

Swindon Borough Council

Schools Forum

Thursday, 1 November 2007

Committee Room 6, Civic Offices, Swindon at 4.00 p.m.

(Light refreshments will be available in Committee Room 5 from 3.40 p.m.)

School Members:

Nick Capstick, Primary Headteachers
Lauren Connor, Primary Headteachers
Chris Davies, Primary Headteachers
Debbie Kalyuka, Primary Headteachers
Terri Menham, Primary Headteacher
Paul Boyles, Primary Governor (**Vice Chair**)
David Easter, Primary Governor
Steve Colledge, Secondary Headteacher
Steve Flavin, Secondary Headteacher
Rachael Matthey, Secondary Headteacher
Peter Wells, Secondary Headteacher (**Chair**)
John Newman, Secondary Governor
Bob Walker, Special Headteacher

Non-School Members:

Sally Inskip, Diocese Representative
Rhian Cockwell, Diocese Representative (Deputy)
Phil Baker, Trade Union Representative
Debbie Waldron, Early Years Representative
Cathy Parker, Early Years Representative (Deputy)
Tim Mason, Youth Representative

Committee Officer: Helen Harris

Telephone: 01793 463604 Email: hharris@swindon.gov.uk

Swindon Borough Council can be contacted at the Civic Offices, Euclid Street, Swindon, SN1 2JH (Telephone 01793 463000)

AGENDA

- 1. Apologies for Absence**
- 2. Minutes** (Pages 1 - 4)
To receive the minutes of the meeting held on 27 June 2007 and any matters arising.
- 3. Primary School Places** (GDC) (Pages 5 - 8)
- 4. Consultation on Possible Changes to Discretionary School Transport in West Swindon** (GDC) (Pages 9 - 18)

5. **Swindon Schools Asset Management Plan Project** (GDC) (Pages 19 - 20)
6. **Schools' Devolved Formula Capital - Approval Process - Proposed Changes from 2008/09** (GDC) (Pages 21 - 30)
7. **School Balances 2006-07** (GDC) (Pages 31 - 36)
8. **Schools Block Budget Monitoring 2007/8** (GDC) (Pages 37 - 40)
9. **Schools Block Contingency 2007-08** (GDC) (Pages 41 - 44)
10. **School, Early Years and 14-16 Funding 2008-2011** (GDC) (Pages 45 - 130)

Date of Despatch: 24 October 2007

Key:

Officers:

CE	-	Chief Executive
GDC		Group Director: Children
GDHSC	-	Group Director: Housing & Social Care
GDEL	-	Group Director: Environment & Leisure
GDR	-	Group Director: Resources

Public Question Time - Swindon Borough Council is committed to increasing its accountability to the public and to promoting active citizenship. Up to 15 minutes will be allowed at the start of all Council meetings for questions to the Chair from members of the public about the work of the Committee (except for confidential matters and specific planning applications). Questions must be relevant, clear and concise. Because of time constraints Public Question Time is not an opportunity to make speeches or statements. Prior notice of a question to the Director of Law and Democratic Services is desirable - particularly if detailed background information is needed.

Access Arrangements – The Venue is wheelchair accessible and an infrared receiver hearing system is provided. If you would wish to attend the meeting but have any special requirement to enable you to do so please contact the Committee Clerk above, as soon as possible prior to the date of the meeting.

If you would like to receive any of the pages contained in this agenda in a larger print size please contact the Committee Officer whose name appears on the first page of this agenda.

SCHOOLS FORUM

WEDNESDAY, 27 JUNE 2007

PRESENT: -

School Members: Gill Llewellyn, Primary Headteacher
Terri Menham, Primary Headteacher
Debbie Kalynka, Primary Headteachers
Paul Kohn, Primary Headteachers
Chris Davies, Primary Headteachers
David Easter, Primary Governor
Rachael Matthey, Secondary Headteacher
Peter Wells, Secondary Headteacher - **Chair**
Bob Walker, Special Headteacher
Kim Davies, Secondary Bursar

Non-School Members: Sally Inskip, Diocese Representative
Phil Baker, Trade Union Representative
Debbie Waldron, Early Years Representative

Officers: Ian Bickerton (Director of Local Provision), Geoff Hogg (Director of Services to Children and Young People), Stuart McKellar (Director of Finance), Karen Murray (Interim Group Finance Manager) and Lorraine Billis (Deputy Head of Finance for Schools)

Apologies for absence were received from Paul Boyles (Primary Governor), Steve Colledge (Secondary Headteacher), Steve Flavin (Secondary Headteacher) and John Newman (Secondary Governor) and Sue Wald (Director of Strategy and Commission).

1. Minutes

Resolved – That the minutes of the meeting held on 28th March 2007, be confirmed and signed as a correct record.

With reference to Minute 39, officers agreed to circulate an outline of the consultation proposals on the funding of alternative out of school provision to all members of the Schools Forum within the next week. Any concerns or comments were to be forwarded to Geoff Hogg as soon as possible so that the documentation could be sent to all schools.

2. Annual Performance Assessment and the Review of the Children and Young People's Plan

The Forum considered a report by the Group Director, Children, as presented by Geoff Hogg (Director, Services to Children and Young People) regarding the Annual Performance Assessment and the review of the Children and Young People's Plan. This had been considered and endorsed by the Children and Young

People's Partnership Board on 14th June 2007.

The JAR Action Plan update and the results of the review of the Children and Young People's Plan, as submitted to Ofsted on 14th June 2007, were attached as appendices to the report.

Resolved – That the Schools Forum (1) endorse the self-assessment reviews as set out in Appendix 1 and 2 to the report; and (2) receive an updated report on the outcome of the Annual Performance Assessment in November 2007, when the process will be completed.

3. Consultation on School, Early Years and 14-16 Funding 2008-2011

Ian Bickerton (Director of Local Provision) presented a report by the Group Director, Children regarding the consultation on School, Early Years and 14-16 funding for 2008-2011. The Local Authority had prepared a consultation document for schools that had been distributed to members of the Forum prior to this meeting and advised that the DfES had also only just published the outcome of their consultation. Officers reported on the impact that this would have on the LA's consultation, specifically in the areas of Nursery funding, the pupil count date and on changes to the rules regarding school balances.

Members of the Forum considered the LA's consultation document in light of this impact and agreed that the following areas be removed:

- Proposal No.1 – Nursery Funding – per pupil funding. Geoff Hogg advised that the Early Years Group would undertake a separate consultation exercise on this issue and would report back to the Forum at a later date.
- Proposal No.16 – Pupil Count - As the DfES had advised that the Dedicated Schools Grant (DSG) allocations would continue to use January pupil census data, it was agreed that there was nothing to be gained from consulting on this.

It was also agreed that the timetable for the consultation be slightly amended to allow for further work to be undertaken on specific issues, such as the inclusion of eligibility criteria under proposal No.11 – Social Deprivation. The closing date for consultation would therefore be moved until the end of September with the two seminars being held during September.

Resolved – (1) That the DfES consultation response document be noted;
(2) That the Forum recommends that the Local Authority adopts the timetable set out in Appendix B to the report, subject to (a) the closing date for consultation being moved to the end of September; (b) the two seminars being held during September; and (c) the date of the next Schools Forum meeting to be advised by officers, to undertake the review with all schools and education partners on the potential changes to the Swindon Formula, the Swindon Scheme of Delegation and Finance Regulations for Schools that may result from the outcome of the DfES consultation;
(3) That the Forum recommends that the Local Authority adopts the timetable set out in Appendix B to the report, subject to those amendments contained in (2) above, to undertake the review of deprivation funding within the authority and that the outcome of the review inform the review of the Swindon Formula and Swindon Scheme of Delegation; and
(4) That the Forum welcomes the recommendations from the Sub-Group and that no changes are deemed necessary to the powers and responsibilities of the Sub-Group in respect of its future meetings.

4.

School Meals

Members of the Forum considered a paper by Steve Flavin, Headteacher of Churchfields School regarding Free School Meals.

Resolved – That, in Mr. Flavin's absence, members of the Forum noted the comments made regarding Free School Meals.

5.

Schools Block Outturn 2006-07

Ian Bickerton (Director of Local Provision) presented a report by the Group Director, Children regarding the Schools Block Budget for 2006/07. Mr. Bickerton made reference to there being an underspend of £51K and to the percentage of a schools budget that could be carried forward (currently 8% for primary and special schools and 5% for secondary schools) and asked that a detailed review be undertaken of those schools that fall above these recommended thresholds.

With regards to Headlands School, it was agreed that any decision to recover funds once the school had closed would be taken by officers.

Resolved – (1) That the underspend of £51K on the Schools Block Outturn be noted;

(2) That the Forum recommends that the Local Authority undertakes a detailed review of the individual schools balances as at 31st March 2007 that fall above the recommended thresholds for each type of school;

(3) That the Forum receive a report back on the findings of this review and makes recommendations to the Local Authority on the use of any "surplus", taking into consideration financial risks within the wider Schools Block; and

(4) That the Forum recommends that officers take appropriate action to claw back any funds from Headlands School once the school has closed on 31st August 2007.

6.

Schools Block Budget 2007-08

Ian Bickerton (Director of Provision) presented a report of the Group Director, Children regarding the Schools Block Budget for 2007-08 and advised that the DfES regulations now state that PFI schools should receive 30% of the Devolved Formula Capital (DFC) grant which amounts to £94K for 2007-08.

Members of the Forum considered and made recommendations on the contingency budget within the Schools Block. All the proposals put forward were agreed, with the exception of:

- **"One-off" loss of pupils funding – Bridlewood Primary - outside formula.** Members were sympathetic but felt that, on the case made and in the best view of officers, paragraph 5.8.4.3 of the Formula did not apply at this stage and therefore this could not be approved.
- **SsAMP Database funding.** Members were advised that the £15K proposed related to the licence for the database and the actual operational costs would be nearer to £75K per annum over the next three years. Members felt that, as the database was of benefit to the Council as a whole, this should be funded centrally. Mr. Bickerton agreed to pursue this and would report back at the next Schools Forum meeting. The Chair also asked that Councillor Nick Martin, Cabinet Member for Resources, be invited to the next meeting of the Schools Forum.

With regard to the admission of additional pupils in North Swindon, members expressed concerns that these additional places may not alleviate the problem in

the future as many families were still moving into the area. Members were also concerned that this would have a knock-on effect on Secondary Schools and felt that this issue should be addressed in the near future.

Resolved – (1) That the Forum notes that the final Dedicated School Grant (DSG) allocation for 2007/08 exceeds the agreed Schools Block budget by £200K;

(2) That the Forum recommends to the LA that the balance is added to the contingency fund for 2007/08, bearing in mind that the existing calls on the fund already exceed the original level of contingency allocated as part of the 2007/08 budget;

(3) That the Forum recommends to the LA that the proposed use of the Schools Block contingency as set out in Section 2.1 (b) to the report be agreed with the exception of the “one-off” loss of pupils funding and the SScAMP database funding;

(4) That the Forum recommends to the LA that the re-allocation of the Devolved Formula Capital (DFC) grant to PFI schools of £94K be agreed; and

(5) That the Forum recommends to the LA that the set up costs for Isambard Community School be met from the 2007/08 Dedicated Schools Grant.

(6) That further updates on Bridlewood and SScAMP be made to the Forum in Autumn 2007.

(7) That Councillor Nick Martin, Cabinet Member for Resources, be invited to attend the next meeting of the Schools Forum.

7.

Next Meeting

The next meeting of the Forum that was due to be held on 2nd October 2007 had been postponed and officers would advise members of a new date.

Primary School Places

Schools Forum

Date: 1 November 07

Author: Group Director, Children Services

Parish / Wards Affected: All

Purpose

- To notify the Schools Forum on changes to the arrangements for admission to reception where the parent decides to defer admission to Term 5.

Recommendation

The Schools Forum is requested to:

- Consider the implications of deferring a child's entry to primary school where a school must retain a place for a child that does not start school until the beginning of Term 5.

1. Reasons

- 1.1 Cabinet has determined that for entry to school from September 2007, schools are required to offer every child a full time place regardless of their date of birth.
- 1.2 Schools will be required to retain a full time place for any child that has been offered a place, even though the parent may put in a request for either part time or deferred provision.
- 1.3 Where the Local Authority have offered a place for a child to start the September after their 4th birthday, and the parent feels that there are exceptional reasons for their child not to attend full-time initially then there is scope for there to be a discussion between a head teacher and a parent to see whether an alternative arrangement is possible (alternatively part time). Ultimately, of course, it will be for a head teacher to decide whether or not there are exceptional reasons, which justify the child not initially starting full time.
- 1.4 Schools may therefore have a child on a waiting list that can start immediately, but are unable to offer a place, as they have to honour the wishes of a parent deferring entry.
- 1.5 Schools may therefore need to bear the cost of retaining a place for a child from September, where the child takes up the place in subsequent terms.

Further information on the subject of this report can be obtained from *Gareth Cheal* on 465769 or Email gcheal@swindon.gov.uk.

Primary School Places

Schools Forum

Date: 1 November 07

- 1.6 This report has been requested by several head teachers to review the admission arrangements determined for the September 2007 allocation round. The new arrangements will promote deferment until later in the year for children who have just turned 4 years old prior to September and the option to induct them into the reception class on a part-time arrangement has been removed unless there are exceptional reasons as explained in 1.3 above.

2. Detail

- 2.1 Prior to the September 2007 year of entry, children born in the Summer term (1 April – 31 August) were offered a part-time place in a school's reception class for the initial term (1 September – 31 December).
- 2.2 The Local Authority consulted with all schools to review the admission arrangements for entry to primary school from September 2008. The consultation closed on 31st March 2007 and the outcome was reported to the Admissions Forum.
- 2.3 The Education and Inspections Act 2006 strengthened the role of the School Admissions Forum. The new Code of Practice on school admissions states, 'Admission authorities of all maintained schools and Academies, when exercising their functions, must have regard to any advice offered by the Forum'.
- 2.4 All new or amended admission arrangements must be determined before the 15 April in the year before admission to school. Therefore, the School Admissions Forum have advised that admission arrangements for pupil entry to school from September 2008 should remain the same as paragraph 1.1 above until the impact of September 2007 admissions can be accessed.
- 2.5 The Admissions Forum will review the admission arrangements for September 2009.

Alternative Options

- There are no alternative options at this stage. Schools will continue to be funded in accordance with the existing funding formula based on the January pupil count, with in year growth funded through the 4% trigger.

Further information on the subject of this report can be obtained from *Gareth Cheal* on 465769 or Email gcheal@swindon.gov.uk.

Primary School Places

Schools Forum

Date: 1 November 07

Risk Management

Financial and Procurement Implications

- Funding is contained within the ring-fenced Dedicated Schools Grant
- If attendance is delayed until after the January pupil count those pupils will not be funded until the following January pupil count. For example a full time place is offered in September and the parental preference is to delay the take up until term 5, the pupil will not be included in the funding formula until the following January.
- Any school that has growth over 4% will have the growth above 4% funded in year, as per the current funding formula.

Legal / Human Rights Implications

- The law does not require a child to start school until the start of the term following his/her fifth birthday. The date of compulsory school age is reached is determined by the dates set by the Secretary of State for the autumn, spring and summer. These are 31 August, 31 December and 31 March, respectively.
- Prior to the start of compulsory education, all children, in the nationally prescribed term following their third birthday are able to access the minimum free early education entitlement. Parents can take up a place in a private, voluntary or maintained school setting.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- Promise 45 "We will make sure that schools will be at the heart of each community".

Consultees

- Directors of Law and Democratic Services are consulted on all reports

Background Papers and Appendices

- School Admissions Policy can be made available on request

Further information on the subject of this report can be obtained from *Gareth Cheal* on 465769 or Email gcheal@swindon.gov.uk.

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Consultation on Possible Changes to Discretionary School Transport in West Swindon

Schools Forum

Date: 1 November 2007

Author: Group Director, Children Services

Parish / Wards Affected: All

Purpose

- To invite the Schools Forum to respond to the Consultation

Recommendation

The Schools Forum is requested to

- Make a response to the Consultation, which closes on 23rd November 2007.

1. Reasons

- 1.1 The Local Authority is consulting on the possible removal of the discretionary service of free school transport in West Swindon to The Ridgeway School in Wroughton and Bradon Forest School in Purton.
- 1.2 The Schools Forum is being invited to respond to the Consultation as a stakeholder.

2. Detail

- 2.1 Swindon Borough Council is currently looking at the way it provides all of its services, including those delivered on a discretionary basis. One of these discretionary services is the current provision of free school transport for pupils in West Swindon to The Ridgeway School and Bradon Forest School.
- 2.2 The detail of the Consultation and the response form are attached at Appendix A.
- 2.3 The Schools Forum is a stakeholder in the provision of this discretionary service and may wish to respond in that capacity.

Alternative Options

- The Schools Forum may wish not to respond.

Risk Management

Financial and Procurement Implications

- There are no financial considerations for the Schools Forum to consider but there

Further information on the subject of this report can be obtained from *Gareth Cheal* on 01793 465769 or Email gcheal@swindon.gov.uk.

Consultation on Possible Changes to Discretionary School Transport in West Swindon

Schools Forum

Date: 1 November 2007

are implications for the Local Authority, which is set out in the Consultation document. The Authority needs to ensure that it is achieving value for money and targeting available resources at identified priorities.

Legal / Human Rights Implications

- None in respect of the Schools Forum consideration of this Consultation.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- Promise 45 "We will make sure that schools will be at the heart of each community".

Consultees

- Parents, West Swindon primary schools, the relevant secondary schools and other education stakeholders
- The Directors of Finance and Law and Democratic Services are consulted on all reports

Background Papers and Appendices

- Appendix A – Consultation document

Further information on the subject of this report can be obtained from *Gareth Cheal* on 01793 465769 or Email gcheal@swindon.gov.uk.

Children Services

Children and young people deserve the best start in life.

Consultation on possible changes to discretionary school transport in West Swindon

This booklet gives you details about what is being considered and seeks your views about the possibility of it being changed.



Please complete, detach and return the enclosed response form in the pre-addressed envelope supplied by 23rd November 2007. You do not need to add a stamp.

Contact: Gareth Cheal
Sanford House, Sanford Street, Swindon, SN1 1QH
Tel: 01793 465769 or email: gcheal@swindon.gov.uk
Web: www.swindon.gov.uk/educationandlearning

We are currently looking at the way we provide all of our services including examining those delivered on a discretionary basis, i.e. services that we provide but there is not a legal requirement to do so. One of these discretionary services is the free provision of home to school transport to schools, over and above legal requirements set out within Education legislation.

Free school transport has been provided on a discretionary basis from West Swindon for parents who have chosen to send their child to The Ridgeway and Bradon Forest schools.

Historically, there has been a lack of secondary school places in the area, including in recent years at the local secondary school for West Swindon, Greendown Community School. However, changes in the population have meant that there is now no longer a shortage of school places at Greendown but a predicted surplus.

By law, we have to provide free home to school transport for pupils who live in Swindon Borough Council's area **and** attend their nearest suitable school which is at least:

- two miles from home for pupils aged four to seven
- three miles from home for pupils aged eight to sixteen.

Under the Education and Inspections Act 2006, some secondary school pupils who are eligible for free school meals or whose parents are entitled to the maximum Working Tax Credit will be entitled to free school transport. This would be to any one of three suitable schools closest to their home where those schools are between two and six miles away.

Due to changes in population and availability of places at Greendown Community School, the Council is considering discontinuing free school transport from West Swindon to Bradon Forest and The Ridgeway schools.

Before implementing any changes, the Council wishes to consult widely with parents, schools, transport operators, neighbouring Local Authorities and anyone else who has an interest.

As explained later in this booklet, please note that this proposal, if eventually agreed:

- **would not affect existing pupils already attending The Ridgeway and Bradon Forest Schools**
- **would also not apply to pupils who have statements of Special Educational Needs**
- **would initially apply to all new Year 7 pupils from September 2009 and subsequent intakes.**
- **is not about existing public bus services, but discretionary, free school transport provided by Swindon Borough Council.**

What are the current arrangements in West Swindon?

All parents have a right to express a preference for the school they would like their child to attend. However, if they choose to send their child to a school that is not the local school designated for their address, they would normally be responsible for all transport arrangements and costs.

An exception, at present, is that Swindon Borough Council offers, on a discretionary basis, free transport to pupils living in the West Swindon area who attend Bradon Forest School in Purton and The Ridgeway School in Wroughton.

The reason for this is historic. Pupil numbers in the area have exceeded the capacity of the Designated Area secondary school in West Swindon, which is Greendown Community School, and places have been offered at the next nearest schools.

However, population changes have meant that the number of pupils in West Swindon has declined. Greendown Community School now has surplus capacity and this is forecast to increase. The table below shows this trend.

Projected pupil numbers at Greendown Community School 2007 - 2012

Year	2007	2008	2009	2010	2011	2012
Capacity of school	1,425	1,425	1,425	1,425	1,425	1,425
Number of pupils	1,226	1,119	1,052	1,028	968	931
Surplus places	199	306	373	397	457	494

(The 2007 numbers are actuals)



What is being considered?

There is projected to be a significant and increasing level of surplus capacity at Greendown Community School, which is one key reason for proposing a review of the continued provision of free transport in this area. Equality with other transport arrangements elsewhere in the Borough and value for money are two other key considerations.

In view of these issues, Swindon Borough Council is considering discontinuing the discretionary provision of free transport to Bradon Forest and The Ridgeway schools for children living in West Swindon, for the first time on or after the 1 September 2009.

This proposal would not affect existing pupils already attending The Ridgeway and Bradon Forest Schools or who started secondary education before or from September 2008.

It would, however, apply to all new Year 7 pupils from September 2009 and would continue to apply throughout their secondary education.

This proposal is not about existing public bus services.

Will this change produce savings?

Swindon Borough Council needs to find substantial savings over the next few years to be able to deliver its key priorities and services.

At present Swindon Borough Council spends around £0.5 million per year on school transport from West Swindon.

Who would be affected by this change?

As indicated above, the change would mean that for children living in West Swindon attending Bradon Forest or The Ridgeway Schools for the first time on or after the 1 September 2009, parents or guardians would normally be responsible for arranging transport and for the costs involved, for their children.

All children who are currently receiving the discretionary entitlement would continue to receive that support until they left their current secondary school.

The current Year 5 pupils in primary schools would therefore be the first year group to be affected by the proposed change.

Can parents/carers pay for a bus pass to school?

The Council does not at present have a policy for enabling parents to purchase spare seats on school buses. The main reason for this is that the place cannot be guaranteed for the school life of the pupil. However the Council may wish to review this, and you are welcome to set out your views on the questionnaire enclosed.

Your views

The Council is consulting with parents, schools and many others before making any changes to existing arrangements for school travel within and from West Swindon. This can include any alternative suggestions which you would like us to consider.

Name of your Organisation: .

Your position i.e (head teacher, governor etc)

Q1. What is your response to the proposal as set out within this leaflet?

Q2. Please provide reasons for your response (attach additional sheets if required)

A large, irregular orange shape occupies the central portion of the page, intended for handwritten responses. It has a wavy, organic border. To the right of this area, a vertical dashed line runs down the page, accompanied by a pair of scissors icon at the top and bottom, indicating where to cut.

Please cut along here to return your views

Please cut along here to return your views

Please return your response in the prepaid address envelope provided by the 23rd November 2007.

If you have mislaid the envelope please post in any envelope (no stamp required) to:

FREEPOST SNI 413
Swindon Borough Council
Civic Offices
Euclid Street
Swindon SN1 2JH



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হয়, কাস্টমার সার্ভিসেস্কে (01793) 463725 নম্বরে
টেলিফোন করুন।

Bengali

如果您需要用其它语言或方式咨询
这方面的信息，请拨打我们的顾客
服务热线：(01793) 463725。

Chinese

જો તમને બીજા ફાર્મેટ (પત્રક) માં જાણકારી જોવતી
હોય તો કૃપા કરી ગ્રાહક સેવા પ્રતિનિધિનો
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Gujarati

यदि आपको अन्य फार्मेट (प्रपत्र) में जानकारी
चाहिए तो कृपया ग्राहक सेवा प्रतिनिधि से
टेलीफोन नंबर (01793) 463725 पर संपर्क करें।

Hindi

**Per informazioni in altro formato,
contattare il Servizio Clienti
chiamando il numero: 01793 463725**

Italian

別の構成・形式で資料をご使用される必要がある
場合には、次の番号の弊社顧客サービスま
でお問い合わせ下さい。電話：01793 463725

Japanese

Jeśli chcesz uzyskać informacje w
innym formacie, prosimy o kontakt z
Wydziałem Usług dla Klientów pod
numerem telefonu 01793 463725.

Polish

ਜੇਕਰ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਫਾਰਮੈਟ ਵਿਚ ਜਾਣਕਾਰੀ
ਚਾਹੀਦੀ ਹੈ ਤਾਂ ਕਿ੍ਪਾ ਰਕੇ ਕਸਟਮਰ ਸਰਵਿਸਜ਼ ਨਾਲ
ਟੈਲੀਫੋਨ ਨੰਬਰ (01793) 463725 ਤੇ ਸੰਪਰਕ ਕਰੋ।

Punjabi

**Hadaad u baahatid macluumaad hab
kale ku qoran fadian la soo xinir
Adeega macmiisha (Customer Services)
oo kasoo wac lambarkan (01793) 463725**

Somali

اگر آپ کو کسی دیگر زبان یا ہدی کھائی وغیرہ میں معلومات درکار ہوں تو
براہ مہربانی کسٹومر سروسز سے ٹیلی فون نمبر : 01793 463725
پر رابطہ قائم کریں۔

Urdu

ART956/FOI3082/07

Author: **Group Director, Children Services**

Parish / Wards Affected: All

Purpose

- To update the Schools' Forum on the current situation regarding funding for SScAMP

Recommendation

- The Forum is requested to note the position.

1. Reasons

- 1.1 The Schools' Forum discussed at their last meeting the position regarding funding for the updating of the surveys that feed into the SScAMP database, and other related costs.
- 1.2 This report provides a brief update on the latest position.

2. Detail

- 2.1 The Schools' Forum discussed at their last meeting funding for ensuring that the SScAMP database is effectively maintained so that the data it holds is relevant and up-to-date. The Forum were of the opinion that the Council, not schools, should fund the system in its entirety.
- 2.2 Currently there is a Council-wide study being carried out by Capita into rationalising the Council's Asset Management systems. This study will include the SScAMP database. Capita has been charged with reporting back by mid December 2007.
- 2.3 A further report will be made to the Forum on the outcome of the study early in the New Year.

Alternative Options

- No alternative options were considered, as this matter was raised at the last meeting of the Forum and it was considered that the Forum would wish to have an update.

Swindon Schools Asset Management Plan Project

Schools Forum

Date: 1 November 07

Risk Management

Financial and Procurement Implications

Capita are considering how the Council could rationalise its asset management systems with a view to maintaining information more efficiently. The financial implications of their report will be set out for the Schools Forum in the New Year. The cost of maintaining the existing SScAMP system as a stand alone database is set out below and no funding for this has currently been provided within the Council's medium term resourcing plan, on the basis that efficiencies are expected in the way the Council manages its information as a result of the current study:

- 2007/08 - £79,000
- 2008/9 - £73,000
- 2009/10 - £75,000

The above figures include the following:

- Annual support and maintenance fees for the SScAMP database
- Fees for updates to the desktop and web software payable to Capita
- CAD drawings – a full update for 2007/08 and from thereon a maintenance programme for the drawings
- Annual costs for the 3 year rolling condition survey programme.
- Depending on final costings, limited purchases of additional modules for the SScAMP database to assist schools and the Council in their asset management and supplier site visits and attendance at the Technology Forge annual user group meeting normally held in London.

Should the report by Capita result in the Council being unable to implement a rationalised approach to asset management within existing budgets, then suitable funding sources will be proposed at that time.

Legal / Human Rights Implications

- None

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- Promise 17 – Removal of Unsuitable Temporary Accommodation

Consultees

- The Asset Management Groups (Schools and corporate)
- The Directors of Finance and Law and Governance

Background Papers and Appendices

- Children Services Strategic Plan
- Primary Capital Strategy

Agenda Item 6

**SCHOOLS' DEVOLVED FORMULA CAPITAL – APPROVAL PROCESS –
PROPOSED CHANGES FROM 2008/09**

Schools' Forum

Date: 1 November 2007

Author: Group Director, Children

Parish/Wards affected: All

Purpose

To consider proposed new arrangements, to be implemented from 2008/09, for the use of Devolved Formula Capital by schools

Recommendation

It is recommended that the proposed new arrangements, to be introduced from 2008/09, for the use of schools' Devolved Formula Capital, be endorsed.

1 Reasons

- 1.1 Currently, schools wishing to use Devolved Formula Capital (DFC) for a building or capital project (excluding ICT) are required to seek approval from the Council.
- 1.2 It is being proposed that these procedural arrangements are changed with effect from the beginning of the next financial year, so that, in future, schools themselves make decisions on the use of DFC, but within clearly agreed parameters, and with monitoring arrangements by the Council in place.
- 1.3 These proposed new arrangements were considered at the last meeting of the Schools' Asset Management Focus Group on 10 September 2007 and were recommended for approval.

2 Detail

Background

- 2.1 Schools receive Devolved Formula Capital (DFC) each year from the Department for Children, Schools & Families (DCSF) via the Council. For example, in the current financial year, the total available, including carry forwards from 2006/07, is around £3.6m. The Council also sends out Guidance Notes for Community, Foundation and Voluntary-controlled schools.

Further information on the subject of this report can be obtained from *Ian Bickerton, Director Local Provision* on 01793 465724 or Email ibickerton@swindon.gov.uk

SCHOOLS' DEVOLVED FORMULA CAPITAL – APPROVAL PROCESS – PROPOSED CHANGES FROM 2008/09

Schools' Forum

Date: 1 November 2007

- 2.2 A copy of the latest Guidance Notes for 2007/08 is attached as **Appendix 1**.

Current arrangements for accessing DFC

- 2.3 As indicated in the attached Guidance Notes, schools wishing to use DFC for a building or capital project (excluding ICT) for the relevant financial year are required to complete a request form. Schools are required to demonstrate in the form how the proposed expenditure of DFC will fit with the Council's and the Schools' Asset Management Plans, as well as the DCSF criteria for the use of devolved capital.
- 2.41 The Guidance Notes explain how each request form will be assessed, which is primarily based on guidance provided by the DCSF and which is set out in detail on their website. Other information is also included in the Guidance Notes, including the expectation that schools will now make a contribution from their DFC to major building schemes initiated by the Council.
- 2.42 This expectation would remain under the revised proposals as would the expectation that schools would continue to use the assessment criteria internally to inform their decision making process.

Issues in relation to the present arrangements

- 2.5 The rationale for the current arrangements, whereby schools seek approval from the Council, is that it enables the Council to ensure that all work carried out on school sites is compatible with the schools Asset Management Plan within the Council's Asset Management Plan and meets the Guidance issued both by the Council and by the DCSF.
- 2.6 Against that, however, there are a number of issues about the current approval process, as follows:
- It could be argued that these arrangements are now out of step with the principle of schools self-managing their assets on a day-to-day basis, in line with their own asset management plans and strategies. Schools themselves, therefore, are in the best position to decide on the most effective use of DFC in order to meet the condition needs of buildings on the site. At the same time, the Authority has a strategic role to ensure that all capital resources are used

SCHOOLS' DEVOLVED FORMULA CAPITAL – APPROVAL PROCESS – PROPOSED CHANGES FROM 2008/09

Schools' Forum

Date: 1 November 2007

effectively and appropriately; and it is proposed that Children's and Property Services will work to support the schools in developing effective asset management plans in advance of this initiative.

- In discussions with the DCSF they have indicated that the Council should have in place an overall, Council-wide Asset Management Plan but that schools should decide for themselves how their DFC is allocated on their sites, as long as it is compatible with the Council's overall direction. This is the approach in a number of Councils and works well where the overarching compatibility is respected.
- The process in place is relatively time-consuming, both for schools and for the Finance and Children Services Directorates of the Authority, at a time when resources are already stretched. For example, it is estimated that the person within Children Services dealing with this area spends about two or three days per month processing applications from schools. It is hard to justify the amount of time spent on completing, processing and responding to these applications.

Proposals

- 2.7 It is, therefore, proposed that, with effect from the beginning of the 2008/09 financial year, the current arrangement for schools submitting applications or requests to the Council to spend DFC is changed.
- 2.8 If this proposal is introduced, however, there must be unequivocal Guidance to schools to ensure that there is a clear understanding about how DFC should be appropriately and effectively used. The Council would, therefore, publish Guidance about DFC being allocated in line with the overall asset management priorities of both the DCSF and Swindon Borough Council.
- 2.9 As well as providing this Guidance, the Council, in partnership with schools, would also take the following action:
- To require all schools before commencement of the financial year to complete a straightforward proforma indicating their key asset management priorities and broadly how they propose to allocate their devolved capital during the year. Once a satisfactory return is received, the year's DFC for that

SCHOOLS' DEVOLVED FORMULA CAPITAL – APPROVAL PROCESS – PROPOSED CHANGES FROM 2008/09

Schools' Forum

Date: 1 November 2007

school will be released in the tranches received from the DCSF;

- To work more closely with schools on individual schools' asset management plans, in order to ensure that they are robust and rigorous and fit with the overall Schools' and the Council's Asset Management Plans;
- To carry out random monitoring of the arrangements in place in schools, to ensure that DFC is being used appropriately, and effective systems are embedded linked to this, schools are required to update the SScAMP database once a DFC scheme has been completed.
- Schools will continue to submit a school's alteration form for approval in advance of works commencing to enable Property Services to give appropriate advice and guidance on technical issues and maintain the Council's corporate database.

2.10 Finally, it does need to be recognised that, if these new arrangements are introduced, schools will not be able to draw down devolved capital from future years. Currently, where such a request is received and agreed, devolved capital is drawn down from the pool of funding available.

3 Alternative Options

One key alternative is to remain with the existing arrangements, whereby schools have to submit applications or requests to the Council to spend DFC. However, for the reasons set about in the report, particularly in the Proposals section above, it is considered that there are strong arguments in favour of these arrangements being replaced but within agreed parameters.

Risk Management

Financial and Procurement Implications

The financial issues are set out throughout this report. There are no additional financial implications as a result of this proposal and, indeed, there should be time savings at the very least, due to the reduction in paperwork. Any revenue savings identified through this process will be built into the budget savings targets for 2008/9.

Legal/Human Right Implications

There are no direct legal implications of this proposal.

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Further information on the subject of this report can be obtained from *Ian Bickerton*, Director Local Provision on 01793 465724 or Email ibickerton@swindon.gov.uk

SCHOOLS' DEVOLVED FORMULA CAPITAL – APPROVAL PROCESS – PROPOSED CHANGES FROM 2008/09

Schools' Forum

Date: 1 November 2007

Links to Corporate Plans and Policies (in particular, to Swindon 2010 Promises)

This links into the Children Services Strategic Plan and to the Council's Asset Management Strategy.

Consultees

The Director of Finance and the Director of Law and Democratic Services are consulted on all reports.

The Director of Property and Assets.

Background Papers and Appendices

Appendix 1 – Guidance Notes for 2007/08

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GUIDANCE NOTES FOR DEVOLVED FORMULA CAPITAL – 2007-08

This guidance document is for Community, Foundation and Voluntary Controlled Schools only.

The DfES issue separate guidance to Voluntary Aided (VA) Schools on the use of Formula Capital. Potential projects to be taken forward at VA Schools are discussed at termly meetings between the Diocese and Senior Management within Children Services. The management of Devolved Formula Capital for VA Schools may change in the future.

This guidance note provides advice to schools on

- How to access your formula capital for the 2007-08 financial year
- How your application will be assessed by the Planning and Assets Liaison Service (PALS), Children Services.
- How your project will be monitored
- The actions required by the school following completion of the project

With effect from 2006-07 schools ICT grant has been issued to schools via Formula Capital. It is for schools to determine how much Devolved Formula Capital should be spent on ICT and how much should be spent on building works.

Unless otherwise notified, schools only need to apply for building related Formula Capital via the attached process.

Schools should notify Lorna Hayes by **31 May 2007** how much Formula Capital they wish to spend on ICT during the course of the year. The funding will then be released to the schools account.

Accessing your Formula Capital – NON ICT PROJECTS

- Schools wishing to use formula capital for a building or capital project during 2007-08 are required to complete the attached request form
- Completed forms should be returned to Donna Trant, Children Services Finance Department, Sanford House
- The information on the form provides the Planning and Assets Liaison Service (PALS) with basic information on the works to be undertaken, how this links with the AMP priorities and basic monitoring information.
- The Children Services Finance Team will provide you with details of how much formula capital the school has access to this financial year.

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Further information on the subject of this report can be obtained from *Ian Bickerton, Director Local Provision* on 01793 465724 or Email ibickerton@swindon.gov.uk.

The attached table also provides an indication of the amount of Formula Capital available to each school.

The Assessment of your Application

- The Planning and Assets Liaison Service (PALS) follow Department for Education and Skills (DfES) guidance when assessing applications
- This can be found at the following website address
www.teachernet.gov.uk/devolved
- **As indicated in paragraph 4 of this guidance “The priority use of Devolved Formula capital should be for condition needs of school buildings”**
- **In addition, where the Council are taking forward a major capital project at the school, we will also be looking for a contribution from the school from Devolved Formula Capital to address condition issues with the building, that need to be considered as part of the project.**
- Where schools opt not to use their formula capital for outstanding high priority condition works, Planning and Assets Liaison Service (PALS) will challenge schools to provide evidence for the need of the project prior to releasing the grant, unless the funding is being directed to meet the ICT targets.
- Other types of suitable works are highlighted in the DfES guidance.
- Schools are reminded that a proportion of the Formula Capital Allocation for 2007-08 is made up of the former ICT standards fund grant allocation for the school. The school must ensure that they use the appropriate proportion of their Formula Capital Grant for the purchase of ICT equipment to ensure the ICT targets are met.
- As an exception to normal capital requirements, Formula Capital can be spent on ICT equipment. Unless otherwise notified by the DfES Formula Capital cannot be used to cover hire charges for ICT equipment or the purchase of software.
- The minimum total project cost for a Formula Capital project is £1,000 for primary, special and secondary schools. Works costing below this limit are defined as Revenue Items.
- Formula Capital **CANNOT** be spent on revenue or maintenance items.
- The minimum Capital limit for capital projects taken forward by the Council is £10,000

2

Further information on the subject of this report can be obtained from *Ian Bickerton, Director Local Provision* on 01793 465724 or Email ibickerton@swindon.gov.uk.

- The Council does **NOT** automatically fund projects costing over £10,000
- Schools can roll forward Formula Capital into next years budget or draw down future years Formula Capital if required.
- Where applicable, an approval letter will be issued by the Children Services Finance Team
- This will indicate the how the school should take forward their project

The Monitoring of your Building Project

- A member of the Planning and Assets Liaison Service (PALS) will contact the school near the indicated start date of any building related project, to ensure the project is proceeding as planned
- The school will also be contacted shortly after the noted completion date to check works have been completed to the satisfaction of the school
- Approximately 1 year after completion of the project the Planning and Assets Liaison Service (PALS) may contact the school to confirm that the noted improvements in standards have been achieved

On Completion of your Building Project

- The school will be required to forward amendments to the Asset Management Plan (AMP) data to the Planning and Assets Liaison Service (PALS)
- This information is needed to ensure that the data in the AMP database is up to date
- Capital allocations and priorities are determined from the AMP data
- Failure to notify the Planning and Assets Liaison Service (PALS) of amendments to data may mean the school is not considered for funding.

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School Balances 2006-07

Schools Forum

Date: 1 November 2007

Author: Group Director, Children

Parish / Wards Affected: All

Purpose

- To report to the Schools Forum the outcome of a review of schools carrying forward surplus balances from 2006-07, as agreed at the Schools Forum meeting of 27th June 2007.

Recommendation

The Schools Forum is requested to:

- Make a recommendation to the Local Authority that schools holding surplus balances may retain those balances for the purposes reported to the Local Authority prior to the commencement of the financial year.

1. Reasons

- 1.1 Schools balances for financial year 2007-08 were presented to the Schools Forum at its meeting of 27th June 2007. The Schools Forum recommended that the Local Authority should undertake a review process of those schools carrying forward a surplus balance and bring a report back to the Schools Forum detailing the findings.
- 1.2 The review has taken place and the findings are attached at **Appendix A**.

2. Detail

- 2.1 The percentage of its budget allocation that a school may carry forward at the end of a financial year is determined by the Swindon Scheme of Delegation, and is currently 8% for primary and special schools, and 5% for secondary schools. A surplus balance is the amount over this percentage that a school carries forward.
- 2.2 A local authority may claw back surplus balances where permission has not been granted by the local authority for the purpose of the surplus balance. The reasons for permission being granted are determined by the Swindon Scheme of Delegation.
- 2.3 Schools make an application to the Local Authority in February of each year to advise of the projected level of their balance to be carried forward at the end of the financial year, and to seek permission for the purpose of the balance carried forward. **Appendix A** shows the projected percentage

Further information on the subject of this report can be obtained from Lorraine Billis on 01793 465752 or Email lbillis@swindon.gov.uk.

School Balances 2006-07

Schools Forum

Date: 1 November 2007

balance carried forward as at February 2007, and also the actual percentage balance carried forward at the end of the financial year.

- 2.4 All schools carrying forward a surplus balance are required to complete a return to confirm that the surplus balance has been used for the purpose for which it was requested, and they are also visited during September to seek evidence of the information contained in the return. This procedure was completed between September 18th and October 3rd this year. Appendix A shows the purpose of the surplus balance for which evidence was provided during the course of the visits.
- 2.5 The Schools Forum requested at its meeting of 27th June that the balances brought forward by Headlands School should be scrutinised. Headlands School brought forward Standards Fund monies which may be carried forward across financial years to the following August. Additionally, through the due diligence process the school was required to carry out premises refurbishments to bring it to health and safety standards prior to transfer to the Academy. Surplus funds were used for these purposes as shown at Appendix A.
- 2.6 The Schools Forum should note that guidance produced by the Department for Children Schools and Families on 13th September 2007 stated that 5% of all school revenue balances as at March 2007 should be deducted from the school budget share for 2008-2009. However, the DCSF have subsequently written to all Local Authorities on 12th October 2007 stating "Ministers will want to consider very carefully this aspect of the implementation proposals in the light of schools' concerns." At the date of writing this Report it is not known whether this section of the guidance produced on 13th September will remain as written.
- 2.7 It is therefore not known at the date of writing this Report whether the proposal relating to the use of clawed-back school balances 2006-07, referred to in the Report on School Funding 2008-2011 to be presented later on in the Agenda for this meeting, may be put in place.

Alternative Options

- The Schools Forum may recommend to the Local Authority that the surplus balances from 2006-07 should be clawed back from the schools concerned. However, this would cause instability and pressure on the school's budgets, and potentially may result in more schools requesting agreement to set a deficit budget in this or the next financial year.

Risk Management

Financial and Procurement Implications

- The balances referred to are contained within the ring-fenced Dedicated

Further information on the subject of this report can be obtained from Lorraine Billis on 01793 465752 or Email lbillis@swindon.gov.uk.

School Balances 2006-07

Schools Forum

Date: 1 November 2007

Schools Grant

Legal / Human Rights Implications

- None

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- Promise 45 “We will make sure that schools will be at the heart of each community”.

Consultees

- The Directors of Finance and Law and Democratic Services are consulted on all reports.

Background Papers and Appendices

- Appendix A – School surplus balances 2006-07

Further information on the subject of this report can be obtained from Lorraine Billis on 01793 465752 or Email lbillis@swindon.gov.uk.

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NET ROLLOVER INFORMATION - 2006/2007 (LESS CAPITAL & COMMITTED EXPENDITURE)							APPENDIX A
					Less: Sch Forum allocation of 05-06 balance	Final Total Excess	Application to LA Feb 2007
CAP NO.	PRIMARY SCHOOL SECTOR	NET ROLLOVER % OF NET INCOME	% in excess of 8%	Value of excess %			REASON FOR CARRY FORWARD
249	Shaw Ridge Primary School	21.81%	13.81%	162,393	3554	158,839	Amalgamation Sept 06; Maintain levels of staffing during pupil turbulence; set-up for new build put back from Sept 08
703	Colebrook Infants School	14.37%	6.37%	31,560	1771	29,789	Maintain classes re falling roll; contribution to roof repairs
222	Moredon Primary School	13.94%	5.94%	69,943	3861	66,082	Amalgamation Sept 06; federation Nov 06; staff for specific Early Years projects
210	Ferndale Junior School	13.28%	5.28%	35,937	2348	33,589	Maintain classes re falling roll; contribution for amalgamation Sept 08
243	Holy Rood Infants School	12.38%	4.38%	28,901	2333	26,568	10% VA contribution to new build to meet Early Years legal requirement. Continued additional support for EAL pupils.
555	Bridlewood Primary School	12.35%	4.35%	28,748	2378	26,370	Maintenance of staffing during continued N Swindon pupil turbulence
213	Gorse Hill Junior School	11.17%	3.17%	23,765	2483	21,282	Various projects SDP - complete
234	Rodbourne Cheney Primary School	10.85%	2.85%	20,491	2363	18,128	Specific premises works relating to the Federation - complete
565	Southfield Junior School	10.27%	2.27%	19,731	2715	17,016	Installation of security fencing in response to arson attack - link with new build - delayed project
557	Abbey Meads Primary School	9.49%	1.49%	17,504	3554	13,950	Planned reduction of classes Sept 07 postponed due to additional pupils, maintained for Apr - Aug; pupil turbulence in N Swindon.
708	Ruskin Junior School	9.42%	1.42%	19,112	3876	15,236	New build project to commence this financial year
246	Oliver Tomkins CE Infants	9.00%	1.00%	7,633	2401	5,232	10% VA contribution to new build.
214	Gorse Hill Infants School	8.99%	0.99%	7,912	2341	5,571	Revenue costs of new build - complete
709	Beechcroft Infants School	8.48%	0.48%	3,925	2783	1,142	Rollover contribution to support for class groups Apr - Aug
	TOTAL PRIMARY SCHOOL SECTOR	11.95%		477,556	38,761	438,795	
314	Uplands Special School	12.59%	4.59%	69,685	1000	68,685	LA agreed funding for new school set-up; retained funding for shared manual handling project; PFI snagging
	TOTAL SPECIAL SCHOOL SECTOR	12.59%		69,685	1,000	68,685	
872	Headlands School	6.75%	1.75%	74,658	1000	73,658	
	TOTAL SECONDARY SCHOOL SECTOR	6.75%		74,658	1,000	73,658	
	GRAND TOTAL ALL SCHOOL SECTORS	10.76%		621,898	40,761	581,137	

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Schools Block Budget Monitoring 2007/8

Schools Forum

1st November 2007

Author: Group Director, Children Services

Parish / Wards Affected: All

Purpose

To provide Schools Forum with the latest budget monitoring information to the end of September 2007 in respect of the Schools Block Budget for 2007/8.

Recommendation

The Schools Forum is requested to:

- Note the 2007/8 financial projections in respect of the Schools Budget for the current financial year.
- Ask the Group Director, Children Services to continue rigorous and robust monitoring of the Schools Block budget and to bring budget monitoring reports to future meetings of Schools Forum.

1. Reasons

- 1.1 At the meeting of the Schools Forum in June a recommendation to receive monitoring reports on the schools block budget was agreed.
- 1.2 This report provides members of the Schools Forum for the first time information on the projected outturn of the current years budget.

2. Detail

- 2.1 The budget monitoring report as at end of September 2007 shows a projected year-end overspend of £20k. Appendix A provides a breakdown of the individual budget variations that make up this position.
- 2.2 The Schools Finance Regulations 2006 allow for the balance of Dedicated Schools Grant (DSG) at 31 March to be carried forward to the next financial year. If the projection for the year-end remains as an overspend at the end of the financial year it will be deducted from next years DSG allocation.
- 2.3 If the year-end position is an underspend then this will be carried forward and added to the DSG allocation. It must be noted that this underspend can only be used as a one-off funding allocation and must not be used for recurring spend.

Further information on the subject of this report can be obtained from Karen Murray on 01793 465794 or Email kmurray@swindon.gov.uk.

Schools Block Budget Monitoring 2007/8

Schools Forum

1st November 2007

Risk Management

Financial and Procurement Implications

- The budgets and expenditure referred to within this report are all contained within the ring-fenced dedicated schools grant.

Legal / Human Rights Implications

- None

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- Promise 45 "We will make sure that schools will be at the heart of each community"

Consultees

- The Director of Finance, and the Director of Law and Democratic Services are consulted on all reports.
- The Chair of the Schools Forum

Background Papers and Appendices

- Appendix A – Children Services 2007/8 Revenue Budget Monitoring as at September 2007.

Further information on the subject of this report can be obtained from Karen Murray on 01793 465794 or Email kmurray@swindon.gov.uk.

Children Services 2007/08 Revenue Budget Monitoring as at September 2007

Variance	Explanation of current forecast £20k over spend
£'000	£20k this period
20	Services to Schools & Young People
-6	There is a small projected underspend resulting from higher than expected Care to Learn income which is income from the Learning Skills Council (LSC).
3	Portage has a budget pressure against their Teaching Assistant's salary.
-90	Expected underspend of £90k resulting from recovery of 2004/5 income that was previously accounted for as a bad debt.
5	On the secondary behaviour support team there is a forecast overspend of £5k. This is due to an increase in teaching assistants hours and mileage payments resulting from an increase in pupil numbers supported by this service.
8	Within the Education support service there is pressure on salary budgets arising from staff progressing through the salary threshold.
100	Isambard set up costs totalling £300k will be part funded from the redundancy budget within the DSG. However, there maybe a shortfall of £100k if the full £300k is spent during 2007/08.
	Finance Overview
	<p>The projected year-end overspend on the Schools Block is £20k. However, it must be noted that there are a number of risk areas especially on demand lead budgets that will need to be monitored closely during the rest of the financial year.</p> <p>If the year-end position remains as an overspend this will be deducted from next years allocation of Dedicated Schools Grant (DSG).</p>

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Schools Block Contingency 2007-08

Schools Forum

Date: 1 November 2007

Author: Group Director, Children

Parish / Wards Affected: All

Purpose

- To provide the Schools Forum with an up-to-date position on Schools Block Contingency budget;
- To seek the Schools Forum recommendation in respect of revenue funding for admission arrangements where the Local Authority require exceptional changes to existing arrangements

Recommendation

The Schools Forum is requested to:

- Recommend that the Schools Block contingency remains at its current level until outstanding expenditure items are confirmed;
- Recommend to the Local Authority that revenue funding for schools experiencing exceptional changes to existing admission arrangements should be in accordance with a funding formula factor rather than dependent upon funding from Schools Block contingency.

1. Reasons

- 1.1 It was agreed at the Schools Forum meeting of 27th June 2007 that a report on the latest position on Schools Block contingency budget should be provided at this meeting.
- 1.2 Following agreement at Cabinet on 18th October 2007, the Local Authority will arrange for additional year groups to be admitted to some schools in North Swindon from September 2008. The existing formula funding arrangements are not sufficient to support schools expanding for this reason. This occurrence is likely to increase due to the rate of expansion of Swindon.

2. Detail

2.1 Schools Block Contingency Budget

At its previous meeting the Schools Forum noted the demands on the Schools Block contingency budget and made a recommendation that the budget should be increased by £166,000 to £316,000, funding for the

Further information on the subject of this report can be obtained from Lorraine Billis on 01793 465752 or Email lbillis@swindon.gov.uk.

Schools Block Contingency 2007-08

Schools Forum

Date: 1 November 2007

increase being the brought forward balance 2006-07 and surplus Dedicated Schools Grant.

The increase in budget related to outstanding items of expenditure not known at the date of the last meeting. The status of the outstanding items is as follows:

Item	Status
4% "trigger" funding	Awaiting confirmation of pupil data from October pupil census
New schools funding	Awaiting confirmation of pupil data from October pupil census
NNDR for new schools	Awaiting information from the Valuation Office

The Local Authority proposes to maintain the Schools Block contingency budget at its current level until the status of the above outstanding items is confirmed.

2.2 Expanding Swindon Schools Revenue Funding Arrangements

The Schools Forum will be aware from the report made to its meeting of 27th June 2007 that schools in North Swindon are experiencing exceptional admission arrangements in respect of the expansion of the North Swindon area.

Currently exceptional admission arrangements are funded through the formula using an expanding schools factor. The Schools Forum also recommended that additional funding should be granted from the contingency budget for three North Swindon schools for this purpose at its previous meeting. These schools were Abbey Meads, Catherine Wayte and Haydonleigh Primary Schools.

The Local Authority believes that the current formula funding arrangements for expanding schools meet the requirements for these exceptional admission arrangements.

Additional submissions have been received by the Local Authority from Abbey Meads, Bridlewood and Haydon Wick Primary Schools. The Local Authority proposes that further submissions from these schools for additional funding should be met only in accordance with the funding formula unless exceptional circumstances occur over and above those already considered by the Schools Forum. The Schools Forum sub group met on 18th October to discuss possible options to fund these exceptional circumstances. The proposal is detailed on the School, Early Years & 14-19 funding 2008/11 report at appendix a.

Further information on the subject of this report can be obtained from Lorraine Billis on 01793 465752 or Email lbillis@swindon.gov.uk.

Schools Block Contingency 2007-08

Schools Forum

Date: 1 November 2007

The Schools Forum should note that Local Authority proposals for the continued expansion of schools in areas of growth in Swindon were agreed at a Cabinet meeting on 18th October 2007. This is likely to increase pressure on future contingency budgets and the Schools Forum may wish to review the provision of funding for expanding schools for future financial years. A proposal is shown in Appendix A to the Report on Schools Block Funding 2008-2011.

Alternative Options

- The Schools Forum may recommend an alternative purpose for the Schools Block contingency budget; however as potential expenditure is not yet known, this could create a budget pressure on the Schools Block. If an overspend on the schools block is not contained within the current year it will be a first call on next years dedicated schools grant.
- The Schools Forum may recommend additional funding arrangements for the relevant North Swindon Schools. However, any additional funding would need to be from the Schools Block contingency budget.

Risk Management

Financial and Procurement Implications

- All funding arrangements are to be contained within the ring-fenced Dedicated Schools Grant.

Legal / Human Rights Implications

- None

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- Promise 45 “ We will put schools at the heart of every community”.

Consultees

- The Director of Finance and the Director of Law and Democratic Services are consulted on all reports

Background Papers and Appendices

- None

Further information on the subject of this report can be obtained from Lorraine Billis on 01793 465752 or Email lbillis@swindon.gov.uk.

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School, Early Years and 14-16 Funding 2008-2011

Schools Forum

Date: 1 November 2007

Author: Group Director, Children

Parish / Wards Affected: All

Purpose

- To advise the Schools Forum of the proposals of the Schools Forum Sub Group (the Sub Group) in respect of amendments to the Swindon Scheme of Delegation, Finance Regulations for Schools and the Swindon Funding Formula 2008-2011;
- To advise the Schools Forum of requirements of the Department for Children, Schools and Families (DCSF) in respect of funding for 2008-2011 which are not the subject of consultation
- To request the Schools Forum to review its membership in the light of new regulations to be put in place from 1st April 2008

Recommendation

The Schools Forum is requested to:

- Recommend to the Local Authority that the proposals of the Sub Group are implemented from 1st April 2008 to 31st March 2011;
- Approve the proposals of the Sub Group relating to the Swindon Scheme of Delegation;
- Note the requirements of the DCSF in respect of School, Early Years and 14-16 Funding for 2008-2011;
- Carry out a review of its membership, with the revised membership to be in place from 1st April 2008,
- Note the potential funding implications of the proposals as shown in appendix A, annexes 1, 2 and 3 are based on the current schools data,
- Agree that the proposals from the Schools Forum Sub Group are considered alongside other priorities within the dedicated schools grant at the Schools Forum meeting 22nd January 2008.

1. Reasons

- 1.1 A consultation took place with all schools and education partners on proposed changes to the Swindon Scheme of Delegation, Finance Regulations for Schools and the Swindon Funding Formula, in the format agreed by the Schools Forum at its meeting on 27th June 2007. The closing date of the consultation was 21st September 2007. The proposed changes are firstly in response to the Government's funding framework for 2008-2011, and secondly to bring these documents up to date with local changes.

Further information on the subject of this report can be obtained from Ian Bickerton on 01793 465724 or Email ibickerton@swindon.gov.uk.

School, Early Years and 14-16 Funding 2008-2011

Schools Forum

Date: 1 November 2007

- 1.2 The outcome of the consultation was presented to the Sub Group at its meeting on 4th October 2007.
- 1.3 The DCSF has published guidance which sets out requirements relating to Schools, Early Years and 14-16 Funding for 2008 – 2011 as follows:
- Statement on 14-19 Reform and Funding - published 9th August 2007;
 - Letter to Local Authorities and Early Years Providers – published 25th June 2007;
 - Guidance on Calculating Costs of PVI Provision – published 16th August 2007;
 - Explanatory Note on School and Early Years Funding - published 13th September 2007.

The requirement upon the Local Authority is to implement the framework laid down by the DCSF after consulting with the Schools Forum.

2. **Detail: The following section is set out in accordance with the recommendations and decisions that the Schools Forum have been requested to make.**

Proposals relating to amendments to the Swindon Funding Formula, the Swindon Scheme of Delegation and Finance Regulations for Schools (subject of the Consultation to schools)

- 2.1 The Sub Group met on 4th October 2007 to consider the responses to the consultation with schools and education partners, undertaken between 12th July and 21st September 2007, on the funding framework for financial years 2008 to 2011. The consultation included a seminar for governors, headteachers and school finance officers held on 12th September 2007. The proposals of the Sub Group as a result of the consultation are attached at **Appendix A**.
- 2.2 The Sub Group met again on 18th October 2007 to further consider a proposal relating to funding social deprivation and further proposals relating to Band D SENRAP in secondary schools and a new funding factor for expanding schools. The proposal relating to social deprivation will refer to the redistribution of school balances referred to in paragraph 2.13 below. The recommendations of the school forum sub group in respect of these factors are contained within Appendix A.
- 2.3 The Schools Forum may recommend the proposals relating to the Swindon Funding Formula and Finance Regulations for Schools. The Schools Forum may approve the proposals relating to the Swindon Scheme of Delegation in accordance with the School Finance (England)

Further information on the subject of this report can be obtained from Ian Bickerton on 01793 465724 or Email ibickerton@swindon.gov.uk.

School, Early Years and 14-16 Funding 2008-2011

Schools Forum

Date: 1 November 2007

(Amendments) Regulations 2007 and determine the date on which they come into force.

Early Years Funding

- 2.4 In its letter to Local Authorities and Early Years Providers of 25th June 2007 the DCSF has set out its requirements for the review of provision of early years funding in private, voluntary, independent and maintained settings from April 2008. The letter is attached at **Appendix B**. The DCSF has subsequently published guidance on the steps that Local Authorities should be taking during this financial year.
- 2.5 The Local Authority is required to consult with the Schools Forum prior to the budget setting process for the funding period 2008-2011 on the steps it must take to review provision of early years funding and implement the required changes by 2010.
- 2.6 In accordance with DCSF requirements, the Local Authority has agreed with the Early Years Reference Group the timetable and documentation for the review process. A letter to private, voluntary and independent providers to collect data relating to costs of provision has been agreed by the Reference Group and sent to providers in accordance with the Guidance for Calculating Costs of PVI Provision published on 16th August 2007.
- 2.7 The Reference Group will meet on 31st October 2007 to consider the responses to the data collection process, and the outcome of the meeting will be reported to the Schools Forum at its meeting on 1st November 2007.
- 2.8 At this stage in the process the Schools Forum is requested to note the DCSF timetable for the review and progress so far.

14-16 Funding

- 2.8 The DCSF published guidance on 14-19 funding reform from 2008-2011 on 9th August, that is attached at **Appendix C**. The guidance sets out a timetable for the reform and sets out options for Local Authorities to consult upon with their Schools Forum in regard to the offer of a Diploma programme for pupils aged 14-16 years.
- 2.9 The Swindon 14-19 Partnership is considering its recommendation to the Local Authority in respect of the funding reform. The 14-19 Partnership Funding Strategy Group will meet in December and its recommendations will be referred to the Schools Forum Sub Group on 13th December for consideration. The Sub

Further information on the subject of this report can be obtained from Ian Bickerton on 01793 465724 or Email ibickerton@swindon.gov.uk.

School, Early Years and 14-16 Funding 2008-2011

Schools Forum

Date: 1 November 2007

Group will present its recommendations to the Schools Forum at its meeting on 22nd January 2008.

2.10 At this stage in the process in the Schools Forum is requested to note the DCSF timetable for the review and progress so far.

Requirements of the DCSF

- 2.11 The DCSF published guidance on 13th September 2007, the Explanatory Note on School and Early Years Funding Arrangements, that sets out requirements on Local Authorities and their Schools Forums, and that is attached at **Appendix D**.
- 2.12 The Schools Forum is requested to note the requirements contained within the Guidance that will inform the funding arrangements for 2008-2011.
- 2.13 The Schools Forum is requested to note particularly Paragraphs 70 to 75 of the Guidance for three reasons:
- Schools have raised significant concerns in respect of the retrospective nature of these arrangements;
 - The Schools Forum is required to recommend the method of redistribution of the balances clawed back;
 - The proposal referred to in 2.2 above will include a proposal for the redistribution of the balances clawed back.
- However, the Schools Forum should note the contents of the letter of 12th October 2007 from the DCSF attached at **Appendix E** that infers that the DCSF may review this requirement.
- 2.14 At this stage, the Schools Forum is requested to note the information contained in the Guidance document and its impact upon the funding framework, in readiness for the recommendations it will be asked to give on the Schools Block budget 2008-2011 at its meeting on 22nd January 2008.

Review of Schools Forum Membership

The Guidance document referred to in paragraphs 2.11 to 2.14 above sets out proposals for changes to Regulations to allow a wider base of membership for Schools Forums. The relevant paragraphs in the Guidance document are paragraphs 98 to 117.

- 2.16 The Schools Forum is therefore requested to agree a timetable for review of its membership, so that the revised membership is in place by 1st April 2008, in order to comply with the proposed Regulations.

Further information on the subject of this report can be obtained from Ian Bickerton on 01793 465724 or Email ibickerton@swindon.gov.uk.

School, Early Years and 14-16 Funding 2008-2011

Schools Forum

Date: 1 November 2007

Alternative Options

- The Schools Forum may recommend an alternative to the proposals made by its Sub Group for changes to the Finance Regulations for Schools and the Swindon Funding Formula, where those proposals do not relate to a requirement of the DCSF.
- The Schools Forum may decide not to approve the proposal relating to the changes to the Swindon Scheme of Delegation, or may request the Local Authority to provide an alternative proposal for its consideration. However, the Schools Forum should be aware that the risk of requesting alternative proposals at a late stage in the budget preparation process could jeopardise the legal requirements upon the Local Authority to produce a balanced budget within the DCSF deadlines.
- There are no alternatives to those provisions within this Report which are a requirement of the DCSF.

Risk Management

Financial and Procurement Implications

- The funding arrangements referred to in this report relate to the ring-fenced Dedicated Schools Grant. It must be noted that any additional funding required to support these proposals will need to be contained within the overall DSG and prioritised alongside the retained budgets within the DSG.

Legal / Human Rights Implications

- None

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- Promise 45 "We will make sure that schools will be at the heart of each community".

Consultees

- All schools, school governors and education partners
- The Director of Finance, and the Director of Law and Democratic Services are consulted on all reports.

Background Papers and Appendices

- Appendix A – Proposals of the Sub Group
- Appendix B – Letter to Local Authorities and Early Years Providers
- Appendix C – Guidance on 14-19 Reform
- Appendix D – Explanatory Note on School and Early Years Funding Arrangements
- Appendix E – Letter from the DCSF on 5% balance clawback

Further information on the subject of this report can be obtained from Ian Bickerton on 01793 465724 or Email ibickerton@swindon.gov.uk.

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**Results of the Consultation on Proposed Changes to the
Method of Formula Allocation to Swindon Schools for 2008/9,
2009/10 & 2010/2011**

The consultation on proposed changes to the method of formula allocation to Swindon Schools for 2008/9, 2009/10 and 2010/11 ended on Monday 24 September 2007. There were a total of 58 responses, 53 received before the closing date and at the time of writing this paper 5 after the closing date. Completed consultation forms were received as follows:

Respondent	Received before Deadline	Received after Deadline	Total Responses
Head teachers	25	5	30
Governors	18	0	18
Administrative staff	3	0	3
Nursery / Pre-school	3	0	3
Anonymous	2	0	2
Unknown	2	0	2
Total	53	5	58

All 57 responses have been assessed for the purpose of this paper including the 5 received after the deadline. A summary of the responses received for each proposal is shown below. The first line shows the total responses received. The second line is the adjusted responses received allowing for duplicate responses from the same school. In some cases not all respondents expressed a view for each of the proposals. The financial implications of the recommendations for each proposal are shown in Annex 1,2 and 3.

Proposal 1

To remove nursery places from the current calculation of the flat rate.

The current funding formula includes a flat rate for nurseries and a basic flat rate for schools. The nursery places are included in the calculation of the basic flat rate.

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
32	2	10	44	1
30	2	8	40	1

Recommendation

To implement this proposal.

Proposal 2

To remove nursery places from the current calculation of the small schools protection.

The current funding formula includes a factor for small school protection that funds missing pupils. Nursery place numbers are currently included in the calculation of small schools protection. The proposal is to remove nursery places from this calculation since nurseries are funded on a per place basis not per pupil basis.

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
29	2	14	45	1
27	2	11	40	1

Recommendation

To implement this proposal.

Proposal 3

To remove nursery places from the current calculation of the personalised learning calculation.

The current funding formula includes a factor for personalised learning. Nursery place numbers are currently included in the calculation of this factor. The proposal is to remove nursery places from this calculation since personalised learning does not apply to nursery age pupils.

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
32	3	10	45	2
30	3	7	40	2

Recommendation

To implement this proposal.

Proposal 4

To remove 6th form pupils from calculation of flat rate.

The current funding formula includes a factor for basic flat rate. 6th form pupil numbers are currently included in the calculation of this factor. The proposal is to remove 6th form pupil numbers from this calculation since 6th form pupils are separately funded via the Learning and Skills Council.

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
29	3	14	46	None

27	3	11	41	None
Recommendation				
To implement this proposal.				

Proposal 5**To amend and clarify the current terms of the split site allocation.**

The proposal is to clarify the split site factor for all schools and to amend the arrangements for paying the allocation when a school is relocated onto a single site.

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
31	2	12	45	1
28	2	9	39	1

Recommendation

To implement the proposal with a minor amendment in that schools who relocate from a split site onto a single site will receive the split site allocation for 12 months after relocating and until the end of the term 12 months after relocating. For the one school affected by this proposal this will mean they will continue to receive the split site allocation until the end of term 5 in the 2007/8 school year.

Proposal 6**To change the allocation of AEN resources at Key Stage 1 that use PIPS data as the cost driver.**

The current funding formula uses PIPS to allocate AEN resources to KS1 schools. The proposal is to allocate these resources using Foundation Stage Profiles.

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
28	7	9	44	7
27	3	8	38	7

Recommendation

To implement this proposal as the data collected at the end of the Early Years Foundation Stage provides numeric information but more importantly, it will also include rich observational information. Ongoing observation of children participating in a range of everyday activities is the most reliable way of building up an accurate picture of what children know, understand, feel, are interested in and can do.

Proposal 7**To remove the special staff costs from all schools.**

The current funding formula includes a factor called special staff costs. This proposal is for the removal of this factor.

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
27	10	8	45	2
25	10	5	40	2

Recommendation

To implement this proposal.

Proposal 8**To remove the special staff costs from Abbeymeads and Peatmoor schools.**

The current funding formula includes a factor called special staff costs that includes allocations for Abbeymeads and Peatmoor schools. This proposal is for the removal of this factor.

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
32	3	11	46	2
30	3	8	41	2

Recommendation

To implement this proposal.

Proposal 9**To include the finance flat rate in the basic flat rate for primary and secondary schools and the flat rate for special schools.**

This proposal is to simplify the formula by including the finance flat rate in other flat rates that already exist in the funding formula.

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
39	2	6	47	1
36	2	3	41	1
Recommendation				
To implement this proposal.				

Proposal 10

To change the method of allocating social deprivation funding from current Registered Free School Meals (FSM) eligibility and Index of Multiple Deprivation (IMD) (for personalised learning) to using IMD or ACORN or FSM entitlement as shown by revenues and benefits information (with the exception of the allocation that is for free school meals provision – see proposal 14).

There are several allocations to schools in the present funding formula that are allocated using registered FSM eligibility information and IMD for personalised learning. This proposal is to reallocate using IMD, ACORN or FSM entitlement as shown by revenues and benefits (with the exception of the resources that fund free meals provision in schools). The proposal will involve reallocating existing primary resources to primary schools and existing secondary resources to secondary schools. Given the level of some of the changes in allocations it is proposed that these changes are implemented over three years. There is no impact on special schools resulting from this proposal.

Allocate Using IMD

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
12	25	1	37	39
12	13	1	26	39

Recommendation

Not to implement this proposal.

Allocate Using ACORN

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
9	28	0	37	39
9	16	0	25	39

Recommendation

Not to implement this proposal.

Allocate Using FSM				
Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
14	22	0	36	39
13	10	0	23	39

Recommendation

In light of the responses received the recommendation is to retain the existing amounts of money that are allocated using IMD and to then allocate the remaining budget amounts using free school meals on a flat rate approach which awards a unit of help per eligible child. In doing so the 'stepped' approach is smoothed thus preventing schools suffering large drops in their budget allocations for relatively small changes in eligible pupils. In the future if the number of pupils eligible for FSM increases the allocation through this factor will increase by the unit cost. It is also recommended that the amount delegated through this factor be increased by the 5% top sliced balances as at 31 March 2007 (approx £250k) so that the total amount of social deprivation funding delegated to schools is 80% of the amount included in the DSG for social deprivation thus bringing the amount up to the level expected by the DCSF. The new allocations resulting from this revised proposal are shown in Annex 3 to this appendix. In the event that the DCSF reverse their proposal on top slicing school balances the schools forum sub group will consider at its December meeting alternative options of increasing the funding to be directed through this factor, alongside other priorities, in light of the provisional local government settlement that is expected to be known at that time. The DCSF have announced that there will be 1% headroom in the DSG settlement for 2008/9 to help implement the minimum funding guarantee and other local priorities. The free school meals figures that are to be used will be those as recorded in the January pupil census (currently the only validated free school meals data) prior to the financial year in question. In order to capture data on all eligible pupils schools will continue to receive from the local authority information on those pupils who are believed to be eligible that have not yet claimed their eligibility. Schools will continue to encourage all eligible pupils to claim their eligibility.

Phase Changes Over Three Years				
Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
42	5	0	47	39
28	5	0	33	39

Recommendation

Given the impact of the revised proposal it is recommended not to implement this proposal.

Proposal 11a, b and c

To delegate threshold funding to schools on a per pupil basis. All three parts of this proposal relate to changing the 11a, b and c all relate to changing the method of delegation of threshold.

The proposal is to delegate threshold money on a per pupil amount and to include in the AWPU. There are three variations to this proposal that use different pupil numbers.

11a Reallocate on per pupil basis

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
7	20	7	34	14
6	20	4	30	14

Recommendation

Not to implement this proposal.

11b Reallocate on per pupil basis excluding nursery and sixth form

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
18	18	6	42	14
12	18	3	33	14

Recommendation

Not to implement this proposal.

11c as 11b ring fenced per sector

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
5	18	7	30	14
5	18	4	27	14

Recommendation

Not to implement this proposal. Instead retain current allocation methodology for Threshold payments.

Proposal 12

To introduce a level of subsidy for new schools where a fixed contract

exists covering premises costs that were arranged by the LA.				
Where a new school is filling up over a phased period and long term contract arrangements are in place for premises costs a subsidy will be introduced to support such schools over a four year period.				
Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
18	18	19	55	3
17	13	15	45	3
Recommendation				
To implement this proposal with an amendment in that the missing pupils funded will be the difference between the numbers upon which the PFI unitary charge is based rather than the capacity of the school.				

Proposal 13				
To treat existing schools that close and reopen as different schools as new schools.				
Treating new schools that have predecessor schools the same as new schools that do not have predecessor schools will enable them to access the pre-opening funding that is available to new schools through the current scheme.				
Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
29	7	10	46	None
27	7	7	41	None
Recommendation				
To implement this proposal.				

Proposal 14				
To change the data collection date used to calculate the allocation of resources to schools for free school meals.				
To change the count date for free school meals to one count a year instead of average of three counts and to allocate based on take-up.				
Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
23	17	6	46	3
20	17	4	41	3
Recommendation				
To implement this proposal.				

Proposal 15				
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To audit Special School Provision and Special Resource Provision (SRP) in September to inform the budget setting process and that the audit is a three-year audit in line with the move to three-year budgets.

To enable indicative budgets to be as up to date as possible it will be necessary to move the Special School Provision and SRP audit to Autumn term. Also the frequency of the audit requires changing to fit in with the three-year budget cycle.

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
29	3	14	46	3
28	3	10	41	3

Recommendation

To implement this proposal.

Proposal 16

Any reductions or increases in budget allocations to schools resulting from the implementation of any of the proposals in this consultation are made outside of the minimum funding guarantee (MFG).

It is proposed that if any of the proposals in this consultation are implemented the changes in funding are made outside of the MFG so that the changes have an impact on school budgets. This will mean schools facing reductions in their allocations will not have their budget protected through the MFG calculation.

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
31	17	5	53	1
30	11	2	43	1

Recommendation

To implement this proposal

Additional Proposals

Proposal 17

The calculation of allocations of Band D SENRAP for secondary schools is amended to include all pupils (include 6th form pupils) within the school.

This amendment is to recognise the needs of all statemented pupils.

Proposal 18

To introduce a new factor that allocates resources to extending primary schools when the number of forms of entry at reception is increased through changes in the admission arrangements in line with LA policy. The new allocation will be paid to schools in the financial year that the reception class opens only.

This amendment is to recognise the additional costs associated with setting up a reception class as opposed to any other class within the primary sector. The other factors payable for expanding schools such as the higher of 4% trigger or growth greater than 20 pupils will continue to be paid. The value of this factor is still to be finalised but is estimated to be in the region of £15k. An update will be provided at the School Forum meeting on 1 November 2007.

Proposal 19

To delegate to schools the centrally retained budget for PFI.

This amendment is to ensure the LA meets the latest guidance from the DCSF in respect of the accounting treatment of PFI costs. The budget that is currently retained within the school block will be delegated to PFI schools on a per pupil basis. The amount delegated will then be recovered from the appropriate schools together with NNDR and abatement on 1 April each year.

Financial Implications: There are no financial implications to the Schools Block or individual schools as a result of this change. This change is simply being made to ensure the LA complies with the latest guidance from the DCSF.

SCHEME AND FINANCIAL REGULATIONS REVIEW**Minor Updates**

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
33	0	7	40	None
31	0	5	36	None
Recommendation				
To implement this proposal.				

Review of the Schools Scheme of Delegation**1. Internet Banking – Amendment to the scheme**

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
36	2	4	42	None
34	2	2	38	None
Recommendation				
To implement this proposal.				

2. Tendering limit – Amendment to the scheme

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
40	1	3	44	1
36	1	1	38	1
Recommendation				
To implement this proposal.				

Review of the Schools Financial Regulations**1. Internet Banking – Amendment to the scheme**

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
39	1	4	44	None
35	1	2	38	None

Recommendation

To implement this proposal.

2. Tender Limits – Amendment to the scheme

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
34	1	4	39	1
31	1	2	34	1
Recommendation				
To implement this proposal.				

Review of the Allocation Formula

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
29	1	10	40	None
27	1	7	35	None
Recommendation				
To implement this proposal.				

Alternative Provision Proposals – Secondary Schools Only**Proposal 1**

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
5	8	16	29	4
5	8	12	25	4
Recommendation				
Not to implement this proposal.				

Proposal 2

Agree	Disagree	Neither Agree or Disagree	Total Responses	Comments
9	5	16	30	4
9	5	13	27	4
Recommendation				
To implement this proposal.				

Summary of Proposals												
Proposal 1	Proposal 2	Proposal 3	Proposal 4	Proposal 5	Proposal 6	Proposal 7	Proposal 8	Proposal 12	Proposal 13	Proposal 14	Proposal 17	Proposal 18
Reductions from excluding Nursery place numbers from Flat Rate calculation	Reductions from excluding Nursery place numbers from Small School Protection	Nursery Personalisation	Flat Rate without 6th Form Pupils	Split Site Allocation	Replace PIPS with FSP	Special Staff Costs	Special Staff Costs	New Subsidy for Schools with Long Term Contracts	Merging Schools Treated as New Schools	FSM Allocated Using Jan Numbers (Prim & Sec) April (Spec)	Band D SENRAP to include 6th Form Pupils	New Factor for Expanding Schools to meet new Reception class Costs
£	£	£	£	£	£	£	£	£	£	£	£	£
Robert le Kyng Primary School	0	730			-1,676					1,260		314
Drove Primary School	0	-417			-4,725					2,016		-3,126
Eldene Primary School	0	804			-3,254	-408				0		-2,858
Even Swindon Junior School	0	-123			-2,865					-252		-3,240
Ferndale Junior School	0	343			0				60,000	126		60,469
Ferndale Infants School	0	228			3,012					882		4,122
Gorse Hill Junior School	0	476			0					-378		98
Gorse Hill Infants School	-686	-1,019			238					-126		-1,593
Lainesmead Primary School	0	1,063			-7,750	-2,034				2,142		-6,579
Lawn Primary School	0	687			-2,965					2,520		242
Letchbridge Primary School	0	147			2,399	-2,034				882		1,394
Moredon Junior School	0	-457			-6,674	-2,034				1,008		-8,157
Mountford Manor Primary School	-1,145	-1,488			-944					2,268		-1,309
Goddard Park Primary School	0	-563			-638					-126		-1,327
Oaktree Nursery and Primary School	0	-1,144			-7,174					-3,024		-11,342
Penhill Primary School	0	-910			-8,311	-2,076				-756		-12,053
Pinehurst Junior School	0	802			0					1,134		1,936
Pinehurst Infants School	-686	-1,268			-6,667					0		-8,621
Rodbourne Cheney Primary School	0	459			-635					-378		-554
Seven Fields Primary School	0	-1,316			-4,064					-378		-5,758
King William Street Church of England Primary School	0	56			2,407					-252		2,211
Holy Family Catholic Primary School	0	738			-616					-1,008		-886
Holy Rood Catholic Junior School	0	107			0					252		359
Holy Rood Catholic Infant School	0	69			-6,214					378		-5,767
St Mary's Catholic Primary School	0	91			5,246					-378		4,959
Liden Primary School	0	121			971					126		1,218
Oliver Tomkins Church of England Infant School	-686	-736			-825					630		-1,617
Oliver Tomkins Church of England Junior School	0	413			0					3,276		3,689
Shaw Ridge Primary School	0	57			2,136					-1,890		303
Bishopstone Church of England Primary School	0	8			4,946					0		4,954
St Andrews Church of England Primary School	0	49			3,870					0		3,919
Chiseldon Primary School	0	62			2,874					882		3,818
Covingham Park Junior School	0	58			0					0		436
Covingham Park Infant School	0	37			1,350					378		1,387
Freshbrook Primary School	0	66			589					-1,260		-605
Orchid Vale	0	-96			-394			33,216		168		31,887
Red Oaks	0	-59			-742			38,195		476		37,870
St Francis Primary School	0	-81			4,289					252		19,460
Bridlewood Primary	0	27			2,491					378		2,896
Catherine Wayte Primary	0	38			4,044					126		4,208
Abbey Meads Community Primary School	0	42			1,495					378		-11,380
Peatmoor Community Primary School	0	35			3,769					126		-9,365
Haydonleigh Primary School	0	52			2,963	-13,295				-126		2,889
Greenmeadow Primary School	0	65			4,758	-13,295				126		4,949
Haydon Wick Primary School	0	73			4,156					126		4,355
Southfield Junior School	0	49			0					-126		-77
Westrop Primary School	0	41			4,750					-126		4,665
Eastrop Infant School	0	34			-2,552					-126		-2,644
Northview Primary School	0	33			3,582					252		3,867
Nythe Primary School	0	60			1,958	-2,034				-756		-772
South Marston Church of England Primary School	0	24			-869					378		-467

Summary of Proposals																									
Proposal 1	Proposal 2	Proposal 3	Proposal 4	Proposal 5	Proposal 6	Proposal 7	Proposal 8	Proposal 12	Proposal 13	Proposal 14	Proposal 17	Proposal 18													
Reductions from excluding Nursery place numbers from Flat Rate calculation	Reductions from excluding Nursery place numbers from Small School Protection	Nursery Personalisation	Flat Rate without 6th Form Pupils	Split Site Allocation	Replace PPS with FSP	Special Staff Costs	Special Staff Costs	New Subsidy for Schools with Long Term Contracts	Merging Schools Treated as New Schools	FSM Allocated Using Jan Numbers (Prim & Sec) April (Spec)	Band D SENRAP to include 6th Form Pupils	New Factor for Expanding Schools to meet new Reception class Costs	TOTAL CHANGES												
														£	£	£	£	£	£	£	£	£	£	£	£
Colebrook Infant School	0	0	24		1,529					378			1,931												
Colebrook Junior School	0	0	42		0					-378			-336												
Grange Junior School	0	0	96		0					-126			-30												
Grange Infant Community School	0	0	66		-573					252			-255												
Ruskin Junior School	0	0	690		0					-378			312												
Beechcroft Infant School	0	0	440		-10,367					630			-9,297												
Windmill Hill Primary School	0	0	48		1,819					-378			1,489												
St Catherine's Catholic Primary School	0	0	347		3,960					252			4,559												
Toothill Primary School	-686	0	-715		395					378			-628												
Wanborough Primary School	0	0	48		3,481					126			3,655												
Westlea Primary School	0	0	68		-422					0			-354												
Brook Field Primary School	0	0	65		1,320	-2,034				0			-649												
Wroughton Junior School	0	0	92		0					3,150			3,242												
Wroughton Infant School	0	0	58		92					-126			24												
Tregoze Primary School	0	0	56		1,028					378			1,462												
Primary Total	-3,889	-1,006	-8	0	0	-12,654	-26,590	71,411	60,000	15,637	0	15,000	117,901												
Highworth Warneford School						-2,336				-3,150			-5,486												
Isambard School										-133			-133												
Kingsdown School				-13,346						1,890	637		1,890												
The Ridgeway School										252			-12,457												
The Commonweal School						-2,093				-2,898			-2,898												
Churchfields School										3,024			931												
Dorcan Technology College						-2,093				-3,276			-3,276												
Hreed Parkway School				-140,000						-1,260			-143,353												
The Headlands School						-2,093				4,662			4,662												
St Joseph's Catholic Comprehensive School				-975		-1,107				-2,772	636		-4,218												
Greendown Community School						-4,171				-2,520			-6,691												
Secondary Total	0	0	0	-14,321	-140,000	-11,800	0	0	0	-6,181	1,273	0	-171,029												
St Luke's School										2,982			2,982												
Brimble Hill Special School										1,864			1,864												
Chalet School										373			373												
Crowdys Hill School										1,491			1,491												
Uplands School										1,491			1,491												
Nyland School										-373			-373												
Special Total	0	0	0	0	0	0	0	0	0	7,829	0	0	7,829												
Total	-3,889	-1,006	-8	-14,321	-140,000	-24,454	-26,590	71,411	60,000	17,285	1,273	15,000	-45,299												

FINANCIAL IMPLICATIONS OF THE PROPOSALS

The following table provides a summary of the financial implications if all the recommendations for the proposals are implemented.

Description	Pressure £000	Saving £000	Net Overall Position £000
Proposal 1 remove nurseries from calculation of flat rate		-4	-4
Proposal 2 remove nurseries from calculation of small school protection		-1	-5
Proposal 3 nursery personalisation	0	0	-5
Proposal 4 remove 6 th form numbers from calculation of flat rate		-14	-19
Proposal 5 amend split site allocation		-140	-159
Proposal 6 replace PIPS with FSP	0	0	-159
Proposal 7 remove special staff costs from schools		-24	-24
Proposal 8 remove special staff costs from two schools		-27	-210
Proposal 9 include finance flat rate in basic flat rate	0	0	-210
Proposal 10 social deprivation	257		47
Proposal 11 threshold	0	0	47
Proposal 12 second level of subsidy for small schools	71		118
Proposal 13 merging schools to be treated as new schools	60		178
Proposal 14 change FSM date	17		195
Proposal 15 audit of special schools and SRP	0	0	195
Proposal 16 increases or decreases outside of MFG	0	0	195
Proposal 17 Band D SENRAP	1		196
Proposal 18 New Reception classes	15		211
Proposal 19 PFI	0	0	211
Top Slice School Balances		257	-46

The overall impact of all the proposals if accepted based on 2007/8 budget and 2007/8 factors is a pressure of £211k if the proposal to top slice school balances is not implemented by the DCSF. This pressure or saving would need to be considered along with other pressures and savings as part of the budget setting process for 2008/9 – 2010/11 and contained within the overall level of dedicated schools grant plus top sliced balances (if this policy change is implemented by the DCSF). Those proposals that have a nil impact on the overall level of spend may have an impact on individual schools. The impact on individual schools is shown in Annex 1 and 3.

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	CURRENT ALLOCATION 2007/8	Unit Value Primary including extra £250k				Unit Value Primary including extra £250k			
		£893.97				£1,025.15			
		Increase / Decrease				Increase / Decrease			
	Total 'Social Deprivation' Funding Excluding Meals & personalised Learning £	Pupil Numbers	FSM Eligibility Jan 07 PLASC	Number Eligible for FSM Jan 07 PLASC	Total New Allocation for Social Deprivation Allocated using FSM including additional £250k £	Increase / Decrease £	Total New Allocation for Social Deprivation Allocated using FSM including additional £250k £	Increase / Decrease £	Increase / Decrease
Primary									
Robert le Kyng Primary School	19,354	399	6.3%	25.00	22,349	2,995	25,629	6,275	32.42%
Drove Primary School	52,470	412	16.6%	64.00	57,214	4,744	65,609	13,140	25.04%
Eldene Primary School	40,196	382	11.8%	45.00	40,229	32	46,132	5,935	14.77%
Even Swindon Primary School	25,607	394	6.9%	28.00	25,031	-575	28,704	3,098	12.10%
Ferndale Junior School	5,955	183	3.8%	7.00	6,258	303	7,176	1,221	20.50%
Ferndale Infant School	9,528	122	10.7%	13.00	11,622	2,094	13,327	3,799	39.87%
Gorse Hill Junior School	42,520	195	23.1%	45.00	40,229	-2,292	46,132	3,611	8.49%
Gorse Hill Infant School	16,376	181	11.6%	18.00	16,091	-285	18,453	2,076	12.68%
Lainesmead Primary School	76,195	342	25.7%	88.00	78,669	2,474	90,213	14,017	18.40%
Lawn Primary School	32,455	388	11.1%	43.00	38,441	5,986	44,081	11,626	35.82%
Leithbridge Primary School	12,208	487	3.3%	16.00	14,304	2,096	16,402	4,195	34.36%
Moredon Primary School	46,747	365	15.1%	55.00	49,168	2,421	56,383	9,636	20.61%
Mountford Manor Primary School	64,637	226	32.7%	74.00	66,154	1,517	75,861	11,224	17.36%
Goddard Park Primary School	116,371	404	30.2%	122.00	109,064	-7,307	125,068	8,697	7.47%
Oaktree Nursery and Primary School	105,000	263	37.3%	98.00	87,609	-17,391	100,464	-4,536	-4.32%
Penhill Primary School	99,601	354	29.1%	103.00	92,079	-7,522	105,590	5,989	6.01%
Rodbourne Cheney Primary School	32,862	185	18.9%	35.00	31,289	-1,573	35,880	3,018	9.18%
Seven Fields Primary School	43,211	218	21.1%	46.00	41,123	-2,088	47,157	3,946	9.13%
King William Street Church of England Primary School	8,635	142	6.3%	9.00	8,046	-589	9,226	592	6.85%
Holy Family Catholic Primary School	19,354	257	7.4%	19.00	16,985	-2,368	19,478	124	0.64%
Holy Rood Catholic Junior School	11,017	272	4.8%	13.00	11,622	605	13,327	2,310	20.97%
Holy Rood Catholic Infant School	5,360	180	3.9%	7.00	6,258	898	7,176	1,817	33.89%
St Mary's Catholic Primary School	14,292	241	6.2%	15.00	13,410	-882	15,377	1,085	7.59%
Liden Primary School	27,393	337	9.2%	31.00	27,713	320	31,780	4,386	16.01%
Oliver Tomkins Church of England Infant School	24,700	160	18.1%	29.00	25,925	1,225	29,729	5,029	20.36%
Oliver Tomkins Church of England Junior School	41,432	229	23.6%	54.00	48,274	6,842	55,358	13,926	33.61%
Shaw Ridge Primary School	18,758	333	4.8%	16.00	14,304	-4,455	16,402	-2,356	-12.56%
Bishopstone Church of England Primary School	-	45	0.0%	-	0	0	0	0	0.00%
St Andrew's Church of England Primary School	4,466	210	2.4%	5.00	4,470	4	5,126	659	14.77%
Chiseldon Primary School	17,567	224	9.8%	22.00	19,667	2,100	22,553	4,986	28.38%
Covingham Park Junior School	6,253	212	3.8%	8.00	7,152	899	8,201	1,948	31.16%
Covingham Park Infant School	1,787	149	1.3%	2.00	1,788	1	2,050	264	14.77%

CURRENT ALLOCATION 2007/8		Unit Value Primary				Unit Value Primary including extra £250k				
Total 'Social Deprivation' Funding Excluding Meals & personalised Learning	Pupil Numbers	FSM Eligibility Jan 07		Number Eligible for FSM Jan 07	Increase / Decrease £	Increase / Decrease £	Total New Allocation for Social Deprivation	Allocated using FSM including additional £250k	Increase / Decrease	
		PLASC	PLASC							
Freshbrook Primary School	29,235	188	15.4%	29.00	-3,310	-11.32%	25,925	29,729	494	1.69%
Orchid Vale	2,283	78	3.8%	3.00	399	17.46%	2,682	3,075	792	34.69%
Red Oaks	5,052	282	2.5%	7.00	1,205	23.86%	6,258	7,176	2,124	42.03%
St Francis Primary School	2,084	155	1.9%	3.00	598	28.67%	2,682	3,075	991	47.56%
Bridlewood Primary School	5,360	177	4.0%	7.00	898	16.76%	6,258	7,176	1,817	33.89%
Catherine Wayte Primary School	1,489	320	0.6%	2.00	299	20.10%	1,788	2,050	562	37.72%
Abbey Meads Community Primary School	16,079	302	6.3%	19.00	907	5.64%	16,985	19,478	3,399	21.14%
Peatmoor Community Primary School	15,781	202	8.9%	18.00	311	1.97%	16,091	18,453	2,672	16.93%
Haydonleigh Primary School	5,657	318	2.0%	6.00	-293	-5.19%	5,364	6,151	494	8.73%
Greenmeadow Primary School	2,382	258	1.2%	3.00	300	12.59%	2,682	3,075	693	29.11%
Haydon Wick Primary School	4,169	277	1.8%	5.00	301	7.23%	4,470	5,126	957	22.96%
Southfield Junior School	8,337	229	3.9%	9.00	-291	-3.49%	8,046	9,226	889	10.67%
Westrop Primary School	15,483	199	8.5%	17.00	-286	-1.84%	15,197	17,427	1,944	12.56%
Eastrop Infant School	3,871	159	2.5%	4.00	-295	-7.62%	3,576	4,101	230	5.94%
Northview Primary School	8,337	173	5.8%	10.00	603	7.23%	8,940	10,251	1,914	22.96%
Nythe Primary School	2,680	167	0.6%	1.00	-1,786	-66.64%	894	1,025	-1,655	-61.74%
South Marston Church of England Primary School	2,680	109	3.7%	4.00	896	33.44%	3,576	4,101	1,421	53.02%
Colebrook Infant School	2,680	102	3.9%	4.00	896	33.44%	3,576	4,101	1,421	53.02%
Colebrook Junior School	3,573	176	1.7%	3.00	-891	-24.94%	2,682	3,075	-498	-13.93%
Grange Junior School	7,444	376	2.1%	8.00	-292	-3.92%	7,152	8,201	757	10.18%
Grange Infant Community School	9,230	259	4.2%	11.00	603	6.54%	9,834	11,277	2,046	22.17%
Ruskin Junior School	25,904	384	7.3%	28.00	-873	-3.37%	25,031	28,704	2,800	10.81%
Beechcroft Infant School	13,697	240	7.1%	17.00	1,501	10.96%	15,197	17,427	3,731	27.24%
Windmill Hill Primary School	11,612	192	6.3%	12.00	-885	-7.62%	10,728	12,302	689	5.94%
St Catherine's Catholic Primary School	4,764	191	3.1%	6.00	600	12.59%	5,364	6,151	1,387	29.11%
Toothill Primary School	30,131	169	20.1%	34.00	264	0.88%	30,395	34,855	4,724	15.68%
Wanborough Primary School	6,848	250	3.2%	8.00	303	4.43%	7,152	8,201	1,353	19.76%
Westlea Primary School	4,466	305	1.6%	5.00	4	0.08%	4,470	5,126	659	14.77%
Brook Field Primary School	9,826	409	2.7%	11.00	8	0.08%	9,834	11,277	1,451	14.77%
Wroughton Junior School	24,713	335	10.7%	36.00	7,470	30.23%	32,183	36,905	12,192	49.33%
Wroughton Infant School	7,444	209	3.8%	8.00	-292	-3.92%	7,152	8,201	757	10.18%
Tregoze Primary School	6,253	252	3.2%	8.00	899	14.38%	7,152	8,201	1,948	31.16%
	1,341,847	15,932		1,501.00	0	0.00%	1,341,847	1,538,744	196,897	12.80%

	CURRENT ALLOCATION 2007/8				Unit Value Primary			Unit Value Primary including extra £250k		
	Total 'Social Deprivation' Funding Excluding Meals & personalised Learning £	Pupil Numbers	FSM Eligibility Jan 07 PLASC	Number Eligible for FSM Jan 07 PLASC	Total New Allocation for Social Deprivation Allocated using FSM £	Increase / Decrease £	Increase / Decrease	Total New Allocation for Social Deprivation Allocated using FSM including additional £250k £	Increase / Decrease £	Increase / Decrease
Secondary					Unit Value Secondary	£709.42		Unit Value Secondary	£759.06	
Highworth Warneford School	35,826	937	4.9%	46.00	32,633	-3,193	-8.91%	34,917	-909	-2.54%
Isambard School	6,515	140	6.6%	9.00	6,385	-130	-2.00%	6,832	316	4.86%
Kingsdown School	42,200	1,275	5.4%	69.00	48,950	6,749	15.99%	52,375	10,175	24.11%
The Ridgeway School	31,211	1,183	4.1%	48.00	34,052	2,841	9.10%	36,435	5,224	16.74%
The Commonweal School	47,915	1,099	5.9%	65.00	46,112	-1,803	-3.76%	49,339	1,424	2.97%
Churchfields School	131,379	1,002	18.5%	185.00	131,242	-137	-0.10%	140,427	9,047	6.89%
Dorcan Technology College	105,052	1,297	11.1%	144.00	102,156	-2,896	-2.76%	109,305	4,253	4.05%
Hireod Parkway School	57,586	1,329	6.3%	84.00	59,591	2,005	3.48%	63,761	6,175	10.72%
St Joseph's Catholic College	33,189	1,079	3.9%	42.00	29,795	-3,393	-10.22%	31,881	-1,308	-3.94%
Greendown Community School	61,762	1,226	7.1%	87.00	61,719	-43	-0.07%	66,038	4,277	6.92%
	552,635	10,567		779.00	552,635	0	0.00%	591,310	38,675	6.54%
Total Primary and Secondary	1,894,482	26,499		2,280.00	1,894,482	0	0.00%	2,130,054	235,572	11.06%
Special					Unit Value Special	£0.00		Unit Value Special	£217.91	
St Luke's School	-	54	30.8%	16.00	0	0	0	3,487	3,487	100.00%
Brimble Hill Special School	-	57	26.9%	14.00	0	0	0	3,051	3,051	100.00%
The Chalet School	-	36	13.9%	5.00	0	0	0	1,090	1,090	100.00%
Crowdys Hill School	-	138	22.5%	31.00	0	0	0	6,755	6,755	100.00%
Uplands School	-	78	33.6%	18.00	0	0	0	3,922	3,922	100.00%
Nyland School	-	35	40.0%	14.00	0	0	0	3,051	3,051	100.00%
Total Special	-	398		98.00	0	0	0.00%	21,355	21,355	100.00%
Grand Total	1,894,482	26,897		2,378	1,894,482	0	0.00%	2,151,409	256,927	11.94%

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Appendix B

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25 June 2007

Dear Colleague,

Today the Government has announced changes to the system for funding the free entitlement, following the **consultation on school, early years and 14-16 funding**. I am writing to you to describe the headline changes to the funding of the free entitlement over the next three years. You can also access a full written statement and a letter to Directors of Children's Services at www.teachernet.gov.uk/schoolfunding2008to11/

I am really grateful to local authority staff for their very helpful engagement in our consultation events, and for your consultation responses - we have received over 130 from LAs. Your contribution has helped to shape, what I hope you will agree are positive reforms to the early years funding system.

You will be familiar with our consultation proposals on early years funding. They were designed to bring the funding systems for the PVI and maintained sectors into better alignment to enable local authorities to shape the market more effectively in response to parental demand, focus on quality and maximise take-up. Consultation respondents, and in particular LAs, were generally supportive of the proposals – although there were of course a number of issues raised about how they would work in practice, the timescales for implementation and the need for flexibility to respond to local circumstances. A full report of the consultation responses is available on the Teachernet website.

You will be pleased to see that Ministers have decided to implement the majority of the proposals set out in the consultation document. We will be providing fuller guidance to you about the detail over the summer, but I thought it would be helpful to alert you now to the main elements of the reform package. Our key decision is that by April 2010 all local authorities will be required to use **a single local formula for funding the free entitlement** in both the maintained sector and PVI sector. Although we won't be prescriptive about what goes into the formula, we will be working with a selection of local authorities to model different approaches that will help identify the detailed ways in which the formula can be used to reflect the characteristics of the free entitlement. I expect this to include the opportunity to address the

characteristics of children, settings and the quality and flexibility of the provision on offer in how settings are funded. We will be encouraging local authorities to introduce the formula earlier than 2010 wherever possible.

Because we recognise that developing a new local formula needs to be done carefully and on the basis of consultation and evidence, we are setting out a staged approach towards the introduction of the formula. This means that:

- Starting now, we expect each LA to **analyse the cost of delivering the free entitlement in PVI settings**, in the run up to agreeing your local budgets for April 2008 onwards. Many authorities have already done this, and we will be publishing examples and other good practice guidance to help you over the summer.
- Also effective immediately is the expectation that all LAs will **establish a mechanism to consult with providers about the local changes to early years funding** (which could be a sub-group to your Schools Forum). We will also, at the earliest opportunity, be changing regulations so that there is **at least one early years provider from the PVI sector amongst non-schools members on School Forums**. You may want to get a head start on this and arrange for a PVI sector representative, who will be available to join your Forum soon. The limit on non-schools members of Schools Forums will be changed from one fifth to one third to help manage the size of Schools Forums.
- Consistent counting methods across both sectors will be an important precursor to a single formula. So, from April 2009 we will change school funding regulations to require all local authorities **to count and fund children in maintained settings according to the amount of provision they use**. This new count will be used in your local Minimum Funding Guarantee calculations. There will still be some flexibility for local authorities to fund some of their providers (both schools and PVI settings) on places – mainly to help protect and sustain small or rural settings and those nursery schools that need it. Local authorities will need to start considering the impact of the change well in advance of April 2009 and finance and data collection colleagues will need to identify appropriate data to conduct **an impact assessment** of this change for discussion with the Schools Forum. We will be providing guidance on the mechanisms you might use to help some schools make the transition to a new count.
- As these reforms are implemented we will also be encouraging you to consider options for **increasing budget stability for PVI settings**. There were mixed views in the consultation on the best approach, and we feel that this needs to respond to local circumstances and the context of individual providers – so we will be providing some examples of practical ways to do this but not requiring a specific approach.

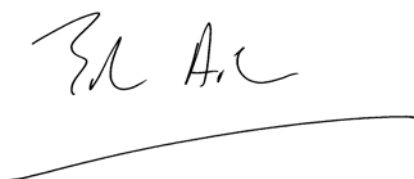
As you can see, we have a challenging agenda for change ahead of us. Ministers have decided **not to implement the option of separate identification of early years funding within the Dedicated Schools Grant**

for the time being. This will be kept under review in the light of progress on the reforms set out above. I should also flag up that Department has today announced a wider review of the DSG system with a view to having a single formula available for distributing education funding to local authorities from 2011-12. This would mean that early years funding could be clearly identified in each authority's funding allocation. In the meantime we will be developing more resources for you to benchmark your approaches against other local authorities and to increase the transparency of the system. In particular we will be publishing both the results of our survey of your local approaches to distributing funding and our estimates of local spending on the entitlement (in 2006-07) in August, with the local authority benchmarking tables. This will help all partners have a full and informed debate about local funding decisions.

Choice for parents through a diverse market of high quality provision is the cornerstone of how the entitlement should be delivered because parents are the best judges of what is right for their children. Our vision for 2010 is of higher take-up of the full 15 hour extended entitlement by all children in settings that respond to what parents want. These funding reforms will be part of how we achieve that: they will address funding issues that constrain flexible use of the entitlement; and they will put in place a system that supports sustainability so that settings have the stability to plan for future and focus on quality. They will also support our efforts now to ensure that the entitlement is free at the point of delivery for all children.

We look forward to working with you on these changes and as I've said above will be providing a range of support and guidance on the practical implications. If you have any immediate questions or issues you would like to raise please get in touch with me, or you can contact Claudine Menashe-Jones at Claudine.Menashe-Jones@dfes.gsi.gov.uk.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'G. Archer', with a long horizontal line drawn underneath it.

Graham Archer
Deputy Director, Sure Start, Extended Schools and Childcare Division

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To: Directors of Children's Services

Dear Colleague,

I am writing to thank you and your colleagues for all of your work to prepare for the introduction of the 14-19 reforms.

I am very conscious of the amount of effort that is going into making the reforms a success, in the context of very significant change. One important area of development is to the funding system and we thought that it would be helpful to provide a summary of the current position.

At the end of June you will have received information about the government's decisions on the school, early years and 14-16 funding arrangements for 2008-11. The analysis of the responses to the joint LSC and former Department for Education and Skills post-16 demand-led consultation 'Delivering World-class Skills in a Demand-led System) can be found under the latest new section of the Further Education website (<http://www.dfes.gov.uk/furthereducation/>). In the autumn, the LSC's Statement of Priorities for 2008/09 will contain details of how the demand-led system will operate for both young people and adults.

More recently, you will be aware that the Prime Minister has announced, as part of the machinery of government changes, that 16-18 funding for sixth forms and colleges will be delivered through local authorities in the future, subject to consultation and the passing of the necessary legislation. In the interim, the LSC will remain responsible in law and practice for the allocation of funds to all forms of post-16 education and training other than higher education.

This note provides an overview of how the schools and 16-18 funding systems will work in 08/09 and 09/10 to support delivery of the 14-19 reforms, prior to transition to the new funding arrangements, which we expect to take place from 2010/11. It includes detail on some of the more technical issues which have arisen through our consultations. It also aims to provide reassurance about the need for good and well planned transition arrangements, following a wide consultation, to achieve a smooth and successful transfer of 16-18 funding to local authorities.

The principles of 14-19 reform

Our aspiration for the 14-19 reforms is that every young person will be prepared by their education and training to make a success of their life. This requires us to create a system which matches the best in the world with much higher levels of post 16 participation, and to break the link between deprivation and low educational achievement.

Building this system requires a new curriculum and qualification entitlement including: 14 new employer-led Diplomas; a Foundation Learning Tier of qualifications; functional skills; strengthened GCSEs and A Levels; a significant expansion of Apprenticeships; wider availability of the International Baccalaureate; and a revised secondary curriculum to ensure students are well prepared for the 14-19 phase.

By the time the new entitlement comes into effect in 2013, we want 85% of those aged 19 to be achieving a Level 2 qualification, and a significant increase in the numbers achieving Level 3 at 19. Currently around 78% of 17 year olds are

participating in education or training. But almost 10% are not in any form of education, employment or training and others are in low-skilled jobs or jobs without training.

What do you as DCS's need to do?

In parallel with this note, we are issuing a narrative about how local partnerships should work to deliver the 14-19 reforms. I hope that this note and the narrative will help you begin to consider how you are working locally to bring together providers to deliver the entitlement in the best way for the local area.

Issues that you will want to consider, using the guidance in this note, include:

- How you will commission and plan 14-19 provision in a local area, working with providers, and use the funding system to support and incentivise achievement and participation;
- How you will work together to fund the delivery of Diplomas in a way that most benefits young people including:
 - developing a local strategy for achieving the Diploma entitlement by 2013, across all providers, based on an assessment of local demand and supply;
 - reviewing how the Dedicated Schools Grant (DSG) allocation for practical learning which you already have within your baseline will be deployed to build capacity for Diplomas.

In the meantime, you can expect to receive more information about the funding system including detailed allocations in the autumn. More details of 16-19 funding will be published in the LSC's Annual Statement of Priorities in October.

If you would like further information on delivery of the 14-19 programme please do not hesitate to contact 14-19@dcfs.gsi.gov.uk.

Jon Coles

Director 14 – 19 Reform Group

Department for Children, Schools and Families

HOW WILL THE 14-19 FUNDING SYSTEM WORK?**Annex 1**

1. The 14-19 planning and funding arrangements are driven by three main principles:

- Funding Diplomas and practical learning at Key Stage 4;
- Bringing together funding for all 16-18 year olds;
- The pivotal role of 14-19 partnerships in planning and commissioning.

This statement sets out how we expect each to work in more detail.

Funding practical learning provision at Key Stage 4

2. The number of schools and colleges delivering Diplomas will grow year on year, and will vary from area to area. It will depend on the number of consortia that are successful in the Diploma Gateway, how much demand there is locally to take the Diplomas and how each area chooses to deliver Diplomas alongside their 14-19 provision.

3. As numbers taking the Diploma grow, we would expect the balance of funding for practical learning to shift progressively towards Diplomas. But equally it is important that the funding you have already received in your allocations supports high quality practical learning that meets local demand, enhances progression, and builds capacity in line with planning for the Diploma entitlement.

4. Funding for Young Apprenticeships will continue to be delivered through the LSC in 08/09 while we review how they may be adapted to the changing qualifications landscape. Funding for KS4 Engagement pilots will also continue for 08/09 at least. We will encourage other areas to learn from the pilots and adopt the good practice models they are developing.

5. We will continue to route Education Business Link (EBL) funding via LSC in 2008-09 as a transitional measure to avoid disruption as we seek to build Work Related Learning (WRL) capacity in time for Diploma introduction in 2008. Planning and commissioning of WRL will be undertaken in consultation with 14-19 partnerships. We will of course review funding routes for future years, with the expectation that funding will flow through local authorities in the longer term.

Funding of Diplomas at Key Stage 4

6. As part of the statement on school funding on 25 June we announced funding arrangements to support collaboration between schools and partnership providers to deliver Diplomas at KS4 during their roll out period. The way this will work is:

- Funding for 14-16 years olds taking Diplomas will be distributed to local authorities through a specific formula grant. The grant will take account of the number of Diploma lines being offered, take-up, the higher cost of provision in high wage areas and the additional costs in sparsely populated areas.
- How that funding is used locally needs to be decided locally, and should build on existing successful partnership models. We think that the best approach is to keep some funding at a partnership level so that schools can draw on a central pool of funding, rather than meeting all Diploma costs from their

delegated budget.

- Charging for Diplomas should be based on a framework set out in the LSC funding methodology but with local flexibility to reflect different levels of funding for 14-16 pupils across local authorities.

7. A more detailed illustration of how Diploma funding may work over the next two years is set out at Annex 2.

Funding sources for the Diploma grant

8. As Diplomas are rolled out over the next three years, more pupils will be taking them each year. Funding for Diplomas over this period will come from three sources:

- (i) Funding which has been earmarked within local authorities' DSG allocations, for the delivery of more practical learning options at 14-16. This is £40 million in 2006-07 and £110 million in 2007-08.
- (ii) £36 million within the Increasing Flexibility Programme (IFP) currently distributed through the LSC to provide vocational courses for 14-16 year olds, usually through attendance at college. From 08-09 these funds will be distributed through local authorities. The size of the allocations will be determined from current 07-08 baselines.
- (iii) Additional funds secured through the Comprehensive Spending Review (CSR).

9. The earmarked DSG funding has already been allocated to local authorities. Some authorities have, with the agreement of the Schools Forum, held some or all of their allocation at local authority level to purchase practical learning provision on behalf of the local area. Others, probably the majority, have devolved these funds to schools through the Average Weighted Pupil Unit (AWPU). Regardless of how this DSG funding has been deployed, local authorities and schools are expected to use these allocations to support practical learning opportunities and Diplomas as they are rolled out in each area, subject to the Gateway process.

10. In addition the grant must take account of:

- contributions from school mainstream budgets achieved through savings when pupils are studying off-site;
- the funding rates for different lines and levels of Diplomas which will be set by the LSC in line with the new funding methodology introduced from 08/09 for 16-18 provision. Details of the average rates will be set out in further guidance in the autumn.

Funding 16-18 provision

11. As part of the Machinery of Government changes at the end of June it has been announced that responsibility for 16-18 funding (with the exception of 16-18 Apprenticeships which will continue to be funded through the LSC) will pass from the LSC to local authorities.

12. Arrangements for the transfer of funding for 16-18 learners to local

authorities, including the mechanisms which will be used to route funds through local authorities to schools, will be subject to consultation and subject to the passing of the necessary legislation. This process must make sure there will be no disruption to schools and colleges and to the introduction of Diplomas. As previously mentioned funding of Diplomas at KS4 from 08/09 will be through a new specific formula grant to local authorities.

13. For 08/09 and 09/10 it has been agreed that school sixth forms, colleges and private providers will be funded using a common funding methodology which supports our 14-19 funding principle of providing comparable funding for comparable activity irrespective of provider type. The way this will work is:

- In Autumn 2007, schools, colleges and providers, working with local authorities and the LSC through the 14-19 partnership will agree how together they will deliver local 14-19 plans. They will agree expected 16-18 learner numbers and associated funding allocations for 2008/09, calculated using the new, national funding formula. In year recruitment and past delivery performance will be used alongside anticipated growth/reduction to inform the funding allocations for the year.
- Significant new or changed provision will be offered to schools, colleges and providers through the commissioning process. This will allow growth to be allocated by negotiation against needs identified by 14-19 partnerships and 16-18 competitions for growth over 200 places, including new provision following school and FE presumptions.
- Indicative allocations will be made to schools in December 2007, and confirmed by the end of March 2008. Colleges' and other providers' allocations will be confirmed by the end of May 2008.
- Growth in participation, but not for breadth, will be consolidated into the baseline. Negotiations will begin again in autumn 2008 and take into account performance and relevance to 14-19 plans. This will then inform the 2009/10 allocations.
- The new national funding formula will be based on Standard Learner Numbers, a national funding rate, a provider factor and additional learning support. The provider factor will be calculated individually for each school, college and provider and will reflect the relative costs of delivery as well as quality. As indicated in the demand-led consultation it will include elements for average programme weighting, disadvantage, area costs and success rates.

14. More information on 16-18 learner numbers and associated funding, including for Apprenticeships, will be published in the LSC Annual Statement of Priorities (October 2007). The demand-led consultation indicated that the introduction of a new funding formula can cause variations in the level of funding per learner for institutions. We will therefore assess the impact of the changes on institutions and consider any transitional arrangements that may be necessary.

The key role of 14-19 partnerships

15 14-19 partnerships will have a pivotal role in developing plans to meet Diploma and 16-18 entitlements across each local area, these are set out in detail in the attached narrative. They will look at demand and supply, identify gaps in provision and how they may be filled, address logistical issues arising from

collaboration including transport, and work through how funding will be deployed to support consortia to deliver Diplomas. Funding allocations will be made using these plans, and the outcomes of the Diploma Gateway process.

16. Ultimately decisions on school funding including Diplomas at KS4 will be made by local authorities after consulting the Schools Forum. From 08/09 14-19 partnerships will be separately represented on forums to ensure those decisions are consistent with area plans.

FUNDING FOR DIPLOMAS AT 14-16**Annex 2**

The following **illustrates** how Diploma grant may be calculated and paid. It will be further developed in consultation with stakeholders.

Specific formula grant – how it is calculated and paid

1. The calculation, allocation and payment of specific formula grant for Diplomas depends on the level and timing of information available on take up of Diplomas in each year. We assume the following three stages will take place in a given academic year in order to firm up data on Diploma take up:

- **initial planned numbers** – planned numbers in an area for a given academic year will derive from:
 - numbers by line and level to be delivered by local consortia approved through the Gateway process for first teaching in that year. The full picture will be available in July when numbers conditionally approved in March are confirmed. The workforce plans in the Gateway application are based on these volumes;
 - for Diploma lines and levels and consortia already approved through the Gateway, the level of provision that can be delivered in that year in line with anticipated demand;
 - the proportion of planned numbers by Diploma line and level that will be delivered at KS4.
- **final options** – we would expect final options as a firm basis for payment of funds to be made in April / May.

2. Allocations of the Diploma grant from the Department to local authorities with consortia delivering Diplomas will be made in November/December. These will be based on outcomes of the Gateway process, with an allowance for growth to meet demand affordable within the CSR outcome. The following specific factors will be taken into account:

- volume and mix of Diploma provision across the area in that year (the mix will include Diploma line and level)
- additional funds to take account of:
 - geography - the rurality of the area and/or weighting for greater costliness, for example in London;
 - areas of the authority in which Diplomas are to be offered (so a measure of how many of the authority's children will be able to access the Diploma);
 - overall pupil numbers in the authority;
 - an adjustment to take account of levels of funding available to local authority from earmarked DSG funding for practical learning allocated in 07-08, allocation to local authority of former IFP funding, and

reduction to avoid double funding, linked to volume of take up.

Delivery of funding to the front line

Prior decisions and planning

3. Decisions on which option for distributing the formula grant to adopt are for local discretion. In some cases it will be appropriate to build on well established arrangements – for example for the distribution of earmarked DSG for practical learning opportunities which translate well to the funding of Diplomas. However, whatever the arrangements that are currently in place for the management of 14-19 funding, we would expect local authorities to give very serious consideration to adopting the partnership level approach (described as the ‘insurance model’ in the consultation document) with the grant and school contributions being pooled and managed by the 14-19 partnership. We believe this approach is generally the most likely to maximise control and stability and minimise risk during the roll-out phase of Diplomas. It has the added benefit of similarity to the LSC’s allocation and funding methodology.

4. Prior to pooling and/or distributing Diploma funds we expect local authorities/14-19 partnerships to have established in consultation with Diploma consortia:

- planned volumes by Diploma line and level to be delivered, taking into account Gateway outcomes (for the first 5 lines in 08/09 this information will be dictated solely by Gateway outcomes)
- a clear picture of how schools and providers will collaborate to deliver Diploma places at KS4.
- timetabling and transport arrangements to underpin this configuration.

5. Against that background 14-19 partnerships will also need to determine their overall approach to funding transport, including whether to reserve a proportion of the formula grant/school contributions at area level for costs of inter-institutional travel that cannot be met from baseline funding.

6. 14-19 partnerships will also need to allow in their planning of funding for Diplomas the clearance of proposals through the Schools Forum.

Quantifying Diploma funds

7. The formula grant will be issued by the Department to local authorities at the end of November. The allocation will provide information on the assumptions on which the grant is based, and guidance on LSC funding rates for Diploma lines/levels.

8. The level of **grant** payable in respect of each school offering Diploma provision to its pupils will be based on:

- numbers of pupils and Diploma lines/levels being undertaken, based on initial options in October/November;
- LSC base funding rates for Diploma levels/lines, including any uplifts within

the 'provider factor', for example for area cost or deprivation

9. The contribution from cost reductions will be estimated on the basis of the volumes taking up Diplomas from each school. As indicated in the consultation document it is recognised that there is not a linear relationship between numbers and cost reductions, but it is expected that schools will make some contribution to minimise double funding, and that this contribution will increase in proportion to numbers of pupils taking up Diplomas.

10. The contribution from funds in the baseline earmarked for practical learning opportunities and former IFP funds will need to be quantified by the 14-19 partnership taking into account provision that these sources are currently supporting.

Routing and management of Diploma funds

11. When these factors have been determined the routing of funding would operate as follows:

- under **Option 1** the Diploma funds will be held by the 14-19 partnership on behalf of the local authority. The contributions from cost reductions can be secured through a top slice of all participating schools' budgets either at an average rate or in direct proportion to numbers taking Diplomas in each school. All payments to Diploma providers will be arranged centrally by the partnership
- under **Option 2** the grant would be held and paid at partnership level. Each school would need to make a contribution to partnership provision from their budgets, either at an average rate or in proportion to the provision purchased for their pupils. In this scenario the partnership would be responsible for paying the grant, and the 'home' school the required contribution from its AWPU.
- under **Option 3** the grant would be delegated to participating schools through an uplift to their AWPU proportionate to planned take up by numbers/line/level by their pupils. The uplift would be reduced to take account of the agreed contribution from the school's budget to the cost of provision. The total payment for Diploma provision would be made to partnership providers direct, and not through the 14-19 partnership.

Payment of Diploma funding

12. School budgets will need to be set by mid February for the following financial year, taking the above Diploma funding arrangements into account. It is expected that final decisions by pupils to take up Diplomas will be made in April/May for the following academic year. Payments to partnership providers, from the central pool or direct by schools, will be made in accordance with these decisions.

13. It will be necessary for 14-19 partnerships acting on behalf of schools, and/or 'home' schools to be able to reconcile Diploma funds allocated with spend, taking into account changes in demand and switching courses. To manage uncertainties and minimise bureaucracy involved in reconciliation/claw back, local authorities/schools may wish to deploy a threshold approach, where a proportion of funding is held back until a certain take up limit is reached.

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SCHOOL AND EARLY YEARS FUNDING ARRANGEMENTS 2008-11

Explanatory note for local authorities

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School Funding Unit
Department for Children, Schools and Families
13 September 2007

For further information: www.teachernet.gov.uk/schoolfunding2008to11/
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1. Introduction

1. In March 2007 the Department for Education and Skills published a consultation document on the arrangements for schools, early years and 14-16 funding that will apply from April 2008. This explanatory note gives further detail on these arrangements, decisions on which were announced to Parliament on 25 June.

2. In reaching decisions on how the new arrangements should operate, Ministers have taken into account responses to the consultation document and the technical work that we have undertaken with national partners on the School Funding Implementation Group and its sub groups. We are grateful to those who took the time to respond to the consultation document and who contributed to the detailed technical work.

3. The decisions announced on 25 June covered the following six main areas:

- the distribution of the **Dedicated Schools Grant** (DSG) to local authorities;
- refinements to the way local authorities fund schools, ready for the introduction of **three year school budgets** from April 2008;
- development of the funding arrangements for early years education to support the extension to 15 hours and increased flexibility of the **free entitlement to early years education** and care from 2010;
- funding arrangements to support the introduction of the entitlement to **diplomas at key stage 4**;
- changes in the membership of **Schools Forums**, to put them in the best possible position to support the programme of changes to school funding – particularly for early years and 14-16 provision; and
- changes to **specific grants**.

4. Details of the changes to the arrangements for funding at 14-16 were set out in the statement¹ on the 14-19 reform programme issued by the Department on 9 August. That statement brought together the decisions taken in response to the schools, early years and 14-16 funding consultation, and the joint DfES/LSC consultation – “Delivering World-class Skills in a Demand-led System”. This explanatory note covers the 5 other areas.

¹ This can be accessed at: www.teachernet.gov.uk/schoolfunding2008to11/

Consultation on Formula Review Terms of Reference

5. While Ministers have decided to use the spend plus methodology to distribute DSG for 2008-11, the long-term aim is to move back to a single, transparent formula. A major formula review was launched on 2 August, the aim of which is to develop a single formula which will be available for use in the DSG distribution from 2011-12. We would welcome comments on the terms of reference for the review², with a closing date of 2 November.

Next Steps

6. The next key milestone in the implementation of the arrangements for 2008-11 will be the school funding settlement in October. At that time we will set out the level of the Minimum Funding Guarantee, details of the funding for Ministerial priorities, how that funding is to be distributed, and allocations of Dedicated Schools Grant, School Standards Grant and School Development Grant for the next three years.

September 2007
School Funding Unit
Department for Children, Schools and Families

² Available at: www.teachernet.gov.uk/DSGformulareview/

2. Dedicated Schools Grant

A. Scope and Use

7. The scope of Dedicated Schools Grant will remain unchanged for the CSR period. It will provide funding for, and must be spent on, an authority's Schools Budget, which covers the delegated budgets allocated to individual schools, and also other educational provision for children which local authorities fund centrally, such as some Special Educational Needs provision, Pupil Referral Units and early years provision in Private, Voluntary and Independent settings. There will be no change to the general formal conditions applied to the DSG: local authorities must use the grant in support of the Schools Budget; and the provision for the Secretary of State to recover grant in exceptional circumstances remains. We will consider imposing further conditions of grant on authorities which fail to make sufficient progress towards adequately reflecting the deprivation funding in DSG in their local formula.

8. From 2008, it will be more straightforward for local authorities to combine funding from the centrally retained part of the Schools Budget with funding from budgets of other local authority services and other agencies. In approving proposals of this sort, the Schools Forum will no longer have to apply the test that educational benefit must be proportionate to the contribution from the Schools Budget; there will still have to be an educational benefit, however. Further details are at paragraphs 49 to 51.

9. The DSG is first and foremost a revenue support stream for schools' recurrent expenditure, not support for capital expenditure, for which there are other arrangements. However, there are three issues relating to the funding of capital projects and the DSG that we are taking this opportunity to clarify: PFI costs; prudential borrowing; and borrowing costs more generally.

10. Although PFI costs take the form of a unitary charge, they arise from two sources: the capital costs of building and the continuing costs of facilities management. The grant provided by Communities and Local Government is designed to cover the capital costs. In so far it does not do so, for example because the final specification of the school has exceeded what can be covered by the PFI credits, the additional cost should not be charged to DSG or the Schools Budget. But the continuing costs which arise from facilities management are a legitimate charge against DSG and the Schools Budget. The School Finance Regulations allow authorities to have a formula factor for these payments, which should be handled as part of the relevant school or schools' budget share.

11. The regulations governing the definition of the Schools Budget allow for servicing the costs of a prudential borrowing scheme in limited circumstances. In summary this flexibility is limited by the following conditions:

- a. any scheme funded from the Schools Budget must start to generate annual savings to that budget which are greater than or equal to the

annual charge on the schools budget within a reasonable period (we suggest five years), and the impact on the Schools Budget over the duration of the prudential borrowing should be at worst neutral; and

- b. the local authority must secure Schools Forum approval for the scheme.

12. A number of authorities have asked whether it is permissible to go beyond this and charge borrowing costs more generally to the Dedicated Schools Grant. The definition of the Schools Budget specifically excludes the costs of supported borrowing, other than under the exception described above, and it is therefore unlawful for these costs to be charged to the DSG.

B. Calculation of DSG Allocations

13. Ministers have decided that DSG will continue to be allocated for 2008-11 by the spend plus methodology. This will function in broadly the same way as for the past two years:

- a. the baseline will be local authorities' DSG guaranteed unit of funding per pupil for 2007-08;
- b. all authorities will receive the same basic percentage increase per pupil as an addition to this baseline; and
- c. the remaining funding will then be distributed for Ministerial priorities according to other formula based criteria.

14. The basic per pupil increase in the DSG will be equal to the level of the MFG for that year, plus an addition – described as “headroom” – to enable authorities to implement the MFG. This additional funding is necessary to fund the increased per pupil costs of falling rolls, and the increased costs of items excluded from the MFG calculation such as high cost SEN, rent, rates and PFI payments. We will not be announcing the level of the MFG until autumn, but the levels of headroom for each year have already been announced: 1% for 2008-09; and 0.8% for 2009-10 and 2010-11. So each authority's percentage basic increase in DSG will be:

2008-09	MFG + 1% per pupil
2009-10	MFG + 0.8% per pupil
2010-11	MFG + 0.8% per pupil

15. The calculation of DSG allocations is a two stage process: the first stage uses DCSF projections of pupil numbers at local authority level; in the second stage, DSG allocations are finalised using actual January pupil numbers. The process will operate as follows for 2008-09:

- a. each authority's DSG guaranteed unit of funding for 2007-08 will be uprated by the basic increase, with pupil number changes taken into

account as measured by the change from actual January 2007 to estimated January 2008 pupil numbers;

- b. to this will be added funding for each of the Ministerial priorities, each distributed according to a separate formula, to give an overall indicative allocation of DSG for 2008-09;
- c. this indicative allocation will be divided by estimated January 2008 pupil numbers to give the Guaranteed Unit of Funding for 2008-09 (this figure will not subsequently change);
- d. when final January 2008 pupil numbers are available in late May/early June, the DSG Guaranteed Unit of Funding will be multiplied by them to give an authority's final allocation of DSG for 2008-09.

16. Guaranteed units of funding for 2009-10 and 2010-11 will be calculated as at steps (a) to (c) above, with the DSG guaranteed unit of funding for 2008-09 as the baseline for 2009-10 DSG indicative allocations, and the 2009-10 DSG guaranteed unit of funding the baseline for 2010-11 DSG allocations. DSG allocations for 2009-10 and 2010-11 will be finalised in June 2009 and June 2010 respectively, as at step (d) above. The Ministerial priorities for each of the next three years, and the formulae used to distribute funding for them, will be announced in autumn 2007.

C. Timing of Pupil Counts and Finalising DSG

17. The pupil counts used to calculate DSG for 2008-11 will remain at January: so for 2008-09 allocations of DSG we will use January 2008 pupil numbers, and so on. The main reason we did not go ahead with using an autumn count was that there is as yet no such count for pupils outside maintained schools or under compulsory school age, and therefore it would mean using more out of date data for such pupils.

18. This will mean that, as now, local authorities will not know their final allocations of DSG until early June. When setting school budgets, they will therefore need to continue to make estimates of their final pupil numbers, using data from the September pupil count, but also early intelligence on the January count. It is clear that local authorities have had far fewer problems in estimating their final allocations of DSG for 2007-08 than they had in 2006-07: the Department has received far fewer queries about the pupil counts themselves; and feedback from local authorities has been that the great majority have predicted their final DSG allocations with a good degree of accuracy.

19. In the longer term, the best solution to this problem may be to count all pupils in the autumn and base DSG allocations on that count: that would allow DSG allocations to be finalised before the start of the financial year. To introduce this change for the 2011-12 financial year, we would need data for autumn 2009, as well as for autumn 2010: that will allow us to iron out any problems with the autumn count ahead of its use in actual DSG allocations; and it will also allow us to determine the impact on local authority allocations of DSG before the new pupil count is introduced. The long lead-in

times for changes to the data collection arrangements mean that we need to start the planning process now, so this issue will be one we consider early in the review process.

D. Under 5 Pupil Numbers and DSG

20. The current system of counting children under 5 for the purposes of allocating DSG is a hybrid: children in maintained settings count as 0.5 or 1 fte; whereas children attending Private, Voluntary and Independent (PVI) settings count from 0.1 to 1.0 fte, proportional to the number of sessions they take up.

21. Guidance on our programme of reforms to early years funding at local level is set out in chapter 4 of this document. One of the key milestones is the introduction at local level from 2009-10 of a consistent method of counting and funding children in maintained and in private, voluntary and independent settings. From 2009-10 onwards, the presumption will be that, at local level, funding for children under 5 in maintained settings is calculated on the basis of provision taken up, rather than places, as now. That will bring maintained settings into line with PVI settings, and it will require local authorities to collect more detailed data on the provision taken up by all children under 5 in maintained settings from January 2009. Authorities are also being encouraged to fund maintained settings and PVIs under a common formula from 2009-10, and this will be required from 2010-11.

22. The Department is working with local authorities to introduce changes to the Schools Census from January 2009. Starting in January 2008, we will be piloting in a number of authorities the collection through the Pupil Led Annual Schools Census (PLASC) of data on the level of provision taken up by children in maintained settings. From the January 2009 Census this will be rolled out to all authorities, so that they have the data they need to fund maintained settings on the same basis as PVI settings. The change to a count based on the level of provision taken up will lead to changes in the pupil numbers used for funding purposes, and we set out in chapter 5 what arrangements local authorities can use at local level to manage the transition from the old to the new counting method.

23. If we used the pupil numbers from the new counting method in DSG allocations for 2009-10, it is highly likely that there would be significant changes to the pupil numbers of some authorities, and hence to their DSG allocations – and that would undermine the stability and predictability of three year allocations of DSG. It would be possible to adjust the DSG guaranteed unit of funding (GUF) to avoid large changes in DSG allocations, but this could only be done for 2010-11:

- a. each local authority's final DSG allocation for 2009-10 would be divided by the pupil numbers for that year on the new basis, to give a revised DSG GUF for that year;
- b. that revised DSG GUF would be used as the basis for an authority's DSG allocation for 2010-11, with pupil numbers calculated on the new basis.

24. We have decided not to adopt this approach, since it would undermine the predictability of DSG GUFs for each of the three years 2008-11 that remain fixed at the levels announced in October 2007. We will therefore use the existing method of counting pupils for DSG purposes for all three years 2008-11.

E. Academies Funding and DSG

25. For new academies that are established from April 2008, the amount of DSG deducted from a local authority's allocation will be based on the recoupment model. No change will be made in respect of existing academies. More detailed guidance on the precise methodology to be used will be made available at the time of the school funding settlement, but we expect the process to be, in outline for 2008-09:

- a. Local authorities will calculate the budget for a school that is becoming an academy as part of their budget setting process for all of their schools by March 2008. For academies that start in September or January, the authority will need to carry out this work anyway to give the school a budget for the 5 or 9 months for which it maintains the school. For academies that start in April, the authority will need to generate a budget for the recoupment process, even though it will not be maintaining the school during that year.
- b. The local authority will notify the DCSF of this budget through its section 52 statement, and the Department will carry out a rough sense check of the budget before the authority's DSG allocation is finalised in June 2008. The relevant proportion of the budget – all for an April start, 7/12 for a September start, or 3/12 for a January start – will then be deducted from the authority's DSG allocation.
- c. The DCSF will replicate the school's budget in detail later in the year, as the first stage in setting the academy's actual funding for the academic year which begins 17 months after the financial year in question. If that requires there to be any adjustment to the level of the deduction from the local authority's DSG allocation, that can either be made before the October adjustment to DSG payment profiles, or by a change to the final DSG payment for 2008-09 in March 2009.

26. The local authority will also be asked to calculate the local authority central support grant (LACSEG) for the period from conversion to the end of the financial year. This is a per-pupil grant based on the authority's central spend as recorded in Table 1 of the section 52 statement, and the Department will supply an Excel model for the calculation. The LACSEG amount will be added to the budget share to produce the total DSG deduction.

27. The process will be the same for new academies that commence in 2009-10 and 2010-11. For academies that are in their second and third year of operation in those years the local authority will need to calculate the budget that it would have allocated to

those schools if they were still maintained. Where that calculation needs updated data – for example on free school meals, or revised floor area – the Department will ensure that the local authority has this data by February in advance of the coming financial year.

28. We should emphasise that the introduction of the recoupment model changes the way in which DSG will be adjusted for academies, not the way in which academies themselves are funded. Academies will continue to be funded by the DCFS on an academic year basis, using the authority's formula for the previous financial year on a lagged basis. The extra information we shall get from authorities will make this process easier but will not replace it. The aim of introducing the recoupment model is to make the adjustment to DSG much closer to the real cost to the local authority.

29. The use of the recoupment model for new academies will mean that local authorities' DSG allocations will incorporate funding for the costs of individually assigned resources for pupils with SEN at those schools: the reduction in their DSG allocation is the budget they would have paid the school, and not the DSG GUF multiplied by pupil numbers for the school. For academies that opened before 2008-09, the reduction in the authority's DSG has been made on the basis of the DSG GUF and the academy pupil numbers: any pupils with individually assigned SEN resources at such academies should be included on the authority's Form 8B return, so that the authority receives a DSG guaranteed unit of funding for them.

30. The effect of the creation of academies on the central expenditure limit will not be taken into account in the School Finance regulations, since that would over complicate them. Authorities should explain to their Schools Forums the effect the creation of academies has on the ISB, on central expenditure and on the comparative growth rates of the two components.

F. Reflecting Deprivation in DSG Allocations

31. The schools, early years and 14-16 funding consultation sought views on the use of geographically based indicators such as ACORN and MOSAIC, to reflect deprivation in the distribution of DSG. While many consultees were in favour of geographical indicators of deprivation, there was concern at the lack of transparency of such indicators as ACORN and MOSAIC.

32. After the consultation commenced, HMRC published data drawn from the Tax Credit system. It contained data on finalised awards of Child Tax Credit and Working Tax Credit at the Local Authority level for 2003-04, 2004-05 and 2005-06 and at the level of the Lower Layer Super Output Area (LSOA) for 2004-05. Each LSOA covers around 400 households, with a minimum population of 1,000 and a mean population of around 1,500. The data allows us to identify the number of children in families in each LSOA which receive each type of tax credit: when this is divided by the number of children aged 0-18 in receipt of Child Benefit, it gives a proportion of children in families receiving each type of tax credit in each LSOA.

33. The data also allows us to identify a number of levels of entitlement:
 - a. Children in out-of-work families receiving CTC;
 - b. Children in families in-work receiving WTC and CTC;
 - c. Children in families in-work receiving the family and child elements of CTC (but no WTC);
 - d. Children in families in-work receiving only the child element of CTC; and
 - e. The total number of children in families receiving any CTC.
34. Using a combination of the levels of entitlement above allows us to develop a more fine-grained deprivation measure, which takes account of different levels of deprivation: that is in contrast to measures such as Free School Meals, for which a child is either known to be eligible, or not.
35. The analysis we have done so far has used data at local authority level, and shows that an indicator based on tax credit data gives broadly the same results as other indicators of income deprivation. It also shows a strong negative correlation with results at Key Stage 4. This strongly suggests that such an indicator is a plausible new deprivation indicator for use in distributing funding for 2008-11 for those Ministerial priorities which require a deprivation factor.
36. When we come to use the new indicator based on tax credit data in the 2008-11 DSG allocations, we intend to use a more sophisticated methodology which uses the resident LSOA for children within each authority. It will work as follows:
 - a. using the National Pupil Database (NPD) the resident LSOA of each child and Local Authority of the school which they attend can be identified;
 - b. for each of these LSOAs we know the proportion of children living in families in receipt of the various types of tax credit. Each child would assume the characteristics of the LSOA in which they live and – in the absence of knowing which specific children live in families in receipt of the tax credits – we can derive a probability that they live in such a family; and
 - c. the probabilities derived under step b. are added up for all of the children who attend schools in that authority, and the sum is divided by the number of children to get a score for the local authority as a whole.
37. It would be possible to carry out this process for each of the elements of the tax credit system outlined in paragraph 33, and to weight each element in our measure of deprivation. For example, we might give the first two groups a weight of 1, the third group a weight of 0.5, but exclude the fourth group.

38. We will carry out the further work to link the Tax Credit Data to data from NPD over the summer. Decisions on the precise methodology will be taken at the same time as decisions on Ministerial priorities within DSG, and announced with the school funding settlement in the autumn.

Funding for “Pockets” of Deprivation

39. Alongside the improved method of reflecting deprivation in DSG allocations we will also be targeting funding at deprived children in less deprived authorities – described in the school, early years and 14-16 funding consultation as funding for pockets of deprivation. This will be one of the Ministerial priorities announced at the time of the school funding settlement in October, and we will set out how the funding will be distributed at that time.

G. Exceptional Circumstances Grant

40. There will be two elements to this grant:

- a. The first will be for those authorities who experience significant growth in overall pupil numbers between January and October; and
- b. The second will be for those authorities who experience significant growth in the overall number of pupils with English as an Additional Language or who face an increase in numbers of such pupils from a low base.

Overall Pupil Number Increase Element

41. DSG is highly responsive to changes in pupil numbers: January pupil numbers are used for the financial year that commences three months later. However, local authorities can experience significant growth in pupil numbers between the January count and the start of the new academic year in September. Some reasons are as follows:

- a. Redeployment of personnel to authorities which contain military bases;
- b. Major new housing developments; and
- c. Immigration to an area from outside England.

42. To assess the scale of pupil number increases we will look at the change in pupil numbers at local authority level between the January census, and the termly count in early October. This will cover all pupils of compulsory school age in maintained schools only – data on early years provision and alternative provision is not collected on a termly basis. We will pay a grant to those authorities with significant increases in pupil numbers between January and October, calculated on the following basis:

- a. we will set a threshold expressed as a percentage increase in overall pupil numbers;

- b. any authority with pupil number growth between the January census and the autumn termly count that exceeds the threshold will qualify for an allocation of grant;
 - c. the grant it receives will be the number of pupils over the threshold, multiplied by 7/12 of the authority's DSG guaranteed unit of funding.
43. The following worked example illustrates how the grant would work:
- a. The threshold is assumed to be 2.5%.
 - b. An authority with 100,000 pupils in January 2009 has 3,000 extra pupils by September 2009. Its DSG guaranteed unit of funding is £3,600 per pupil.
 - c. The number of pupils over the 2.5% threshold is therefore 500.
 - d. The amount of grant received would be $500 \times £3,600 \times 7/12 = £1.05$ million
44. Decisions on the level of threshold, which will be the same for each of the three years 2008-11, will be announced at the time of the school funding settlement in the autumn. The amount of grant distributed will therefore depend on the numbers of pupils in authorities at the autumn termly count date, data on which will be finalised early in the New Year, at which point the amount of grant will be calculated and paid out to local authorities.

Increase in EAL Pupils Element

45. While DSG is highly responsive to changes in pupil numbers, the spend plus method of distribution does not readily recognise changes in the numbers of pupils with additional educational needs. In practice, changes in the numbers of pupils from income deprived backgrounds or with special educational needs are likely to be gradual. But increased migration from overseas – and in particular from the recently joined members of the EU – can easily result in more rapid changes in the numbers of pupils with English as an Additional Language, and that can result in a significant extra burden on local authorities and schools.

46. This element of the grant will work in a broadly similar way to the grant for increases in overall pupil numbers, but will be calculated on the basis of differences in numbers of pupils with EAL between the January 2008 census and the autumn term count for any given year in the three year period. The use of January 2008 as a base point will deal with the situation where a local authority sees an increase in EAL pupil numbers one year, followed by a decline the following year, if those pupils move elsewhere. The calculation will work as follows:

- a. we will set a threshold expressed as an increase in the percentage of pupils in an authority with EAL;

- b. any authority which experiences an increase in the proportion of pupils with EAL above this threshold will qualify for an allocation of grant;
 - c. the grant it receives will be the number of pupils over the threshold, multiplied by a unit of funding per pupil based on the AEN unit of funding³ from the schools FSS formula, uprated by ACA where this applies and paid on an academic year basis – so for extra pupils from September 2008, 7/12 of the grant will be paid in 2008-09, with the remaining 5/12 paid in 2009-10.
 - d. for the second year of the grant, pupil numbers in September 2009 would be compared with January 2008 pupil numbers, with the same threshold and payment on an academic year basis as in the first year.
47. The following worked example illustrates how the grant would work:
- a. The threshold is assumed to be a 2% increase in EAL pupils.
 - b. An authority with 100,000 pupils in January 2008 has 10% of pupils with EAL, and has 3,200 extra pupils with EAL by September 2008, but 2,500 extra pupils above the 2008 baseline by September 2009 (ie a small reduction in numbers compared with September 2008). That changes its proportion of pupils with EAL to 13.2% for September 2008, and 12.5% for September 2009 (making the simplifying assumption that overall pupil numbers are static)
 - c. The number of pupils over the 2% threshold is therefore 1,200 in September 2008, and 500 in September 2009
 - d. The amount of grant received would be as set out in the table below:

Extra pupils above threshold	2008-09	2009-10	2010-11
1,200	$1,200 \times \text{£}1,600 \times 7/12$ = £1.12 million	$1,200 \times \text{£}1,600 \times 5/12$ = £0.80 million	
500		$500 \times \text{£}1,600 \times 7/12$ = £0.47 million	$500 \times \text{£}1,600 \times 5/12$ = £0.33 million

48. In addition to those authorities which see significant increases in their proportions of EAL pupils, there may also be authorities whose overall proportion of EAL pupils starts from a low base, where the increase in the proportion of pupils with EAL is not enough to trigger the above element of the grant. Such authorities may lack the infrastructure to deal adequately with pupils with EAL, and we propose a one off lump

³ This was £1,455 in 2005-06 – by 2008-09 the equivalent figure will be around £1,600 allowing for inflation.

sum payment to such authorities, to help them put in place that infrastructure. The qualifying threshold and the level of the lump sum for each of the three years 2008-11 will be set at the time of the school funding settlement in the autumn.

3. School Budgets

A. Use of Centrally Retained Schools Budget and ECM

49. As set out in para 7, there will be no change to the scope of the DSG (and hence what the Schools Budget can and cannot be spent on). However, from 2008-09 onwards it will be easier for local authorities and Schools Forums to approve contributions from the centrally retained Schools Budget to joint working funded through local authority combined services budgets, many of which may be in support of ECM outcomes. In approving such an arrangement they will still have to assure themselves that there is an educational benefit but no longer have to decide that the benefit gained is at least proportionate to the contribution made from the Schools Budget.

50. The revised arrangements will work as follows, for the CSR period:

- a. The Schools Forum must agree to any increase in the deduction from the Schools Budget – and the local authority will need to demonstrate to the Schools Forum that there are clear benefits to pupils and schools from the increased contribution;
- b. If there is no increase in the deduction from the Schools Budget, there is no need for the authority to seek the Schools Forum's formal agreement to the continuation of the deduction, but local authorities should report to their Schools Forums on the progress of the joint working.

51. At the same time as considering the merits of any increase, Schools Forums may also need to consider the interaction with the new method of calculating the Central Expenditure Limit, set out in the next section.

Central Expenditure Limit

52. The aim of the Central Expenditure Limit (CEL) is twofold: first, to ensure that an authority gives at least as much priority to the funding delegated to schools as to the funding retained centrally for items such as high cost SEN and PRUs; and second, to ensure that the Schools Forum discusses the interaction between funding delegated to schools, and funding outside school delegated budgets to support the education of individual children.

53. The limit determines how much expenditure an authority can retain centrally from its Schools Budget: its current operation restricts the year on year increase in central expenditure to the same or a lower level as the increase in the Individual Schools Budget (ISB). If an authority wishes to retain more than the amount specified by the limit, it must seek the agreement of its Schools Forum, and if that is not forthcoming the Secretary of State. Over the past four years the calculation of the limit has become increasingly complex, as we have sought to ensure a correct year on year comparison, for example, taking account of the transfer of Teachers Pay Grant into DSG.

54. From 2008-09 the CEL will be simplified, and will be expressed in terms of a minimum increase in the ISB, rather than a maximum increase in centrally retained expenditure. The way this will work for 2008-09 is as follows:

- a. The authority calculates the percentage increase in its overall Schools Budget from 2007-08 to 2008-09. The final figure for the Schools Budget for 2007-08 should be used, including any adjustments after an authority's DSG allocation has been finalised;
- b. This is compared with the percentage increase between 2007-08 and 2008-09 in the authority's ISB plus the amount of funding delivered to PVI providers;
- c. If the increase in ISB + PVI funding is greater than the overall percentage increase in the Schools Budget, the authority has not breached the limit. If the increase in ISB + PVI funding is less than the increase in the Schools Budget, the authority will need to seek the agreement of its Schools Forum.

55. Where an authority has delegated an item of funding for 2008-09 that was not delegated in 2007-08 – for example funding for threshold payments to teachers, funding for 14-16 practical learning opportunities, SEN funding – it should explain what impact the extra delegation will have on the Central Expenditure Limit. Likewise, where a new academy has been created (see para 30 above). The worked example below illustrates how this will work in practice.

	2007-08	2008-09	
Schools Budget	210,000,000	220,500,000	5.00%
ISB	170,000,000	178,330,000	4.90%
PVI Funding	4,200,000	4,600,000	9.52%
Sub Total	174,200,000	182,930,000	5.01%
Central Expenditure	35,800,000	37,570,000	4.94%

56. In this example, the percentage increase in central expenditure is less than the increase in the overall Schools Budget whereas the percentage increase in ISB plus PVI funding is more. The authority has not therefore broken the limit.

B. Minimum Funding Guarantee

57. The Minimum Funding Guarantee (MFG) will remain a key part of the school funding system for the next three years. However, there will be a number of changes, which will simplify the operation of the guarantee. Alongside these, we are also reducing the level of the MFG to take account of the efficiency gains we are expecting

of schools, and in 2009-10 and 2010-11, we are also reducing the amount of MFG headroom: these two changes will reduce the amount of funding needed to implement the MFG, so that as much of possible of the increase in funding over the period 2008-11 will be available for new policy developments.

58. A decision on whether or not LSC funding for school sixth forms should continue to be included in the MFG calculation will be announced at the time of the school funding settlement.

Operation of the MFG

59. An outline of the way the MFG will work from 2008-09 onwards is as follows:

- a. A baseline of pupil led funding is established, by excluding from the school's budget share for the first year, those components which are clearly not dependent on pupil numbers – for example, funding for rates, for newly qualified teachers or for high cost SEN pupils.
- b. This baseline (known as the adjusted budget share) is increased by the level of the guarantee, and then increased or decreased to reflect changes in pupil numbers. Each pupil gained or lost attracts the baseline per pupil multiplied by 80% for a primary school and 87.5% for a secondary school⁴.
- c. The result of this calculation is the Guaranteed Level of Funding (GLF), which is compared with the school's adjusted budget share for the second year. If the GLF is higher than the adjusted budget share, the school receives the difference as an addition to its budget share for that year – its MFG allocation. If the adjusted budget share is higher than the GLF, no MFG allocation is made.
- d. Finally, funding for exclusions in the second year is added back on to give the school's budget share for that year.

60. The only change from the current methodology is that the marginal multipliers (80%/87.5%) will now also apply to schools with rising rolls – currently such schools receive the full baseline amount per pupil for each additional pupil. In overall terms, this change will mean that the MFG uses slightly less resource to implement than in previous years.

61. As in previous years we will be placing on the Departmental website a calculator that allows schools to work out how the MFG applies to them; this will be accompanied by a more detailed technical note setting out step by step calculations. There are no further changes to the MFG methodology for the CSR period.

⁴ We have considered whether there is a case for amending the marginal multipliers, by reviewing the proportion of funding for primary and secondary schools that is pupil related across the past 5 years. We have decided that there is no case for change at this time.

MFG Headroom

62. Local authorities require a minimum increase in DSG that is higher than the level of the MFG in order to implement it – we refer to the difference between the two as “MFG Headroom”. Historically it has been set at 1% or more. MFG headroom is required for two reasons:

- a. for authorities with falling rolls, a margin of up to 0.5% above the level of the MFG is required to implement it – that is a product of the 80%/87.5% factors which reduce the rate at which school budgets respond to declining pupil numbers; and
- b. local authorities require increases in funding for the excluded items that are not related to changes in pupil numbers – analysis of the five authorities from the school level modelling project suggested that this added a further 0.2% to 0.4% to the cost of the MFG.

63. Pupil numbers are forecast to fall over the CSR period, but less rapidly in 2009-10 and 2010-11 than in 2008-09. In the light of this, and because the MFG will now be less costly to implement for schools with rising rolls, we have decided that MFG headroom should be set at 1% in 2008-09, but reduced to 0.8% for 2009-10 and 2010-11.

MFG level

64. We will continue to assess average cost pressures on schools as we do now, using three groupings of expenditure: Teachers’ Pay; non-teaching staff pay; and general non-pay pressures. In addition we will, as now, look at particular pressures by sector, so that if there were general policy pressures particular to primary schools (like workforce reform) or secondary schools (like increases in exam invigilation costs) these would be reflected in our assessment of cost pressures.

65. As for the current multi-year budget period, we will work with STRB to secure a multi-year pay agreement for teachers. The 14% cap on employer contributions to the Teachers’ Pension Scheme will also offer predictability in this aspect of schools’ budgets over the CSR period.

66. We will also continue to set out for schools and local authorities what our assumptions are at national level for expenditure pressures on non-teaching staff pay. We will continue to take account of changes to employer contributions to the Local Government Pension Scheme and the ongoing costs of implementing single status agreements in our assessment of the pressure on the paybill for non-teaching staff.

67. The above assessment of pressures will feed into a calculation of average cost pressures for primary and secondary schools for each of the years of the CSR period. The MFG will be set below this level, by deducting from the average cost pressure figures an assumption about the level of efficiency gains we expect schools to make across the CSR period. That will result in the MFG being set at a level that is

substantially lower than 3.7% - the level for 2007-08. We will publish figures for the level of the MFG at the time of the school funding settlement.

MFG and Early Years Funding Reform

68. From 2009-10, local authorities will be required to fund early years provision in both maintained and PVI settings on the basis of an hourly count, with the option to use places for some, but not all settings. That will change the overall number of pupils that is used in the MFG methodology for most primary and nursery schools with early years provision.

69. We have decided not to amend the operation of the MFG nationally to adjust for this change, but we recognise that local authorities may want to put in place transitional measures for schools that may be adversely affected by the change in counting methodology. Chapter 4 on early years funding reform sets out a number of options for transitional protection.

C. Redistribution of Balances

70. Allowing schools to carry forward revenue balances is a central feature of local management of schools. Carrying forward a balance can be a useful strategy to support future investment – particularly in the era of multi year budgets. Many schools also plan to have a small balance at the end of each financial year, to cope with unforeseen circumstances. Schools may also build up balances to support particular projects, but they should have firm plans, to be implemented over a reasonable timescale – so the balance should not be held indefinitely.

71. However, the overall level of school revenue balances continues to cause concern. Over the past 7 years they have more than doubled, and stood at almost £1.6 billion by the end of 2005-06. Within that overall figure, around 17% of schools have held an excess balance⁵ for each of the past five years. We started to take action on this for the 2007-08 financial year: we required all local authorities to have a mechanism in their local scheme for financing schools which enables the authority to claw back excessive balances. We expect this measure will have some impact on balances, but we need to make further progress on this issue.

72. We have therefore decided to go ahead with the proposal in the consultation on school early years and 14-16 funding, to require local authorities to redistribute annually 5% of all surplus revenue balances. This will be implemented through a change to the School Finance regulations (on which we will be consulting in the autumn term), which we propose would work as follows for the financial year 2008-09:

- a. Local authorities will need to calculate the value of 5% of the most recent final revenue balance for each of their schools which has a surplus, which should take account of all sources of government funding (DSG, SSG, SSG(P), SDG and LSC grant), but not privately raised funds. As 2007-08

⁵ Defined as over 8% of total revenue funding for primary and special schools and 5% for secondary schools.

revenue balances will not be available until June 2008 or later, authorities will need to use revenue balances as at the end of the 2006-07 financial year, ie at 31st March 2007.

- b. The sums calculated under a. will be put into a pool, and added to the Schools Budget for distribution for 2008-09. The most straightforward approach would be to include the sum in the ISB, which would increase the total sum available for distribution through the formula. There would be no need to treat this sum differently from the rest of the ISB (through an additional formula factor) though it would be open to authorities to decide to do this in consultation with their schools forum.
- c. Finally, the value of 5% of the final revenue balance from 2006-07 will be deducted from each school's budget share for 2008-09.

73. The worked example below shows how this redistribution would work in practice. It has been constructed from the section 52 data for one of the 5 authorities who took part in the school level modelling project. Of the ten schools shown, five have large surpluses, four have small surpluses and one has a small deficit. For the purposes of this example, and for simplicity, it has been assumed that the formula for redistribution would be pupil numbers: it would be open, for example, to a local authority to use any factor allowed by schedule 4 of the school finance regulations in distributing a sum added to the ISB.

<i>Phase</i>	<i>Balance at 31/03/07</i>	<i>5% of Balance</i>	<i>Pupil Nos 2008-09</i>	<i>Budget Share 2008-09</i>	<i>Re-distributed Balance</i>	<i>Cash Difference</i>
Secondary	£1,517,997	£75,900	1002	£5,516,353	£26,064	-£49,835
Primary	£1,048,784	£52,439	435	£1,802,404	£11,315	-£41,124
Secondary	£1,016,851	£50,843	869	£4,808,252	£22,605	-£28,238
Primary	£622,934	£31,147	440	£1,755,181	£11,445	-£19,701
Primary	£488,138	£24,407	463	£2,143,707	£12,044	-£12,363
Primary	£14,681	£734	407	£1,651,138	£10,587	£9,853
Primary	£3,692	£185	402	£1,916,743	£10,457	£10,272
Secondary	£198,555	£9,928	867	£4,753,847	£22,553	£12,625
Secondary	£49,778	£2,489	720	£4,214,644	£18,729	£16,240
Secondary	-£2,151	£0	1285	£7,307,894	£33,426	£33,426

74. What this example demonstrates is that schools with large balances will lose modestly from the redistribution (but they will still have the great majority of their balances), whereas those schools with a small surplus or deficit would be likely to gain from the redistribution.

75. The clawback mechanism for excessive balances is applied to a school's budget for the year immediately after the balance has been calculated: so an excess balance from 2006-07 will have been clawed back from 2007-08 budgets. The 5% redistribution will then be applied to the remaining balance for 2006-07, after the excess has been clawed back.

D. Deprivation Funding

76. In December 2005, the Department published a joint DfES/Treasury Report, *Child Poverty: Fair Funding for Schools*, on the ways in which local authorities fund schools to meet the extra burdens imposed by social deprivation among their pupils. Local authority statements of policy and practice in this area were published in August 2006, and since then authorities have been reviewing their local arrangements. The announcement on school funding for 2008-11 on 25 June 2007 set out the further steps the Department is taking to ensure that deprivation funding in the Dedicated Schools Grant is properly targeted in local funding formulae. The Department published guidance on 1st August for local authorities on the assessment of the quantity of deprivation funding distributed through their local funding formula⁶, with a template to complete and return to the Department by 31 August 2007. Thereafter the timetable for action on deprivation funding will be:

LAs to complete financial template	By 31st August
CSAs discuss with local authorities	August – Oct 2007
CSAs feedback to DCSF	Mid August - ongoing
Discussion with Authorities of early concerns	Sept/Oct 2007
LAs amend funding formulae and consult to enable...	Sept – Oct/Nov 2007
Implementation of revised formulae	April 2008
Revised Statements from authorities (based on 08-09 budgets)	Summer 2008
Directions to authorities to make change for April 2009 (if required)	Winter 2008

⁶ This can be found at: <http://www.teachernet.gov.uk/docbank/index.cfm?id=11682>

4. Reform of Early Years Funding

Summary

77. There will be a staged approach to the reform of early years funding - the aim is to support better outcomes for children at age five and the extension of the free entitlement by September 2010:

- During the autumn term, Ministers expect local authorities to carry out an analysis of the costs of Private, Voluntary and Independent (PVI) providers in their area and to present it to their Schools Forum and relevant sub-group to inform setting the budget setting process for 2008-11.
- Authorities that do not currently have representatives of the PVI sector on their Schools Forum are strongly encouraged to do so. We will be changing the regulations this autumn to allow extra non-schools representatives and looking to legislate to make such representatives compulsory.
- From 2009-10 all local authorities will be required by regulations to change how children are counted in the maintained sector so that there is a consistent approach to pupil counting across maintained and PVI providers.
- From 2010-11 local authorities will be required to use a single local formula for funding early years provision in the maintained and PVI sectors. Local authorities will be encouraged to introduce the formula from April 2009 wherever possible.

This chapter sets out the background to and rationale for the reforms, and offers guidance on implementation, including case studies of two authorities who are already implementing innovative approaches to early years funding. In addition, the Department will be working with a group of local authorities to identify approaches to developing a single formula for early years funding across both maintained and PVI providers.

Context and objectives

78. All three and four year olds are entitled to 12 and a half hours free early learning and care per week for 38 weeks a year. This will be extended to 15 hours per week by 2010. There will be a gradual roll-out of the extended offer – 20 Pathfinder local authorities are currently delivering 15 hours and also exploring how the entitlement can be made more flexible⁷. The funding reforms set out below are designed to support the extension of the free entitlement and address historic inconsistencies in how different settings are funded, so that the system becomes fairer and more transparent and all children can receive free provision.

⁷ See www.everychildmatters.gov.uk/earlyyears/flexibleentitlement for more details.

79. Securing the free entitlement is one of the key levers that Local Authorities have, alongside the delivery of integrated services through Sure Start Children's Centres, to meet their new statutory duties to ensure there is sufficient childcare for local families, to improve child outcomes at age 5 and to narrow the achievement gap. The entitlement delivers better outcomes for children now and in the longer term. There is clear evidence of the benefits of pre-school provision for children's learning and development, especially for the most disadvantaged. Free provision also makes a significant contribution to childcare costs, supporting working parents and those making the transition into work. This reinforces the benefits of the entitlement for children – helping to increase family income and the positive impact that parental employment has on children's life chances in the longer term.

80. Our main objective is to maximise take-up of high quality, free early years provision. Take-up is lower in disadvantaged communities and we know that the predominant pattern of delivery (through five 2 and a half hour daily sessions) can be a constraint on children benefiting from all of their entitlement. The government is clear that the free entitlement should be delivered through a diverse market that provides choice for parents. Stable funding and sustainability are critical to continuously improving quality in all settings. The reform of the free entitlement funding system is designed to support those objectives by:

- Removing barriers in the funding system to the flexible use of the free entitlement, so that children can take up their entitlement at more than one setting, and in different sectors.
- Supporting the sustainability of all settings, giving them stability to plan for the future and improve quality.
- Ensuring that the entitlement is free at the point of delivery for all parents.
- Putting the right incentives in place to increase take-up of the free entitlement.

Case Study 1: Pathfinders for the extended, flexible free entitlement - Rochdale MBC

Rochdale has been offering 15 hours of flexible free provision since April 2007. Following consultation with all sectors and with the agreement of their project steering group Rochdale adopted the following model of flexibility:

- children can access a minimum of one hour and a maximum of six hours free provision between 8am and 4pm each day
- the entitlement can be accessed over a minimum of three days and can be taken up in more than one setting across both sectors

Rochdale engages with all providers through a mixture of all sector briefings and meetings on a borough-wide basis, and smaller cross-sector ward meetings and individual sector meetings. A regularly updated FAQ email ensures all providers are kept up to speed on progress.

The funding system has been also been changed: PVI rates of funding are now differentiated by provider type (following an analysis of costs of provision in different settings) and are paid on an hourly basis. (Maintained settings are funded for the additional 2.5 hours at an agreed rate separate from existing formula funding by hours of attendance).

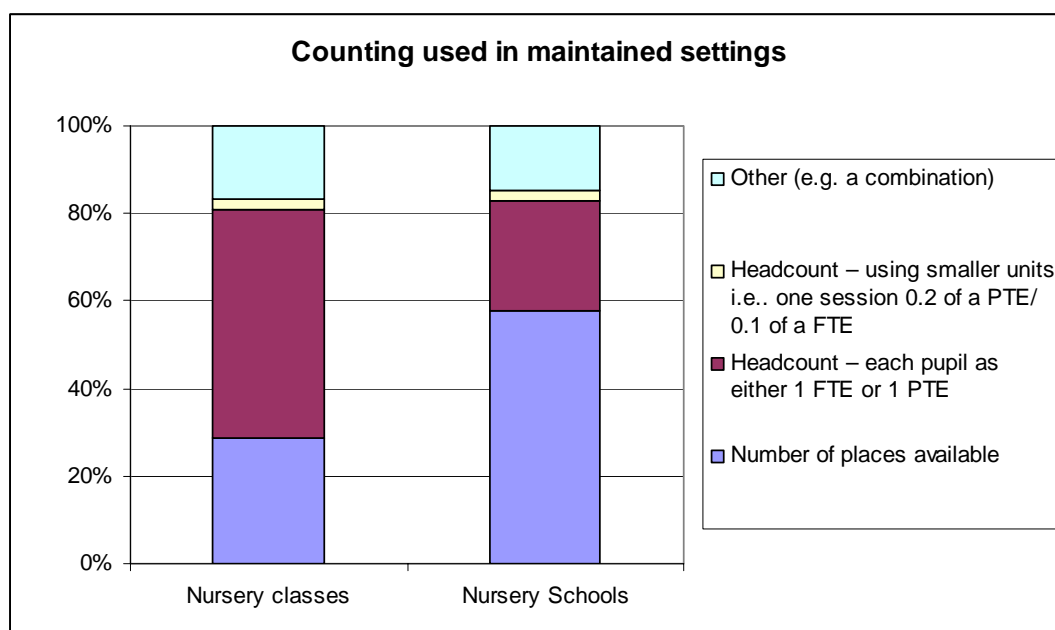
Nearly all providers are now on board - 71 offer the full 8 till 4 flexibility, 11 offer extended sessions up to 4.5 hours and 8 have extended to five hours. 30 providers deliver 3 hour sessions over 5 days. Five childminders are also offering full flexibility.

85% of local children are accessing the new offer and this is expected to increase in the Autumn term.

The case for reform

81. The current entitlement is delivered through a mixed market and the pattern of provision varies from one local authority to another. 36% of children benefit from free provision in the private, voluntary or independent sector, including at full day care settings, playgroups and with childminders. The consultation on school, early years and 14-16 funding set out a number of issues with the current funding system, mainly caused by inconsistencies in how maintained and PVI settings are funded. Some of these inconsistencies make the system less effective at meeting parents' needs and will be a barrier to increasing the quality, flexibility and take-up of the entitlement in the future. They include:

- Children are counted differently for funding purposes in the maintained and PVI sectors. In PVI settings funding is based on how much provision each child takes up while in nursery schools and classes funding tends to be on places and/or a headcount of children. Our survey showed that 80% of local authorities funded maintained settings on this basis (see the chart below). This means that there is little incentive for maintained providers to encourage parents to access the full entitlement and it often prevents children from accessing their entitlement at both a PVI and a maintained setting (because all the funding goes to the maintained provider, or else there is double funding).



- 94% of authorities fund the PVI sector on a flat rate. So funding levels are not differentiated according to a clear assessment of the circumstances in which PVI providers operate, whereas formula funding for maintained providers is likely to take a whole range of factors into account (such as deprivation, staffing needs and

premises costs). This unsophisticated funding system for PVIs means that authorities may not be getting value for money or funding the entitlement appropriately.

- The emphasis in the school funding system is on stability and predictability of budgets each year (and setting out budgets for 3 years ahead) but there is little stability in PVI budgets, which respond to children's movements throughout the year. There are benefits in both approaches, but extensive instability in PVI budgets can undermine quality and sustainability.
- Local funding decisions on the level and means of funding the free entitlement are subject to discussion and consultation at each local authority's Schools Forum, but the data we have collected on schools forums shows that the early years sector is often not represented on that forum (only 11 of the 119 forums surveyed had a non schools member from the PVI sector). Changes in this area are set out in full in chapter 5.

82. The reform of the local funding system for the free entitlement will address all of these issues. The following sections set out the rationale for each change in more detail and discuss the local implementation issues which may arise. Our approach to reform is predicated on the assumption that local authorities will need to develop local solutions to these issues in consultation with providers and in line with the general guidance provided here. We also expect the new Childcare Regional Networks, which have been established to provide to support to local authorities in implementing the key duties in the Childcare Act 2006, to be a key forum for sharing ideas and approaches to these reforms. The networks will meet at least four times a year and will be supported by Government Offices. The second round of meetings is currently underway.

Stage one: analysing costs in the PVI sector

83. Before setting local budgets for 2008-11 all local authorities are expected to undertake an analysis of the cost of delivering free entitlement provision in their local PVI sector and to present that analysis to their Schools Forum, to inform the budget setting process. Where authorities do not already have a representative of the PVI sector on their Forum, they should endeavour to make special arrangements to ensure that such a representative is able to attend the meeting where the analysis of costs of delivery is considered. This cost analysis is an important first step towards the development of a local formula and will help address any immediate sustainability concerns, providing a clear process for providers to feed in their views and evidence on costs. A guide for local authorities on analysing costs in the PVI sector, including local case studies, has been published at:

www.everychildmatters.gov.uk/earlyyears/fundingreform

Case Study 2: Shropshire - A new way of funding PVI providers to deliver the free entitlement

Shropshire County Council moved away from the typical 'flat rate' system for funding the free entitlement in 2004, because of concerns about variations in cost and the need to ensure that rural settings were sustainable.

The new system is based on an analysis of the cost of provision for 3 and 4 year olds and other key characteristics of the provision. There are two categories: place-led funding for PVI settings operating in rural areas on school sites and pupil led funding for all other settings. There are six different bands of funding for these providers – three for private providers and three for voluntary and independent settings. Private providers receive an allocation that accounts for additional costs such as business rates, which are not payable in the voluntary sector. There is also a mechanism for guaranteeing minimum levels of funding for some rural PVI settings.

Consultation and collaboration has been the key to success. Shropshire held a range of meetings across the county with all providers to ensure that everyone was informed and given the opportunity to contribute to the planning. Since moving to the new system Shropshire has seen a marked reduction in requests for sustainability funding - the clarity and openness of the system enables settings across the county, and particularly in more rural areas to operate on a much more secure footing. This means that parents get sustained provision, in particular in rural areas that would have otherwise struggled to offer the entitlement.

For more detailed information on the approach see:

<http://www.everychildmatters.gov.uk/resources-and-practice/IG00178/>

Stage two: changing the early years count arrangements

84. From April 2009 all Local Authorities will be required to use a count of children for funding purposes that is consistent across the maintained and PVI sectors. The presumption will be that providers are funded according to the amount of provision children take up, and this is consistent with the long term direction of travel for national funding arrangements (as set out in chapter 2). To do this we will change the current presumption in school funding regulations that under-5s in the maintained sector are funded on places or headcount (i.e. where each child counts as either 1 or 0.5 regardless of the number of hours they actually access at the school). Instead, the presumption in regulations will be that under-5s in maintained settings are funded on 'provision' (i.e. hours taken-up). There will still be an option to fund some, but not all, settings on places. This approach will apply across the board i.e. there will be an option to fund some PVI settings on places set out in the Code of Practice for non maintained early years provision.

85. As highlighted above, one of the key drivers for this change is our ambition to increase the flexibility of the free entitlement in response to the needs of parents and families. This includes enabling children to access their full entitlement at more than one setting – the current position on maintained funding restricts this in many LAs or results in double funding. This change is also intended to ensure there is an incentive on all settings to stimulate full take-up of all the hours that children are entitled to – current data on the PVI sector indicates that 42% of three year olds do not access their full 12 and a half hour entitlement.⁸

Assessing the impact and smoothing transition

86. The new count will feed through into the calculation of the Minimum Funding Guarantee for primary and nursery schools. However, we recognise that for some schools - especially small or rural ones – using the new count could mean they do not get adequate protection from the Minimum Funding Guarantee – their per pupil funding will be protected, but not their pupil numbers, which could be reduced by the new count method. In the absence of national data on the actual take-up of provision in the maintained sector it is difficult to model this impact at national level. For this reason we will expect all local authorities to conduct their own impact assessment of the change on local schools and present this to their Schools Forum for discussion before the changes come into effect (see box 1 below for more details on impact assessments). Authorities will also want to consider, with the Schools Forum, options for smoothing the transition to the new count for some schools in the light of that assessment, which could include:

- Continuing to fund a limited number of settings on places or headcount – temporarily, for transition, or (in the case of places) in the longer term;

⁸ Statistical First Release, 2007 available at www.dfes.gov.uk/rsgateway/DB/SFR/s000729/index.shtml

- Applying a locally agreed level of protection to the old pupil count until it converges with the budget guaranteed by the MFG (on the basis of the new count);
- Using the resources released by the change of count to provide transitional support (e.g. a lump sum or other locally agreed protection) to those settings that need it.

Box 1: Impact assessments

We would expect an impact assessment to be presented to the Schools Forum and to include:

- Representative data over a suitable time period to allow for reasonable assumptions to be made about the difference between a place/headcount-led count and a provision-based count. To achieve this, LAs should consider sampling maintained providers soon to build up a local picture of the pattern of actual take-up.
- Modelling of the effect on school budgets
- Consultation with relevant partners on the impact of the change and different budget scenarios for schools – including consultation with the non-maintained sector for comparison.
- Scenario analysis, including the effects of applying different protection options for some schools and the long term implications of those for funding the free entitlement
- An account of parental demand for the free entitlement and how the impact of changes would affect the authority's ability to meet its statutory duties

87. The impact assessment will also be important in managing the interaction with 3 year budgets for schools. All schools with free entitlement provision should be made aware now of the planned formula review, the change in the count from 2009 and the process that local authorities will go through to implement that change. Where possible, authorities may want to provide some indication of the expected impact on the second year of the three year budget period and give assurances to schools regarding the opportunity to identify and deal with risks to their budgets through the impact assessment.

88. Some maintained Nursery Schools may face particular challenges when the counting methodology is changed. Nursery schools are more likely to be funded on places (57% of LAs funded nursery schools in this way). They may only be providing the free entitlement and in some cases may have proportionately higher overheads than

other local providers. Where relevant, authorities will need to assess the impact on nursery schools and discuss appropriate protections with the Schools Forum. In many cases authorities will want to consider this alongside the other support available to the many nursery schools that are becoming part of children's centres and the scale of parental demand for the provision.

Stage three: a single local formula to fund the free entitlement

89. The introduction of a single local formula for funding the free entitlement at local level is intended to ensure consistency and fairness in the way that all providers of free nursery education and care are funded. It does not necessarily mean that providers will all be funded at the same level, but that the same factors should be taken into account when deciding on the level of funding. The consultation document included a proposal that local authorities should have a standardised methodology for setting the per pupil unit of funding in the maintained and PVI sectors. The commitment to a single formula incorporates that proposal – as LAs will need to have a consistent way of calculating the per pupil unit of funding in order to develop the pupil-led element of a formula – but it also goes beyond that, by bringing into scope other factors which LAs currently use to determine levels of funding in the maintained sector.

90. The requirement to fund the free entitlement through a single formula will be reflected in the new Code of Practice on the provision of free nursery education places for 3 and 4 year olds (in relation to PVI providers), which will sit alongside the existing requirement in the regulations on school funding to use a formula to fund maintained settings. The requirement will come into effect from April 2010 but we are encouraging local authorities to introduce this change from 2009 wherever possible.

91. Authorities will want to consider now the planning and data collection implications of the new requirement and, in particular, to regard their analysis of the cost of delivery in the PVI settings as the first step in that process (see para 83 above).

92. The DCSF will be setting up a formula development project with a small number of local authorities to identify and work through approaches to developing a single local formula for the free entitlement. We currently expect the project to be up and running by November and for findings and case studies to be available in Spring 2008. This work will enable us to identify ways of building a formula that are appropriate to early years provision and tested in different local contexts.

93. In advance of the detailed findings of that work local authorities may wish to consider the following questions in planning for the formula:

- **Which factors are relevant to funding all children regardless of their characteristics or the setting they are in.** For example: staff to child ratio requirements (which will be aligned between maintained and PVI settings from September 2008) and assumed costs of space and facilities in line with national standards. These will underpin the new Age-Weighted Pupil Unit which is likely to be common for all settings.

- **How to meet the specific needs of some children** e.g. disability, special educational needs and looked after or vulnerable children.
- **How to respond to specific characteristics of the setting or settings.** Ownership is likely to be relevant as all private providers have to pay full business rates while voluntary and some maintained settings do not.
- **What method of apportioning premises costs to use in the formula**
- **What indicator(s) of deprivation to use in the formula.**
- **How to reflect other circumstances, such as rurality or small settings** in the formula e.g. through lump sums.
- **Ways in which the funding generated by the new formula can contribute to improving the quality and sustainability of provision.**
- **How to treat children in reception classes.** Although it is not intended that the single formula will cover children in Reception (as in statutory terms, the school starting age is the term following a child's 5th birthday) we know that many local authorities offer earlier entry into full time provision in reception classes during the year leading up to a child's fifth birthday. Drawing a distinction between children taking up the free entitlement to part time nursery education and children in reception classes will not always be straightforward, especially during transition terms, but authorities should start from the principle that, for funding purposes, once a child is in reception they are in full-time statutory education and no longer accessing the free entitlement. Authorities will also need to consider the interaction of the free entitlement funding formula with reception class funding to ensure that the introduction of a single formula does make the exercise of parental choice more difficult.
- How to ensure that the **process** for building the single formula and any differentiation in the AWPU is carried out in a transparent way, in partnership with local providers, and results in a formula that is transparent, fair and simple.

94. **Stability** of funding will be a key consideration in developing a formula for funding the free entitlement. Having greater certainty about the level of income from the free entitlement at the start of the year will help providers plan for the longer term and help to improve the quality of provision. In the consultation document we recognised that in the present system there appeared to be too much place-led funding in the maintained sector and too little stability in the PVI sector. The most popular by far of the alternative approaches suggested for the PVI sector was the use of a minimum guarantee of funding which could be adjusted in the light of actual take-up. Equally, in the maintained sector we will move away from a place-driven approach to funding (see paragraphs 84-88 above). Once a single formula is in place this can be used to ensure stability for all settings that need it, for example through lump sums or other mechanisms that reflect the fixed and semi-fixed costs of delivery.

95. In the meantime, local authorities may want to consider interim measures which increase stability for PVI settings. We are not prescribing a particular approach – because it should be tailored to local market conditions and setting circumstances and may not be necessary in the longer term once a formula is in place.

Box 2: Options for providing a minimum guarantee of funding in the PVI sector

In addition to giving providers clarity at the start of the year over what level of funding they can reasonably expect, a minimum guarantee means that authorities share the risk of unfilled places with the provider rather than devolving it to them (as now) or absorbing it all themselves (as is the case with place-led funding). In particular it could enable authorities to incentivise higher take-up of the entitlement – access to free provision by lower income families is low and may be erratic, with higher drop-out rates. With more guarantees about minimum funding (and a reduced penalty for occasional non-attendance) settings will have more of an incentive to market their provision to harder to reach families.

There is a range of ways that authorities might offer a minimum guarantee of funding to PVI settings, including:

- Funding a minimum number of children (agreed separately for each setting) based on a proportion of the previous year, then fully funding anything above that but damping any downward adjustments (i.e. if 2 places are not filled the provider only loses funding for 1 place).
- As above, but applying different levels of protection to different settings e.g. in a small rural setting funding 0.75 of an unfilled place.
- Funding a guaranteed minimum number of pupils, with adjustments only in the event of higher numbers. This approach could restrict local flexibility to move money around the system in-year, but it could be particularly valuable in settings or areas where authorities want to incentivise providers to increase take-up of the offer.

Local authorities will need to come to a view on the balance between increasing the complexity of the system and the potential benefits for some local providers of these or similar approaches. The additional cost of funding unfilled provision could be off-set by reducing the rate at which some places are currently funded – or by applying the approach selectively in relation to setting need. If LAs were to reduce the level of place-led funding to such an extent that the impact on cost was completely neutralised there would still be potential benefits in this approach for provider stability, planning and risk management, although the other incentive benefits described would probably be reduced.

Improving the transparency of the funding system

96. There was a proposal in the consultation document on School 14-16 and Early Years Funding for separate identification of early years funding within the Dedicated Schools Grant. This will not be implemented for the time being. As set out in the introduction, the Department has announced a wider review of the distribution formula for DSG with a view to having a single formula available for use from 2011-12.

97. One implication of this is that early years funding could be clearly identified in each authority's funding allocation. In the meantime we will be taking a number of steps to improve transparency in the current system. We have published the results of our survey of local approaches to distributing funding and our estimates of local spending on the entitlement (in 2006-07) based on local authority Section 52 returns⁹. These resources will help all partners have a full and informed debate about local funding decisions. The option of separate identification of early years funding in future national arrangements will be kept under review in light of the reforms described above.

⁹ These can be found at: www.everychildmatters.gov.uk/earlyyears/fundingreform/survey/ and www.dfes.gov.uk/localauthorities/section52/subPage.cfm?action=section52.default&ID=87 respectively.

5. Schools Forums

A. Introduction

98. The evidence from our programme of visits to Schools Forums is that in general relationships with authorities are good, business is managed well, and members are clear about the issues. However, there are a number of changes to the funding system to be implemented over the next three years, and the Government is making changes to the membership of schools forums to bring in wider expertise to support those funding reforms. There will be a lot of local decisions to take on how the reforms are implemented, particularly on early years and 14-16 funding.

99. Local authorities and their schools forums will also have to take decisions on the distribution of funding increases that are not as high as those for the previous ten years, against a background of a much sharper focus on efficiency and value for money, and a Minimum Funding Guarantee that is below cost pressures. It is important to get the decision making structure right for this programme of work, and also to ensure that Schools Forums have the right membership and skills to fulfil what we expect to be a demanding role.

100. In summary the changes will mean that:

- a. headteachers will be able to elect other members of the senior management/leadership team among their Forum representatives;
- b. named substitutes can be nominated, by a method determined by the local authority after consulting its forum;
- c. if their Forum has “non-schools” members, local authorities must appoint representatives of early years private, voluntary and independent (PVI) providers and of the 14-19 partnership. We encourage all authorities to have non-schools members on their Forum and will be looking to legislate to make this compulsory; and
- d. forums may have up to one third of non-schools members – to date the limit has been one fifth – so schools members will maintain the majority of at least two schools members for each non-schools member.

We also recommend that Forums establish a sub-group on early years and that local authorities should consider ways to support their new Forum members.

101. The Government is undertaking two reviews of Schools Forums: in the short term, to determine whether further changes are needed during the CSR period; and for the longer term, to consider how Schools Forums will relate to the developing arrangements for Children’s Trusts and the wider Every Child matters agenda.

B. The Programme for Forums

102. As well as the regular programme of consideration of formula funding issues, Schools Forums will be involved in local changes to funding arrangements over the CSR period. We expect that local authorities will present to their Schools Forums the specific additional items set out below.

- a. Prior to financial year 2008-09
 - i) an analysis of costs to PVI providers of delivering the free entitlement as set out at paragraph 83 in chapter 4;
 - ii) arrangements for funding specialised diplomas, where there has been a successful consortium to deliver them to an authority's secondary schools; and
 - iii) proposals to use centrally retained funding from the Schools Budget for joint working in support of the ECM agenda, that will increase the overall amount retained for that purpose within the Schools Budget.
- b. Prior to financial year 2009-10:
 - i) an impact analysis of changes to pupil numbers for primary and nursery schools flowing from the revised counting method to be introduced that year, with proposals for local protection arrangements for those schools where it is necessary; and
 - ii) proposals for a single funding formula for early years provision, where the authority has decided to implement such a formula for this financial year.
- c. Prior to financial year 2010-11 - proposals for a single funding formula for early years provision, for the remaining authorities.

C. Changes to MFG Methodology

103. Since 2006-07, local authorities and their Schools Forums have had the power to approve variations in the MFG methodology, where the formula set out in regulations would produce an anomalous result, provided that all the variations proposed do not affect in total more than 20% of the maintained schools in an authority. This devolution of power has generally been a positive experience, and the Government is extending and amending this power, to allow Forums to agree with the authority variations that would affect up to 50% of the pupils in an authority (measured by the number of pupils in the schools affected by the complete package of proposed changes). As now, local authorities and Schools Forums will not have the power to agree a change in the level of the MFG. If agreement cannot be reached, the local authority can ask the Secretary of State to approve changes to the MFG methodology.

D. Membership

Other Members of the School Senior Management Team

104. We are making changes to regulations to allow local headteachers to choose to be represented by other members of the school senior management team. At present only headteachers and governors can represent schools on the Schools Forum. The changes will mean that:

- a. Headteachers can elect a representative to the Schools Forum who is not a headteacher but another member of a school senior management/leadership team; and
- b. Local authorities will make arrangements, after consulting the Forum, for schools members of the Forum to be represented by named substitutes when not all of them can attend. These named substitutes could also include senior managers other than headteachers. We anticipate that the most relevant members of the senior management team for these roles (other than heads) are bursars and others with significant financial responsibility.

105. These changes will help to produce a wider base of membership and bring in relevant experience from other people in an authority's schools. They will also help to spread the workload of the Forum and may be a useful way of encouraging the development of other members of the senior team.

Representatives of early years PVI providers and the 14-19 partnership

106. We will change regulations so that authorities are required to appoint representatives of early years providers and the 14-19 partnership on the Schools Forum, where the authority has non-schools members on the Forum. We are seeking an opportunity to amend the primary legislation to make the appointment of non-schools members compulsory. The authority will decide who to appoint, consulting local representative groups, the coordinator of the 14-19 partnership and perhaps local colleges.

Early Years

107. At present, Forums must have representatives of early years maintained providers¹⁰, a few Forums have a member or observer representative of early years PVI providers, and in some cases a council officer is expected to represent early years.

108. The Government makes available over £3 billion a year through the Dedicated Schools Grant for early years provision in the maintained and PVI sectors. In 2006,

¹⁰ Forums must have Primary representatives and therefore have representation of nursery classes, and they must have a representative of nursery schools if the authority has nursery schools, though this could be a Primary representative in certain circumstances.

over a third of parents used their free entitlement in PVI providers. We want to ensure that there is a balanced debate on local allocations of this funding – and the Schools Forum is the key local consultative body on this issue.

109. We also want to make sure that good representation is in place to inform local decisions on local changes to early years funding. Representation on the Forum will give a voice in discussions about relative distributions of funding, and a formal opportunity to set out the implications of funding decisions on the PVI sector. We recognise that it may be difficult for one or two representatives of the sector to wield significant influence in a large schools-dominated forum, and this is partly why we are expecting LAs in addition to set up consultative arrangements with the sector – perhaps an early years sub-group of their Forum.

14-19 Partnerships

110. As they are rolled out from 08/09, Diplomas at KS4 will be funded from the Schools Budget. It is proposed that the additional costs of Diplomas, including those arising from the delivery of Diplomas in partnership with colleges and other local providers, will be met from an annual specific formula grant to the LA supplemented by contributions from Dedicated Schools Grant. The focus for planning the delivery and funding of Diplomas pre and post 16 across an LA area, including partnership provision, will be the 14-19 partnership.

111. We are not aware of any Schools Forums that have representation of 14-19 partnerships per se, although with LSC enjoying observer status there will be overlap between Forum and partnership membership. Representation of the partnership on the Schools Forum will ensure that:

- a. The partnership can contribute to discussions in the Forum on the contributions from school budgets that are needed to deliver the Diploma plan.
- b. Forums are aware of and able to incorporate a Diploma funding perspective into wider decisions on the distribution of LA/school funding including the decisions on Central Expenditure, varying the MFG, and other issues which may impact on DSG contributions to Diploma funding.

E. Support for early years representatives

112. Many authorities provide excellent support to their Schools Forum members. The good practice guide¹¹ suggests a range of support that authorities may want to provide to new members. Some members, such as an early years provider member, may need extra support. They are unlikely to have the same level of support as a headteacher with a senior management team or a representative supported by the 14-19 partnership.

¹¹ This can be found at: <http://www.teachernet.gov.uk/docbank/index.cfm?id=9370>.

113. An early years sub-group of the Forum can help to support early years representatives: this is outlined below. Other sources of support for early years representatives may include:

- a. Contact with a representative organisation of early years PVI providers.
- b. Your regional childcare network.
- c. The local authority Early Years team.

F. Non-schools members:

114. We will change regulations to require Forums to have at least two-thirds schools members – those members elected by headteachers and governing bodies to represent schools. As present Forums must have at least four-fifths schools members.

115. We are making these changes to allow authorities to add new representatives of early years PVI providers and the 14-19 partnership without having to make substantial changes to the rest of the membership of their Forum. We also believe it is important to preserve a substantial majority of schools members, as schools are the major recipients of funding from the Dedicated Schools Grant. Clearly the reviews of Schools Forums mentioned at para 101 will include in their scope the membership and composition of Forums.

G. Early Years sub-group

116. Some local authorities have established sub-groups of their forums on early years and other reference groups to engage early years providers. These may have grown out of EYDCP arrangements, been set up for the national consultation on funding or be in response to the need to consult them on the sufficiency duty. They are working well. We expect all authorities to have in place a mechanism for consulting PVI providers on the early years funding reforms – this will also be necessary for work on the sufficiency duty¹². We recommend that all authorities consider establishing a sub-group of their Forum for this purpose. These arrangements need not be as formal as the full Forum as such a group would have no specific powers, but we see it as a good opportunity for the authority to:

- a. Seek the views of a greater range of early years maintained and PVI providers directly. Only a small number of early years providers will be represented on the Forum and the PVI sector in particular may be very large and very diverse. It may be a challenge for only one or two people to represent this group and they may not have the capacity to attend all meetings and understand all the issues.

¹² See guidance at www.everychildmatters.gov.uk/earlyyears/sufficiency/.

- b. Engage providers in a more detailed discussion of early years funding. It may not be possible to get into the necessary detail at the Forum given the size of their agenda.

H. Further support and advice from the Department

117. The Department will offer a range of support to authorities to implement the funding reforms – some of it will be particularly relevant to Schools Forums including:

- a. an updated good practice guide for Schools Forums, which will take account of the latest funding reforms;
- b. ongoing support and guidance provided via the Schools Forum web pages of the Departmental website; and
- c. the Department will be holding a series of regional conferences in the autumn: as with previous conferences, these will offer colleagues from local authorities and Schools Forums the opportunity to discuss the funding changes with officials from the Department, and with each other.

6. Specific Grants

A. Introduction

118. This chapter gives further details on the arrangements for specific grants across the CSR period. It covers: School Development Grant; School Standards Grants; and Specific Grant Payments to Academies.

B. School Development Grant

119. This note refers to the arrangements for the main School Development Grant (SDG) and post-Leadership Incentive Grant funding (post-LIG). It excludes City Learning Centres, Training Schools, Leading Edge and Specialist Schools; arrangements for these elements will be announced in the autumn.

Allocations to local authorities

Main SDG

120. The allocation of main SDG to local authorities will be based on the 2007-08 baselines. As a result it will continue to include the funding for those programmes (such as Excellence in Cities, Behaviour and Improvement and Advanced Skills Teachers) merged into SDG in 2006-07. The baseline will be increased on a per pupil basis, each year, in line with the level of the minimum funding guarantee (MFG).

121. Further, the allocation of deprivation element of post-LIG funding (£125,000 per eligible school in 2007-2008) will be added to the main SDG baseline. The allocation will be based on the 2007-2008 allocation; increased on a per pupil basis, each year, in line with the MFG. However, because this funding is only paid to certain secondary schools it will be calculated separately and then added to the main SDG baseline

122. For each year, the local authority will continue to be able to retain centrally as much in cash as it did in the previous year: ie for 2008-09 it will be able to retain as much as it did in 2007-08. If the authority retains a lower amount in 2008-09, it can retain no more than that amount in 2009-10.

Allocation to schools

123. In allocating main SDG to schools, including post-LIG funding as described above, to schools, authorities must ensure that each school receives at least the same per pupil amount (in cash) as in the previous year.

124. As the funding guarantee to schools (a cash freeze) is lower than the increase in the authority's overall allocation (which is in line with MFG), there will be some headroom for distribution over and above the guarantee.

125. Local authorities and Schools Forums can determine how to distribute this headroom to schools on a fair and transparent basis. Where a school receives a share of the headroom, that will be added to the baseline on which the per pupil guarantee for the following year is calculated.

126. It will be a condition of grant that the differential in per pupil funding between the most and least deprived schools in a local authority must not be narrowed from its 2007-08 level.

Monitoring the deprivation differential

127. For 2007-08, Table 2 of the Section 52 Budget Statement shows total SDG by school (excluding Pupil Referral Units). We will remove the top up elements (City Learning Centres, Training Schools, Leading Edge and Specialist Schools) from the Table 2 figure to arrive at a 2007-08 main SDG figure for each school. For 2008-09 we will consider whether we should include an additional column in Table 2 of Section 52, to give a figure for main SDG only.

128. The main SDG figure for each year will be compared to the proportion of pupils known to be eligible for FSM in each school, in each year: we are using FSM since many of the constituent grants that were merged to form SDG were distributed using this measure. This will demonstrate the distribution of main SDG against relative deprivation, in each year.

129. The Department will then compare the differential in funding between the most deprived school and the least deprived in each authority, for each year. Where the differential in an authority has narrowed between the two years, the Department will ask the authority for an explanation. If there is no satisfactory explanation, the Department will consider setting additional conditions on the authority's use of SDG in future years.

C. School Standards Grant and School Standards Grant (Personalisation)

School Standards Grant (SSG)

130. The SSG formula will, as now, be based on a flat rate per school plus a per pupil amount. These rates will be set out in the autumn. All schools will see at least a per pupil increase in line with the MFG.

School Standards Grant Personalisation (SSG(P))

131. The SSG(P) formula will continue to be allocated on the basis of 70% to secondary schools, 30% to primary and special schools and PRUs: 15% based on pupil numbers, 35% on Free School Meals and 50% on low prior attainment. Provisional unit values will be issued in autumn 2007. Final unit values will be issued in summer 2008 once final attainment figures for 2007 are available.

D. Specific Grant payments to academies

132. At present, some specific grants are already paid direct to academies by DCSF (SSG, SSG(P), Specialist School funding and School Meals Grant); but Standards Fund grants are generally payable to academies through local authorities. Devolved Formula Capital (DFC) grants are also paid in this way. From 2008-09, DCSF will pay all specific grants direct to academies. This is being done in order to reduce administrative burdens in local authorities and to streamline the payment process.

133. For DFC, the national formula will continue to apply to academies, but the relevant amounts will not be included in local authority allocations of DFC, and payments will be made direct by the Department.

134. The Department has gathered detailed information from local authorities on 2007-08 Standards Fund allocations made to academies (or predecessor schools for 2007 conversions). This will be used to model options for future payments in respect of Standards Fund grants to academies, and any transitional arrangements which are necessary. A further announcement on the methodology to be adopted will be made in the autumn of 2007.

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12 October 2007

Dear Colleague

Proposed redistribution of revenue balances

As you know, the Department is currently consulting on the draft school finance regulations for 2008 which will give effect, among other things, to the proposed redistribution of 5% of all surplus revenue balances.

Detailed proposals for how the redistribution would work are included in the Explanatory Note to the school funding arrangements for 2008-11. These have generated a lot of technical queries about, for example, how balances are to be defined for the purposes of the redistribution.

But we are also picking up a lot of concern from schools about the proposal to redistribute 5% of closing balances for 2006-07 in 2008-09 because this would give schools no chance to manage their balances ready for the redistribution, and would take no account of balances that have been spent or clawed back in 2007-08.

We will let the consultation run its course – it closes on 26 October. But Ministers will want to consider very carefully this aspect of the implementation proposals in the light of schools' concerns.

Links to relevant documentation may be found at www.teachernet.gov.uk/schoolbalances/.

Yours sincerely



Stephen Kingdom
Head of School Funding



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