

**Dudley Metropolitan Borough Council**

**Schools Forum 6 February 2007**

**Report of the Director of Children's Services**

**Small Schools Protection Review**

**Purpose of Report**

1. To advise Schools Forum of the outcomes from the meetings of the Small Schools Protection Review Group. The remit of the Group was to undertake a review of the delegated funding for Small Schools Protection (SSP).

**Discussed at HTCF – BWG**

2. No.

**Actions for Schools Forum**

3. To consider the proposals in paragraphs 11 to 13 and advise the Director of Children's Services regarding the proposed changes to funding for SSP from April 2008.

**Attachments to Report**

4. Appendix 1 – Financial implications of Model 1.
5. Appendix 2 – Financial implications of Model 2.
6. Appendix 3 & 4 – Graphical presentation showing financial effect of implementation of Model 1 for all schools.
7. Appendix 5 & 6 – Graphical presentation showing financial effect of implementation of Model 2 for all schools.

Karen Cocker

Children's Services Finance Manager

February 2007

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### **Report of the Director of Children's Services**

#### **Small Schools Protection Review**

##### **Purpose of Report**

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##### **Background**

2. A report was presented to Schools Forum on 3<sup>rd</sup> October 2006 detailing the LA's intention to review the operation of the current funding for Small Schools Protection (SSP).
3. As a result Schools Forum proposed the establishment of a sub group of the Forum comprising representatives of all stakeholders to undertake the review and report back with recommendations in due course.
4. The Small Schools Protection Review Group comprised Mr..B.Patterson, Mrs.L.Griffiths, Mr.M.Millman,Mr.J.Warner, Mr.J.Conway, Mr.R.Timmins, (School Forum members), Mr.R.Watson, Mrs.S.Coates (LA Officers), and Mr S.Hudson - Head of Crestwood Park Primary school (representing small schools).
5. The group met on two occasions 27 November 2006 and 10 January 2007, during which a comprehensive review of the current methodology was undertaken.
6. It was agreed unanimously that the current methodology (which for 2006/07 allocated 69% of the funding on a basis of number of teachers employed and 31% based on pupil numbers) did not necessarily target funding to schools who are defined as "small" by application of the DfES criteria of 210 pupils or less.
7. It was also acknowledged that for 2006/07 this formula factor directed a total of £550k to only 25 of the 104 mainstream schools in Dudley, (directing resources towards 5,300 of the total 47,367 pupils).
8. A number of alternative proposals were considered and it was finally agreed that two options be brought to Schools Forum for consideration.
9. Both models are based on the single criteria for protection being the number of full time equivalent pupils in school at January PLASC. The financial data is based on actual levels 2006/07.
10. For primary sector the value of funding is calculated as the difference between the average teaching cost of the school compared to the average teaching costs of the

sector, where the average cost of the school is higher than the average cost of LA. This is in recognition that small schools very often incur higher than average staff costs due to lower than average incidence of staff turnover.

11. It was felt that the existing funding small schools protection for secondary schools should cease with effect from April 2008, as for 2006/07 this directed £50k of funding to only 339 of 20,283 pupils in the sector.
12. **Model 1** is based on a small school being defined as a school with 210 pupils or less at January PLASC, and is attached at Appendix 1. Model 1 would initially release approximately £147k for re-distribution, although this value would increase in time as the MFG protection initially received by schools is eroded.
13. **Model 2** is based on a school of 210 pupils having 10% (notional) unfilled places. It is recognised that all schools have unfilled places for which no funding is received. The trigger therefore would be at a level of 189 pupils recorded at January PLASC. This model is attached at Appendix 2. Model 2 would initially release approximately £165k for re-distribution, although this value would increase in time as the MFG protection initially received by schools is eroded.
14. Both models reflect the potential reduction in funding, the effect of increases received due to the redistribution of funding released from SSP based on Age Weighted Pupil Unit (AWPU) funding, combined with the effects of Minimum Funding Guarantee (MFG) protection where applicable. All financial data is based on 2006/07 data.
15. A graphical representation of the proposed changes to funding for SSP combined with the financial impact of redistribution of the funding released from existing SSP to all schools via Age Weighted Pupil Unit (AWPU) funding is attached at Appendices 3 to 6.
16. There is as yet no detail available regarding the MFG for 2008/09. The MFG is subject to review by the DfES along with the review of the Dedicated Schools Grant for 2008/09 onwards and any changes to the MFG will alter the financial projections contained in both models.
17. Following detailed discussion and consideration of both models the Small Schools Protection Review Group recommend the following :
  - The cessation of SSP funding for secondary schools, and
  - that Model 2 be adopted for funding SSP in primary schools,
  - both recommendations to be implemented from 1<sup>st</sup> April 2008 after a period of formal consultation.

## **Finance**

18. The funding of schools is prescribed by the DfES through the School Finance (England) Regulations 2006.
19. The Dudley Scheme of Fair Funding requires all formula changes to be consulted upon. The recommended proposal would be to offer a full term consultation period and implement agreed changes in April 2008. This would coincide with the start of the new DSG multi year period, and would give schools affected by the turbulence in funding, sufficient planning time to make necessary adjustments to spending plans.
20. From 1<sup>st</sup> April 2006, the Schools Budget is funded by a direct DfES grant: Dedicated School Grant (DSG).

### **Law**

21. 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**

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

### **Recommendation**

23. Schools Forum consider the recommendation of the Small Schools Review Protection Review Group, paragraph 17 and advise the Director of Children's Services regarding the funding of SSP from April 2008.



**John Freeman**

**Director of Children's Services**

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