

Wiltshire Council

**SCHOOLS FUNDING GROUP**  
16 November 2010

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## **SCHOOL FINANCE REGULATIONS 2011 – CONSULTATION**

### **Purpose of the paper**

1. To raise the groups awareness of a consultation on proposals to amend the School Finance Regulations. The consultation sets out draft regulations which will be effective for 2011-12 only and are consistent with the proposals contained in the School Funding consultation published on 26 July 2010. The response deadline is 10 December 2010.
2. The following summarises the proposals, highlights any issues that need to be addressed and/or included in the LAs response.

### **Early years single funding formula**

3. LAs required to have implemented an EYSFF by April 2010. – *no issue*  
*Wiltshire's EYSFF is already in place.*
4. EYSFF pathfinder LAs to share good practice. - *Issue for Early Years Reference Group.*
5. Annex A (attached for information) sets out a number of technical changes relating to the early years funding.
  - Part 2 reg 5(1) – *no issue*
  - Part 2 current reg 7(3) – *no issue*
  - Part 2 e.g. 9(3) – *no issue*
  - Part 3 reg 16 – *no issue*
  - Part 3 reg 17 (4) – *no issue*
  - Part 3 reg 18(1) (2) & (3) – *no issue*
  - Schedule 2 – *no issue*
  - Schedule 3 – *quality & flexibility factors subject to ongoing discussion with the Early Years Group (EYG).*

### **Mainstreaming of grants**

6. SDG/SSG & SSG(P) to be mainstreamed & regulations will allow LAs to replicate existing grant levels if they wish, either by using as a cash sum or using the current grant methodology thereby avoiding undue turbulence. LAs given freedom to adjust 10-11 individual school budget base to include these grants for MFG purposes. Note, that for special schools MFG works on a different formula to mainstream therefore if LAs wish to include these grants in the place values, they will require DfE agreement to disapply this regulation.

*Issue for Schools Forum-how do they wish to allocate mainstreamed grants?*

*Latest information indicates that more grants will be mainstreamed and the DfE have confirmed that these may be treated in the same way.*

### **Central expenditure limit (CEL)**

7. CEL 10-11 baseline to be adjusted to include mainstreamed grants. – *no issue*
8. No adjustment will be made to the CEL for centrally held elements of mainstreamed grants; if CEL breached & SF disagree Sec of States approval required. - *No issue*
9. If the Ethnic Minority Achievement Grant is mainstreamed LAs to be allowed to retain funding centrally within DSG for services which support schools in this respect. Schools Forum to be consulted on this. *No issue*
10. New regulation (7) requiring the funding in 11-12 of any overspend on central DSG in 10-11 to be approved by SF. *No issue*

### **Exclusions**

11. Existing freedom in regulations which allows LAs to have a formula factor which takes account of exclusions to be removed. *No issue*
12. Money following the pupil to continue (Reg 23). Local agreements outside of the LA formula to be allowed but these should be consensual and cannot bind schools which are in disagreement with such arrangements. *Issue - It would be helpful to clarify local agreements.*

### **Federations**

13. Proposal to allow LAs to calculate one budget for schools in a federation as defined by section 24 of the Education Act 2002. *Issues- Who decides, LA or GB? It's not clear in the proposal. Does this apply to other grants?*
14. LAs to be allowed to have a formula factor for federations e.g. as a temporary pump priming measure. *No Issue: We have one already.*
15. LAs to be allowed to have a negative formula factor to recognise that federations achieve savings thereby recycling funding within the ISB. *Issue: Raise with Funding Group.*

### **Carbon Reduction Commitment**

16. LAs to discuss with their Schools Forum how to incentivise schools to reduce emissions. Charge or pay bonuses to individual schools or surcharge/pay bonuses to the overall budget. Regulations will allow a new class of expenditure within the central Schools Budget to allow LAs to reflect any top slice in this respect & allow LAs to surcharge (a negative factor) or pay bonuses. *Issue: Refer to Climate Change Team.*
17. Academies are included in the LA calculation. *No funding issue but Academies should be informed. Refer to Climate Change Team.*

### **Service children**

18. Proposal to remove the restriction on LAs to provide support to service schools where pupils reduce by more than 20%. *No issue: We have a safety net factor.*

### **Academies**

19. Proposal to clarify the definition of Individually Assigned Resources (IAR) for SEN in regulations. These resources continue to be paid by the LA to the Academy. *Issue: Does this change provide a solution to the ELP issue? Discuss with TD. Schedule 2 paragraph 7.*

### **Notification of budget shares**

19. Proposal to require LAs to provide PVI providers with their budget share for the year no later than 31 March. *No issue as we do this.*

### **Technical changes**

20. Reference to Funding Period (FP) 2 & 3 in the Regulations will be removed.  
 21. MFG % left blank  
 22. MFG methodology unchanged – but DfE considering simplifying.  
 23. References to LSC replaced with YPLA.  
 24. Termination of employment costs can be charged to the Schools Budget if SF agrees and provided that there is a saving to the schools budget greater than the annual cost. Wording amended to recognise that there may be ongoing costs approved in previous funding periods. References to a start date will therefore be removed and the wording amended to clarify the need for SF approval at the time the costs are first incurred – this means that these costs can not be charged to the Schools Budget retrospectively.

### **Community Facilities**

25. Proposal to allow schools to use their delegated budgets for community facilities. This removes the previous restriction whereby the delegated budget share could only be used to support the curriculum or where there was a direct benefit to pupils. DfE will issue statutory guidance to LAs on this change for inclusion in their Funding Schemes. CFR framework will be reviewed to ensure it is in line with this revision. *Issue: Action required to inform schools of this change once the DfE directed revision has been received.*

### **Academies Act**

26. Where a LA incurs expenditure on pupils who are in academies and have low incidence or a disability, then this expenditure must be charged to the non-school education budget and not the Schools Budget. “Low incidence” includes severe multi sensory impairments; severe visual impairments; severe/profound hearing impairments and profound and multiple learning difficulties. This was effective from 1 September 2010 and the terms of the DSG were amended for 10-11 only so that it can support this expenditure. *Issues???*

**Recommendation**

27. School Funding Group is asked to note the consultation items and agree the response.

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Unpublished documents relied upon in the production of this Report: NONE

Environmental impact of the recommendations contained in this Report: NONE  
KNOWN

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### **Annex A Early Years**

- Schools Budget can be spent on any expenditure on early years in any setting.
- Wording describing the CEL calculation to change so that it reflects the fact that EY funding is part of the ISB.
- Requirement for LAs to consult SF and decide upon the EYSFF for 11-12. .
- Regulation 17 replaced by the following:
  - LAs must provide indicative budgets for early years provision using the most recently available data;
  - LAs must review the data during or after the year using either attendance data collected during three sample weeks (census week for example) or total actual hours of attendance;
  - LAs must recalculate the provider's budget as appropriate;
  - and must implement the redetermination when they consider it appropriate – which may be different for different providers;
  - LAs must notify providers within 28 days of recalculating the budget;
  - This regulation also removes the option for local authorities to provide funding based upon places, except where there are places specifically reserved for pupils with SEN in any setting or for children in need, (although there is a later option to provide an additional formula factor in support of maintaining sufficient places for children in an area in Part 2 of Schedule 3);
  - It does allow the LA to weight the hours depending upon whether pupils have been admitted in excess of the admission number, or for SEN. As with sixth forms, authorities are allowed to reduce funding to affected schools within their main formula to avoid any overlap with the new EYSFF.
- Part 3, reg 17 (4); allows differential funding to types of providers to reflect unavoidable costs..
- Part 3, reg 18 (1) (2) and (3); Specify which parts of schedule 3 may be used for respectively the school funding formula and the EYSFF. It also requires EYSFF to include a deprivation factor.
- Schedule 2; the schedule that specifies what may be centrally retained from the schools budget does not allow the retention of funding for the provision of early years funding for provision of the free entitlement, but does allow a contingency budget for that provision (to enable adjustments to funding to be made in year.
- Schedule 3; the schedule that provides the heading under which formula factors may be provided is split into two parts, part 1 applicable to all maintained schools and PVI providers and part 2 applicable to the EYSFF only. Part 2 allows factors for:
  - the improvement of quality:
    - i. to take account of flexibility in hours of attendance the provider makes available and
    - ii. to allow LAs to secure or sustain sufficiency within an area