grant - Schools Block for 2013-14.

Background

9. Since the beginning of the financial year 2006/07 councils have received allocations of Dedicated Schools Grant (DSG) to finance the Schools Budget. The full DSG received must be applied to the Schools Budget in each Council; although Councils may provide additional resources in support of the Schools Budget should they decide to do so.
10. Two statements are signed annually by the Chief Finance Officer, after taking advice from the Director of Children's Services confirming that the DSG had been fully deployed in support of the School's Budget in accordance with the condition of the grant and the School Finance Regulations.
11. The School Finance Regulations govern the school funding distribution mechanism and currently allow authorities to use up to 37 funding factors within their formulae. Any changes to the distribution mechanism are proposed and decided by the Council, however, the Schools Forum must be consulted and voting by the Forum is restricted to school members only. DSG distribution has not previously been subject to Executive approval in that the changes to the scheme agreed with School Forum have tended to be amendments to the existing scheme. However, new and significant changes are proposed for distribution in 2013-14 which are set out below and the approval of the Council's Executive is sought.
12. The Department for Education held two Consultations in 2011; first, 'Rationale and Principles' and 'Proposals for a fairer system'. The second consultation proposed replacing the current schools funding distribution mechanism with a common, more transparent, fairer and less complex system. A third consultation was launched in March 2012 'Next steps towards a fairer system' built on these consultations outlining how the proposed system is to be implemented and operated. The final arrangements for 2013/14 were announced on 28 June 2012 and resulted in local consultation and the proposals which follow.

Schools Block - Arrangements for 2013/14

13. From 2013/14 the Dedicated Schools Grant (DSG) will be split into three funding blocks; (i) Schools, (ii) Early Years and (iii) High Needs. Councils, acting in their role as Local Authorities, are free to move funding between the blocks provided that they comply firstly with the requirements of central expenditure limits and secondly with the Minimum Funding Guarantee (MFG), which has been set to prevent a drop of more than 1.5% of funding per pupil for 2013/14 and again for 2014/15. The Schools block must be delegated to Schools with very few exceptions.
14. In order to support the movement towards a national funding formula (described in 13 above), all councils are required to simplify local arrangements for distributing funding to schools and to other providers. The current School Funding Regulations allow councils, acting in their role as Local Authorities, to use up to 37 funding factors within their formulae. Central Bedfordshire's local arrangements currently operate with 27. However, from 2013/14 only 12 factors will be permitted, two of which are not applicable to Central Bedfordshire. The 5 elements of those criteria allowable under the new rules that have been included in the new formulae are listed in paragraph 16 below.
15. A number of small school factors (infant class size, small school protection) are not permitted from 2013 and this may have a significant impact on small rural schools in future years after 2014. Once the protection from diminishing levels of funding provided to schools by the MFG reduces, it is likely that some schools will need to consider more cost-efficient organisational structures such as can be achieved through federating, amalgamating or by becoming part of an Academy chain. Schools on split sites will still be given funding per site under the new regulations. This is in line with the suggestion from the Secretary of State that encouragement be given to schools to merge or federate.
16. The following funding formula factors have been proposed by the Council, consulted on with schools and received agreement from the School Forum for distribution of the DSG in the 2013/14 financial year:
 - Basic Entitlement for Primary, Key Stage 3 and Key Stage 4
 - Deprivation based on weighted banded IDACI data. (The IDACI deprivation index is approved by the DfE for use in the distribution of Designated Schools Grant from 2013)
 - Lump Sum £120,000
 - Split Site £120,000
 - Rates based on actual cost

Growth Funds

17. Funds can be centrally retained from the Schools Block before allocation to schools and with agreement of Schools Forum, for funding significant pre-16 pupil growth and to fund expenditure that is incurred in order to make provision for extra classes (to comply with School Admissions [Infant Class Sizes] Regulations). Funds must be used on the same basis for the benefit of both maintained schools and Academies. The School Forum agreed at its meeting in November 2012 that £800k would be centrally retained to deal with applications by schools for funding for significant growth or infant class size regulations.
18. Any funds remaining at the end of the financial year must be added to the following year's DSG and reallocated to maintained schools and Academies through the local formula.
19. Local Authorities are required to produce criteria and to obtain Schools Forum agreement before growth funding is allocated. Central Bedfordshire's criteria were agreed by School Forum on the 26 November 2012 and will be submitted to the Education Funding Agency (EFA) as part of the submission required in January 2013.
20. A full consultation on the proposals was held with schools during September 2012 and received wide support from schools.

Education Funding Agency approval

21. The Council submitted the draft school budget pro-forma to the EFA containing information about their simplified formula at the end of October 2012. This has been checked for compliance with regulations and has been confirmed as meeting the requirements.
22. A final submission is required to the Education Funding Agency by the 18 January 2013 following pupil census numbers and the final settlement.
23. In the past the formula has not changed significantly from year to year and has not therefore required Executive approval. However, due to the significance of the changes proposed in the formula for 2013/14 and the potential implications of these changes for small rural schools in future years, Executive approval is being sought prior to submission of the formula to the Education Funding Agency.

Appendices:

None

Background papers and their location: (open to public inspection)

None