

Schools Forum 9 May 2006

Report of the Director of Children's Services

Dudley Scheme of Fair Funding – Formula Factors

Purpose of Report

1. To advise Schools Forum of the high cost/low incidence formula factors within the Dudley Scheme of Fair Funding.

Budget Working Group Discussed

2. Yes - 26 April 2006. Agreed to review the Small Schools Protection elements at the next meeting on 21 June 2006.

Schools Forum

3. To note the planned review of Small Schools Protection formula factor, and to advise the Director of Children's Services of any additional comments regarding the application of Dudley's Scheme of Fair Funding-Formula Factors.

Attachments to Report

4. Appendix 1 and 2

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Purpose of Report

1. To advise Schools Forum of the high cost/low incidence formula factors within the Dudley Scheme of Fair Funding.

Background

2. The Dudley Scheme of Fair Funding (LMS Scheme) was last reviewed in 2002 with an implementation date of 2003/04.
3. A number of formula factors within the LMS Scheme have a high cost and are shared amongst relatively few schools. (Details are attached at Appendices 1 and 2).
4. The purpose of the report is to inform Schools Forum of these factors and the current distribution amongst schools.
5. Schools Forum may wish for the formula factors to be reviewed particularly in light of the introduction of the Minimum Funding Guarantee and falling rolls within Dudley schools.
6. Formula factors such as Small Schools Protection and Class Size Initiative tend to prove volatile as pupil numbers change.
7. Formula factors using weighted Free Schools Meals data also can impact significantly in budgetary terms in respect of relatively minor pupil number changes.
8. The Minimum Funding Guarantee (MFG) locks into the base budget for schools funding in respect of formula factors such as Safeguarded Salaries, Teachers Performance Pay and Small Schools Protection. From April 2006, Schools Forum have the power, in certain circumstances, to approve exceptions to the MFG. The DfES are discussing with national partners, the future operation of the MFG.
9. A further report on the Schools Forum agenda refers to Social Deprivation statement. The DfES indicate that all LAs may be asked to review their formulae in respect of social deprivation funding. For Dudley, the distribution of funds in respect of Socio-economic Need is currently allocated using free school meals data as a proxy indicator for social deprivation. However, the additional targeted funding

received in respect of Personalised Learning for 2006/07 has been distributed using the Index of Multiple Deprivation (IMD) as alternative indicator for social deprivation. Dudley could consider expanding the use of the IMD as a replacement for free school meals. The DfES will report in the Summer on the outcomes of the social deprivation review and the implications for local authorities.

Finance

10. The funding of schools is prescribed by the DfES through the School Finance (England) Regulations 2006.
11. From 1st April 2006, the Schools Budget will be funded by a direct DfES grant: Dedicated School Grant (DSG).

Law

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

Equality Impact

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

Recommendation

14. It is recommended that Schools Forum consider contents of the report and advise the Director of Children's Services in respect of the current LMS Scheme.



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Director of Children's Services

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