

DUDLEY SCHOOLS FORUM

TUESDAY 21st JANUARY, 2014

**AT 6.00PM
AT SALTWELLS EDUCATION
DEVELOPMENT CENTRE
BOWLING GREEN ROAD
NETHERTON
DUDLEY
DY2 9LY**

If you (or anyone you know) is attending the meeting and requires assistance to access the venue and/or its facilities, could you please contact Democratic Services in advance and we will do our best to help you

**HELEN SHEPHERD
ASSISTANT DEMOCRATIC SERVICES OFFICER**

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**You can view information about Dudley MBC on
www.dudley.gov.uk**



IMPORTANT NOTICE

MEETINGS AT SALTWELLS EDUCATION DEVELOPMENT CENTRE, NETHERTON

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Centre

In the event of the alarm sounding, please leave the building by the nearest exit. There are Officers who will assist you in the event of this happening, please follow their instructions.

There is to be no smoking on the premises in line with national legislation. It is an offence to smoke in or on these premises.

Please turn off your mobile phones and mobile communication devices during the meeting.

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Your ref:	Our ref:	Please ask for:	Telephone No.
	HS	Helen Shepherd	01384 815271

13th January, 2014

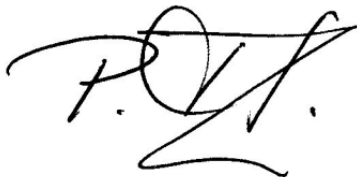
Dear Member

Dudley Schools Forum – Tuesday 21st January, 2014

You are requested to attend a meeting of the Dudley Schools Forum, which will be held at Saltwells Education Development Centre, Bowling Green Road, Netherton, Dudley, DY2 9LY on Tuesday 21st January, 2014 at 6.00 pm, to consider the business set out in the Agenda below.

Light refreshments will be available from 5.30 pm.

Yours sincerely



Director of Corporate Resources

Distribution:-

All Members of the Dudley Schools Forum, namely:-

Mr Bate	Mrs Belcher	Mr Conway	Mr Dallaway	Mr Derham
Mrs Garratt	Mrs Hannaway	Mr Harris	Mr B Jones	Mr Kelleher
Mr Kirk	Mr Nesbitt	Mr Patterson	Ms Pearce	Mr Platford
Mrs Quigley	Ms Richards	Mr Ridley	Ms P Rogers	Mrs Ruffles
Mr Shaw	Mr Ward	Mr Warren	Mr Weaver	Mrs Withers
Mrs Wylie				

c.c - Councillor Crumpton – Cabinet Member for Integrated Children's Services;
Councillor Marrey – Chair of the Children's Services Scrutiny Committee;
Jane Porter – Director of Children's Services;
Pauline Sharratt – Assistant Director of Children's Services
Ian McGuff – Assistant Director of Children's Services;
Karen Cocker – Children's Services Finance Manager, Directorate of Corporate Resources;
Sue Coates – Principal Accountant, Directorate of Corporate Resources.

AGENDA

1. INTRODUCTIONS BY THE CHAIR
2. APOLOGIES FOR ABSENCE
To receive apologies for absence from the meeting.
3. APPOINTMENT OF SUBSTITUTE MEMBERS
To report the appointment of any substitutes for this meeting of the Forum.
4. MINUTES
To approve as a correct record and sign the minutes of the meeting of the Forum held on 10th December, 2013 (attached).
5. MATTERS ARISING FROM THE MINUTES
Any other matters arising from the Minutes of the meeting of the Forum held on 10th December, 2013 not included on the agenda for this meeting.
6. SCHOOLS FORUM MEMBERSHIP UPDATE (PAGES 1 - 5)
To consider the report of the Interim Director of Children's Services.
7. DEDICATED SCHOOLS GRANT BUDGET PROCESS 2014/15 (PAGES 6 - 15)
To consider the report of the Interim Director of Children's Services.
8. BUDGET FACT SHEET NO. 1 – JANUARY 2014 (PAGES 16 - 17)
To consider the report of the Interim Director of Children's Services.
9. SCHOOL AND EARLY YEARS FINANCE (ENGLAND) REGULATIONS 2013 (PAGES 18 - 65)
To consider the report of the Interim Director of Children's Services.
10. DUDLEY'S SCHEME FOR FINANCING SCHOOLS – APPROVAL OF AMENDMENTS FOLLOWING CONSULTATION (PAGES 66 -71)
To consider the report of the Interim Director of Children's Services.
11. EDUCATION FUNDING AGENCY
To receive a verbal update from the Interim Director of Children's Services.

12. DATES OF FUTURE MEETINGS

25th February, 2014

Saltwells EDC, Bowling Green
Road, Netherton, DY2 4LY

18th March, 2014

Saltwells EDC, Bowling Green
Road, Netherton, DY2 4LY

3rd June, 2014

Saltwells EDC, Bowling Green
Road, Netherton, DY2 4LY

8th July, 2014

Saltwells EDC, Bowling Green
Road, Netherton, DY2 4LY

DUDLEY SCHOOLS FORUM

Tuesday 10th December, 2013 at 6.00 pm
at Saltwells Education Development Centre,
Bowling Green Road, Netherton, Dudley

PRESENT:-

Mr Ridley – Chair

Mr Patterson – Vice-Chair

Mr Conway, Mr Derham, Mrs Garratt, Mr Kelleher, Mr Nesbitt, Mrs Quigley,
Ms Rogers, Mrs Ruffles, Mr Ward, Mr Warren, Mr Weaver.

Person(s) not a member of the Forum but having an entitlement to attend
meetings and speak

The Director of Children's Services

Officers

Acting Assistant Director of Children's Services (Education Services),
Assistant Director of Children's Services (Quality and Partnership), Children's
Services Finance Manager, Senior Principal Accountant and the Assistant
Democratic Services Officer.

1. INTRODUCTIONS BY THE CHAIR

The Chair welcomed everyone to the meeting.

2. APOLOGIES FOR ABSENCE

Apologies for absence from the meeting were received on behalf of
Mrs Belcher, Mrs Hannaway, Mrs Hazlehurst, Mr B Jones, Ms
Pearce, Mr Platford and Ms Richards.

3. APPOINTMENT OF SUBSTITUTE MEMBER

It was noted that Ms Wylie had been appointed as a substitute
member for Mrs Hazlehurst, for this meeting of the forum only.

4. MINUTES

RESOLVED

That, the minutes of the meeting of the Schools Forum
held on 24th October, 2013, be approved as a correct
record and signed.

5. MATTERS ARISING FROM THE MINUTES

No items were raised under this agenda item.

6. UNION FACILITIES TIME IN SCHOOLS FUNDED BY THE DEDICATED SCHOOLS GRANT

A report of the Director of Children's Services was submitted in respect of a review of the funding of the school related union facilities time arrangements and to recommend the methodology for allocating funding for 2014/15.

In presenting the report, the Assistant Director of Children's Services (Quality and Partnership) referred to the review that had taken place of the Union Facility time in Dudley and stated that part way through the process, Central Government had instigated a national review of the funding of union facilities time within schools, with the aim of securing the best possible value for money. Therefore, it was considered to be sensible to await any advice or regulations from the DfE before implementing any changes in Dudley. The national consultation closed in October 2013 and Central Governments response was anticipated to be released by the end of the year or early in 2014.

The Vice-Chair raised concerns in relation to the figures presented in table 2 of the report submitted and the proportionality of representatives to the number of members and considered that this should be re-assessed.

RESOLVED

It was noted that:-

- (a) The Local Authority would await the publication of the government's response to the national consultation about union facilities time in schools, as it would not be sensible to take action without the benefit of being able to consider any advice or regulations published by the DfE.

- (b) That in principle, for the 2014/15 financial year the basis of allocation (FTE of Union Representatives) and the overall sum provided from Dedicated Schools Grant would remain at the 2013/14 level i.e. £280,051 (plus relevant inflation). This would be subject to review once the DfE consultation response was published. The timing of any local changes in light of the consultation response would be dependent upon the date of its publication.
- (c) The actual budget available to the local authority to administer the Union Facilities Time arrangement for schools could be less than the original budget delegated to schools if individual Academies and Special Schools did not agree to buy into the service. The overall budget would be reduced by the relevant amount across each trade union budget pro-rotta to the original allocation as referred to in paragraph 18 of the report submitted.
- (d) Each union would be expected to work within a defined cash sum, as notified on a monthly basis, by the Local Authority and must decide which of its officers would be accredited representatives with paid facility time funded by the Authority. The Local Authority would monitor spending closely and once the specified amount had been exhausted, no further expenditure from this source would be forthcoming. In all cases unions may supplement the facility time budget from their own funds.

7. BEHAVIOURAL PUPIL REFERRAL UNIT REVIEW AND RESTRUCTURE

A report of the Director of Children's Services was submitted in respect of the Pupil Referral Unit behavioural service review and restructure following the implementation of the 2013/14 DfE school funding reforms.

In referring to paragraph 11 of the report submitted, the Director of Children's Services clarified that from September 2014 all Primary behavioural administration would be administered from the Sycamore site, but the children would not necessarily be placed at this location. Key Stage 1 work was predominately done by outreach services in schools and that the Sycamore site was predominately for Key Stage 2 and 3 children.

The Stourbridge, Halesowen and Dudley North Primary Head teacher Representatives expressed their support for the behavioural pupil referral unit service and stated that it was highly valued by their Sector.

RESOLVED

- (1) That the information contained in the report submitted in relation to the behavioural Pupil Referral Unit service review and restructure be noted.
- (2) That a further progress update report be submitted to the Forum meeting in the Spring.

8. DE-DELEGATIONS: 2013/14 PROJECTED OUTTURN AND 2014/15 PROPOSALS

A report of the Director of Children's Services was submitted in respect of the provisional outturn for the 2013/14 financial year de-delegated services and to agree the de-delegation options for 2014/15.

An update of Table 3 of the report submitted, incorporating the recommendations made by the HTCF-Budget Working Group at its meeting held on 4th December, 2013, was circulated at the meeting.

The Children's Services Finance Manager presented the report and emphasised the information contained in paragraphs 15 and 16 of the report submitted in relation to those members that were eligible to vote in respect of each de-delegation. It was reiterated that Academy Schools were unable to de-delegate funds but would be entitled to buy back into services provided by the Local Authority on a traded service basis.

The Chair referred to each proposed de-delegated service individually and eligible members voted for their Sector as follows:-

- (i) Contingencies – Closed schools and rental payments

Decision: Primary – Agreed
Secondary – Agreed

- (ii) Staff Costs – Supply cover – Union Facilities Time

Decision: Primary – Agreed
Secondary – Agreed

- (iii) Staff Costs – Supply cover – NQT (Newly Qualified Teachers)

Decision: Primary – Agreed
Secondary – Agreed

- (iv) Support for minority ethnic pupils/underachieving groups.
Family Support Workers

Decision: Primary – Agreed
Secondary – Agreed

- (v) LACES (Looked after Children Education Services)

Decision: Primary – Agreed
Secondary – Agreed

At this juncture, further information was provided in relation to the possible implications to the School Library Service if the Secondary School Representatives were to refuse the de-delegation of the funding for this Service, as recommended by the HTCF-Budget Working Group at the meeting on 4th December, 2013.

The Children's Services Finance Manager stated that the School Library Service would require £202,433 to continue working as it did currently. In 2013/14 the Secondary School representatives agreed to de-delegate their element of funding for this service even though it was considered that this service was predominately used by the Primary Sector.

It was stated that if the Secondary sector did decide not to de-delegate their funding for 2014/15, an option that was discussed and considered at the HTCF-Budget Working Group would be for the Primary Sector to fund the shortfall in the library service funding and de-delegate the amount required to maintain the current service. This would equate to approximately double the unit of resource, as referred to in Appendix B of the report. An alternative option would be for the service to be reviewed and restructured and to provide the primary sector with a reduced level of service.

The Director of Children's Services emphasised the importance of the Secondary Sector understanding the implications of not de-delegating their funding for this service and that an Equality Impact Assessment would be circulated by the Assistant Director for Education Services to all Secondary Schools informing them of the impact that their decision would have. Headteachers would be required to sign and return acknowledgement of receipt of this Equality Impact Assessment. She also stated that, previously the Directorate of Children's Services had provided financial support to wind down services that had not been de-delegated, however, in the current financial climate this would no longer be viable.

In response to a question raised from a Primary Sector representative it was confirmed that if the Secondary Sector did not de-delegate their funding and requested to use the School Library Service, they would be required to buy back the service, as would Academy Schools, and the Head of the Library Service was aware of the situation.

Eligible members then continued to vote on the de-delegation of services as follows:-

(vi) School Library Service

Decision:	Primary – Agreed to de-delegate the funding required to fully maintain the service to the primary maintained schools sector at 2013/14 levels, which would include shortfall generated by the Secondary schools sector decision not to de-delegate. Secondary – Refused
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(vii) Behavioural Pupil Referral Unit – Primary Outreach Service

Decision	Primary – Agreed Secondary – Not Applicable
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RESOLVED

- (1) That the information contained in the report in respect of de-delegated services for 2013/14, be noted.

- (2) That the recommendations outlined in the updated Table 3, circulated at the meeting, and as detailed above, in respect of de-delegated budgets for maintained primary schools for 2014/15 financial year, be approved by primary school representatives who were entitled to vote in accordance with the Regulations.
- (3) That the recommendations outlined in the updated Table 3, circulated at the meeting, and as detailed above, in respect of de-delegated budgets for maintained secondary schools for 2014/15 financial year, be approved by secondary school representatives who were entitled to vote in accordance with the Regulations.

9. BUDGET FACT SHEET

A report of the Director of Children's Services was submitted in relation to Budget Fact Sheet No. 3 dated November 2013 and the confirmed changes to the Local Funding Formula for 2014/15.

A Primary School representative requested further information in relation to the free schools meals that would be provided to all children in reception, year 1 and year 2 of state primary schools from September 2014 and how this would impact on Schools budgets.

The Senior Principal Accountant confirmed that detailed information had yet to be published by the DfE in relation to this matter.

The Director of Children's Services stated that a small working group would be set-up in the New Year to look at this issue and invites to the meeting would be circulated shortly. The Working Group would be created to discuss practical issues as the concerns that had been raised were not just in relation to funding but also as to whether schools had adequate kitchen equipment and dining room space; possible changes in school hours to accommodate additional children having a school meal; additional kitchen staff or change in their working pattern, all of which needed to be considered prior to implementation.

Concerns were raised by Members as to how the introduction of free school meals would impact on the pupil premium and that if all children were in receipt of a free school meal how would data be collated to enable the allocation of the pupil premium.

RESOLVED

That the information contained in the Budget Fact Sheet No. 3, be noted.

10. DEDICATED SCHOOLS GRANT PROJECTED OUTTURN
UPDATE 2013/14

A report of the Director of Children's Services was submitted in respect of the latest financial forecast of the Schools Budget for the 2013/14 financial year.

RESOLVED

That the report submitted in relation to the latest forecast for the Schools Budget for 2013/14 financial year, be noted.

11. DUDLEY GRID FOR LEARNING – UPDATE

A verbal update was provided by the Director of Children's Services in respect of the Dudley Grid for Learning (DGFL).

The Director of Children's Services was pleased to inform the Forum that it had been confirmed and agreed for the DGFL to move forward in the New Year. She stated that RM had changed the way in which they worked and would be able to provide an updated ICT package to use in the next twelve months.

RESOLVED

That the verbal update provided by the Director of Children's Services in respect of the Dudley Grid for Learning, be noted.

12. FORMER PENSNETT SCHOOL SITE – UPDATE

A verbal update was provided by the Director of Children's Services in respect of the former Pensnett School site.

It was confirmed that the building had virtually been cleared and that a further report would be submitted to the Forum in the summer term.

RESOLVED

(1) That the verbal update provided by the Director of Children's Services, in relation to the former Pensnett School site, be noted.

- (2) That a further report be submitted to the Forum in the Summer term.

13. SCHOOLS FORUM MEMBERSHIP UPDATE AND THE DfE OPERATIONAL AND GOOD PRACTICE GUIDES

A report of the Director of Children's Services was submitted in relation to the DfE Operational and Good Practice Guides issued in June and October 2013 and to provide a Forum membership update.

The Senior Principal Accountant stated that, to date, no nominations had been received in respect of the two Academy representative vacancies. However, it was confirmed that Mr K Bate of Halesowen College, subject to the Cabinet Member for Children's Services and Lifelong Learning approval, would be appointed as the Post 16 provider representative.

RESOLVED

That the report submitted and the information provided at the meeting in relation to the Schools Forum Membership and the DfE Operational and Good Practice Guides, be noted.

14. SCHOOLS FORUM WEBSITE

A report and verbal update was provided in relation to the new Dudley Schools Forum website.

The Children's Services Finance Manager confirmed that the website was now live and that the web address had been circulated to all Forum Members by the Assistant Democratic Services Officer.

Any comments or feedback in relation to the website should be forwarded to the Children's Services Finance Manager.

RESOLVED

That the report and verbal update provided at the meeting, in relation to the Dudley Schools Forum website, be noted.

15. COMMENTS MADE BY THE CHAIR

The Chair informed Forum Members that Mrs Hazlehurst would be retiring from her post as Head teacher at Christ Church Primary School at the end of year, and congratulated her on the wonderful work that she had done in the 17 years that she had been at the School. In her absence from the meeting, the Chair expressed Mrs Hazlehurst thanks for all the support she had received and passed on her best wishes to all Members of the Forum.

This being the last meeting of the Forum attended by Jane Porter, the Director of Children's Services, prior to her impending retirement from the Council, the Chair, on behalf of the Forum expressed his thanks and best wishes to her for a long and happy retirement.

The Chair wished all Members a merry Christmas and prosperous New Year.

16. DATES OF FUTURE MEETINGS

RESOLVED

That the dates of future meetings be noted.

The meeting ended at 7.10 pm.

CHAIR

Dudley Schools Forum – 21st January 2014

Report of the Interim Director of Children's Services

Schools Forum Membership Update

Purpose of Report

1. To provide Schools Forum with a membership update.

Budget Working Group Discussed

2. No.

Schools Forum Role and Responsibilities

3. Schools Forum is responsible for ensuring that the constitution and membership meet the legislative requirements detailed in the School Forum (England) Regulations 2012, which were effective from 1 October 2012.

Action for Schools Forum

4. To note the updated position in respect of the membership of Dudley's Schools Forum as detailed in Appendix A.

Attachments to Report

5. Appendix A – Dudley Schools Forum current membership

Karen Cocker
Children's Services Finance Manager
7 January 2014

Dudley Schools Forum – 21st January 2014

Report of the Interim Director of Children's Services

Schools Forum Membership Update

Purpose of Report

1. To provide Schools Forum with a membership update.

Schools Forum Membership Update

2. Schools Forum Constitution allows for 29 members.
3. From 1 January 2014 the two new members will be Mrs R Wylie, Headteacher from Wrens Nest Primary school, replacing Mrs P Hazlehurst and Mr K Bate, Principal from Halesowen College.
4. There are currently three vacancies which are summarised below.
 - Two new Academy School members from 1 January 2014. The closing date for nominations from the Academy Schools was 22 November 2013. As there were no nominations received the vacancies will be held over until the next opportunity for nominations in the Spring term 2014.
 - One existing vacancy from the Catholic Schools Commission, nominated by the Commission. The Catholic Schools Commission have been contacted but have been unable to put forward a representative for this post which has been vacant for some time.
5. Elections in respect of the three vacancies listed above, together with the five posts due for re-election before 30 April 2014, as indicated in Appendix A, will be commenced shortly.

Finance

6. The funding of schools is prescribed by the Department for Education (DfE) School and Early Years Finance (England) Regulations 2012 and 2013.
7. Schools Forums are regulated by the Schools Forums (England) Regulations 2012.
8. From 1st April 2006, the Schools Budget has been funded by a direct grant; Dedicated School Grant (DSG).

Law

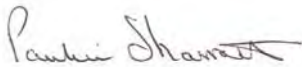
9. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

Equality Impact

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

Recommendation

- To note the contents of the report provided in respect of the Membership update and the details attached at Appendix A.



Pauline Sharratt
Interim Director of Children's Services

Contact Officer: Karen Cocker, Children's Services Finance Manager
Karen.cocker@dudley.gov.uk Tel: 01384 815382

SCHOOLS FORUM MEMBERSHIP FROM 1.1.2014

<u>SCHOOL MEMBERS</u>	<u>DUDLEY SCHOOLS FORUM CONSTITUTION</u>	Governors - 3 year term of office					HEADTEACHERS - 3 Year Term of Office			
		1 May 2011 to 30 April 2014	1 May 2012 to 30 April 2015	1 May 2013 to 30 April 2016	1 May 2014 to 30 April 2017	Date of Appointment	1 November 2010 to 31 October 2013	1 November 2011 to 31 October 2014	1 November 2012 to 31 October 2015	1 November 2013 to 31 October 2016
<u>Nursery School Headteachers</u>	<u>One nursery headteacher</u>									
<u>Netherton Park Nursery</u>	Mrs Helen Ruffles, Netherton Park Children's Centre, Netherton, Dudley DY2 9QF					Nov-13	√			√
<u>Primary School Headteachers</u>	<u>One primary school headteacher for each of the five townships</u>									
Brierley Hill	Mr Brad Jones, Brockmoor Primary School, Brierley Hill, Dudley, DY5 3UZ					Nov-13	√			√
Central Dudley	Mr Damien Ward, Sledmere Primary, The School Drive, Buffery Road, Dudley, DY2 8EH					Oct-12			√	
Halesowen	M/s Pauline Rogers, St Margaret's at Hasbury Church of England Primary School, Hagley Road, Hasbury, Halesowen, B63 4QD					Oct-12			√	
North Dudley	Mrs Ruth Wylie, Wrens Nest Primary School, Marigold Crescent, Dudley, DY1 3NX					Jan-14	√			√
Stourbridge	Mrs J Quigley, Wollescote Primary School, Drummond Road, Wollescote, Stourbridge, DY9 8YA					Jun-12		√		
<u>Primary School Governors</u>	<u>One primary school governor for each of the five townships</u>									
Brierley Hill	Mr Len Ridney, The Dingle Primary School			√		May-13				
Central Dudley	Ms T Pearce, Northfield Road Primary School		√			May-12				
Halesowen	Mr Mike Weaver, Our Lady and St Kenelm Catholic School, Bundle Hill, Halesowen, West Midlands, B63 4AR		√			Oct-12				
North Dudley	Mr Phillip Harris, Christ Church Primary School	√				May-11				
Stourbridge	Mrs Jill Belcher, Peters Hill Primary School, Peters Hill Road, Amblecote, Brierley Hill, West Midlands, DY5 2QH	√				Oct-12				
<u>Secondary School Headteachers</u>	<u>One secondary school headteacher for each of the five townships - up to a maximum of three</u>									
Brierley Hill	Mr Ben Warren, The Summerhill School, Lodge Lane, Kingswinford, DY6 9XE					Feb-12		√		
Central Dudley	Mrs April Garratt, Hillcrest School and Community College, Simms Lane, Dudley, DY2 0PB					Nov-13	√			√
Halesowen	Mr Neil Shaw, Leasowes Community College, Kent Road, Halesowen, B62 8PJ					Oct-12			√	
North Dudley	Dormant township until next elections (ex M Elwiss)									
Stourbridge	Dormant township until next elections (ex P Jones)									
<u>Secondary School Governors</u>	<u>One secondary school governor for each of the five townships up to a maximum of three</u>									
Brierley Hill	Dormant township until next elections									
Central Dudley	Mr Brian Patterson , Hillcrest Secondary School			√		May-13				
Halesowen	Mrs Gill Withers, Leasowes Secondary School	√				May-11				
North Dudley	Dormant township until next elections		√							

<u>SCHOOL MEMBERS</u>	<u>DUDLEY SCHOOLS FORUM CONSTITUTION</u>	1 May 2011 to 30 April 2014	1 May 2012 to 30 April 2015	1 May 2013 to 30 April 2016	1 May 2014 to 30 April 2017	Date of Appointment	1 November 2010 to 31 October 2013	1 November 2011 to 31 October 2014	1 November 2012 to 31 October 2015	Appendix A 1 November 2013 to 31 October 2016
Stourbridge	Mr Jim Conway, Ridgewood High School	√				May-11				
<u>Special School Headteacher</u>	<u>One special school headteacher for all townships</u>									
All townships	Mr David Kirk, Rosewood School, Bell Street, Coseley, West Midlands, WV14 8XJ					Oct-12			√	
<u>Special School Governor</u>	<u>One special school governor for all townships</u>									
All townships	Mr Ivan Dallaway, Pensmeadow School		√			Mar-12				
<u>ACADEMY MEMBER</u>										
1 Representative	Mr S Platford, Deputy Headteacher at High Arcal school	√				Apr-13				
1 Representative	Mr Joe Kelleher, (Parent Governor The Earls High School)		√			Nov-12				
1 Representative	Vacancy from 1.1.2014. No nominations Dec 2013. On hold until 2014 elections			√		Jan-14				
1 Representative	Vacancy from 1.1.2014. No nominations Dec 2013. On hold until 2014 elections			√		Jan-14				
<u>Pupil Referral Units</u>										
All PRUs	Chris Derham - PRU Manager					Oct-12			√	
<u>NON SCHOOL MEMBERS</u>	<u>Representatives from Bodies Approved By Schools Forum</u>									
Unions and Professional Associations, nominated by the staff side of the Directorate Joint Consultative Committee	Mr P Nesbitt, Dudley National Union of Teachers, The Kahan Centre, High Street, Kingswinford, DY6 8AP			√		May-13				
Worcester Diocesan Board of Education, nominated by the Board	Mrs Angela Hannaway , Headteacher, Halesowen CE Primary, High Street, Halesowen, B63 3BB		√			Nov-12				
Catholic Schools Commission, nominated by the Commission	Vacancy EX Mrs Brenda Beale , (ex headteacher St Josephs Primary School, Stourbridge)					May-10				
Early Years Provider Reference Group, nominated by the Group	Mrs Ann Richards, Cradley Play Nursery, 12 - 18 Lyde Green, Cradley, Halesowen, B63 2PG		√			May-12				
Dudley 16-19 FE Providers	Mr Keith Bate, Principal of Halesowen College, Whittingham Road, Halesowen, B63 3NA				√	Jan-14				

Dudley Schools Forum – 21st January 2014

Report of the Interim Director of Children's Services

Dedicated Schools Grant Budget Process 2014/15

Purpose of Report

1. The purpose of this report is to update Schools Forum on the 2014/15 Dedicated Schools Grant budget process.

Budget Working Group Discussed

2. Yes – 15 January 2014.

Schools Forum Role and Responsibilities

3. From 1st April 2006, the Schools Budget has been funded by a direct DfE grant: Dedicated School Grant (DSG).
4. The Forum is the 'guardian' of the local Schools Budget, and its distribution among schools and other bodies, and therefore must be closely involved throughout the development process.

Action for Schools Forum

5. To note the contents of this first report in respect of the 2014/15 Dedicated Schools Grant planning process. Further updated information will be presented to the February and March 2014 Schools Forum meetings before final school budgets are issued and the commencement of the 2014/15 financial year.

Attachments to Report

6. Appendix 1 – Local Authority Funding Reform proforma for submission to the Education Funding Agency (EFA) on 21 January – to be tabled at the meeting.

Karen Cocker
Children's Services Finance Manager
7 January 2014

Dudley Schools Forum – 21st January 2014

Report of the Interim Director of Children's Services

Dedicated Schools Grant Budget Process 2014/15

1. The purpose of this report is to update Schools Forum on the 2014/15 Dedicated Schools Grant budget process.

Background

2. The DfE school funding changes, effective from 2013/14, were the first steps towards reforming the school funding system and it remains the Government's intention to introduce a national funding formula during the next spending review period to reduce the funding differences between similar schools in different areas.
3. For 2014/15 the arrangements for calculating the Dedicated Schools Grant (DSG) remain in line with the 2013/14 principles. The impact of the national funding formula will be subject to a DfE consultation with an expected implementation date of April 2015.

Role of the Department for Education (DfE)

4. The Department for Education is responsible at a national level for the education service. This includes responsibilities for planning and monitoring the education service in schools in England, ensuring the provision of integrated services for children, and bringing together policy relating to children and young people.

Role of the Education Funding Agency (EFA)

5. The Education Funding Agency is the Department of Education's delivery agency for funding and compliance. They provide revenue and capital funding for education for learners between the ages of 3 and 19, or the ages of 3 and 25 for those with learning difficulties and disabilities and also support the delivery of building and maintenance programmes for schools, academies, Free Schools and sixth-form colleges. They are the first port of call for queries from open academies, and carry out a number of compliance and assurance activities on behalf of the Secretary of State, including monitoring funding agreements and admission appeals. The EFA are implementing the funding reforms for pre- and post-16 education.

Dedicated Schools Grant (DSG) Process For 2014/15

6. The provisional DSG funding settlement for 2014/15 was announced on 18 December 2013. This report summarises the DfE settlement for Dudley, identifying any issues or actions for Schools Forum.

7. The DSG can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance Regulations. The Schools Budget consists of delegated budgets allocated to individual schools, Pupil Referral Units (PRUs) and Early Years Provision in Private, Voluntary and Independent (PVI) providers, a budget for other provision for pupils which local authorities fund centrally, which now includes the bulk of high needs provision, including post-school provision up to age 25, together with centrally retained expenditure in respect of special education needs and early years services.
8. The distribution of the DSG to local authorities will continue to be based on the current “spend-plus” methodology for 2014/15 and allocated in three, un-ringfenced funding blocks:
 - Schools Block;
 - Early Years Block; and
 - High Needs Block
9. The central expenditure limits, which are subject to Schools Forum approval, remain in place for 2014/15. However, Authorities are still free to move funding between the blocks provided that they comply with requirements of the Minimum Funding Guarantee (MFG) and central expenditure. Further information will be reported at the February meeting.

DSG Schools Block

10. The pupils counted for the purpose of calculating the DSG Schools Block allocation are those recorded in the School Census in maintained schools and academies going through recoupment in National Curriculum Year Groups R-11 aged 4 or above, but not including those pupils in SEN (Special Education Needs) units or Resourced Provision within such institutions; funding for these pupils is provided under the High Needs Block. Also counted towards the Schools Block are those relevant pupils in Alternative Provision (AP) who do not fall under the High Needs Block. Any pupils recorded as Year R but who are less than 4 years old are not counted, because funding for these pupils is provided under the Early Years Block.
11. The Schools Block allocation is derived from the October 2013 School Census pupil count plus an allocation of £65,000 to enable schools to pay for the services of their preferred appropriate body for monitoring and quality assurance of NQT (Newly Qualified Teachers) induction. For 2014/15, the Schools Block has been set at a cash flat rate per pupil; £4459.29 for Dudley.
12. Although the overall schools budget will stay at the same level on a per pupil basis before the addition of the Pupil Premium, the actual cash level of each school's individual budget will vary in line with pupil number changes and variations due to changes in each local authority's formula funding methodology, which was a requirement of the school funding reforms.
13. To protect schools' from significant budget reductions, the Minimum Funding Guarantee will continue to ensure that no school sees more than a 1.5% per pupil reduction in 2014/15 budgets (excluding sixth form funding) compared to 2013/14 and before the Pupil Premium is added.

14. Where a mainstream school has a number of funded places in a SEN unit or resourced provision, then funding will be allocated from the High Needs Block and not through the Schools delegated budget which is funded through the Schools Block.
15. The Schools Block budget covers:
- a. Mainstream Schools delegated budgets (but excluding SEN top up which will be funded from the High Needs Block);
 - b. Central Services – where the value of the budget is capped in line with the previous funding period and is as agreed by Schools Forum;
 - c. Central Schools expenditure, as agreed by Schools Forum;
 - d. Items that may be removed from Maintained Schools' Budget Shares - De-delegation, as approved by Schools Forum.

DSG Early Years Block

16. The DSG Early Years Block covers all pupils in maintained schools and academies going through recoupment in National Curriculum year groups N1 and N2, all relevant pupils in Private, Voluntary and Independent (PVI) providers, and under 5s in Alternative Provision. In addition, any pupils recorded as Year R, but who are less than 4 years old, are counted in the Early Years Block. Two-year-olds with SEN are funded under the High Needs Block.
17. The Early Years Block allocation is funded on a lagged basis being derived from the January 2013 Early Years Census, Schools and Alternative Provision Census to be updated for the January 2014 and January 2015 School Census pupil data counts. The allocation announced by the DfE in December 2013 is therefore provisional and will be updated in the Summer of 2014 and the Spring of 2015 to produce the Early Years Block allocations for the financial year 2014/15.
18. The In-year adjustment process leaves local authorities with some uncertainty in budget planning for the early years sector, which is made more difficult when there is volatility in the pupil numbers; many local authorities are experiencing a rising population in the early year's sector.
19. For 2014/15, the Early Years Block has been set at a cash flat rate per pupil; £3650.97 for Dudley. Additional funding in respect of the DfE ongoing initiative to provide for 40% of early education places for 2 year olds from lower income households has been allocated of £4.650m of which £506,374 relates to trajectory funding for capacity building to encourage take up.
20. The Early Years Block budget will cover:
- a. Netherton Park nursery school's budget share;
 - b. Maintained schools' nursery classes early years single funding formula budget allocation;
 - c. Early years providers single funding formula budget allocation;
 - d. Central Services – where the value of the budget is capped in line with the previous funding period, as agreed by Schools Forum;
 - e. Central Early Years expenditure, as agreed by Schools Forum;
 - f. Funding for early education for two year olds from the 40% most socially disadvantaged areas in the Borough.

DSG High Needs Block

21. The DSG High Needs Block allocations are no longer derived from pupil count census data. Previously this included the Pupil Referral Unit together with a selection of pupils recorded on the Alternative Provision Census.
22. The High Needs Block brings together funding for all high needs pupils/students to enable local authorities to commission places for their young people from 0-24 from a single funding stream.
23. In line with the new responsibility in 2013/14, the additional responsibilities for High Needs Students who are post 16-18 SEN or 19 – 24 with Learning Difficulties and Disabilities (LDD) will continue where the High Needs Block will fund the 'top up' value or 'Element 3' of the cost of the High Needs Student where Dudley is the home local authority.
24. The new funding arrangements for this category of student did not commence until August 2013 and 2013/14 was a part funded year, so it is expected that the DSG will be adjusted by the DfE to include additional 4 months funding responsibility in 2014/15.
25. However, the DfE provisional allocation in December 2013 increased the funding from £1.272m to £1.353m therefore further information has been requested from the EFA to support this increase of £80k, which is much less than expected.
26. The High Needs Block budget will cover:
 - a. Special Schools budgets at £10,000 per place;
 - b. Pupil Referral Unit delegated budgets at £8,000 per place;
 - c. SEN Resourced provision/Unit at £10,000 per place;
 - d. Top up budget (element 3) for Special Schools, PRUs, 16-18 SEN or 19 – 24 with Learning Difficulties and Disabilities, Mainstream SEN pupils, SEN Resourced provision, Dudley resident pupils in other local authority schools with SEN;
 - e. Independent Placements;
 - f. Alternative Provision;
 - g. Special education needs services: Counselling, Learning Support, Physical and Medical, Visually Impaired, Autism Outreach, Early Years;
 - h. Hospital Education;
 - i. Central Services – where the value of the budget is capped in line with the previous funding period, as agreed by Schools Forum.

Planned Place Return

27. Local Authorities are now required to submit an annual planned place return to the DfE to support the planned places provided from the high needs block funding; this return was submitted on 19 December 2013.
28. In summary the planned place return from September 2014 is as detailed in Table 1.
29. The data is now being validated by the EFA and their decision will be notified by March 2014. The funding outcomes are likely to be:

- a. The increased Further Education/ Independent Specialist Provider (FE/ISP) places of 20.2fte are funded by the EFA, which will provide additional funding of £10k per place for 2014/15; or
- b. The increased FE/ISP places of 20.2fte are not funded by the EFA and Dudley will need to use their existing resources from within the DSG for 2014/15 (estimated to be £200,000).
- c. It is expected that the reduction in places at Crestwood Hearing Impaired unit will not result in a reduction in funding as this funding is still required to meet the cost of the 6 pupils, but as part of an inclusion strategy rather than based within the unit.

Table 1 – Dudley Planned Place Return for September 2014

	2013 to 2014	2014 to 2015	Difference	Comments
Pre 16 high needs places: Resourced Provision	98.00	92.00	-6.00	Crestwood School Hearing Impaired Unit - inclusion strategy. Reduction in place led provision.
Pre 16 high needs places: AP Places Total	128.00	128.00	0.00	No change in PRU Provision.
Pre 16 high needs places: SEN Places Special Schools	715.20	719.00	3.80	Across Dudley's 7 special schools.
Post 16 high needs places: SEN Places Special Schools	37.00	34.00	-3.00	
Post 16 high needs places: FE and Independent Specialist Provision	83.00	103.00	20.00	Increase in post 16 places in FE requested - mainly FE colleges
Total	1061.20	1076.00	14.80	

30. Forum will be advised of the EFA's decision together with the financial impact for Dudley, as soon as possible.

Dedicated Schools Grant (DSG) 2014/15 and Impact for Dudley

31. Table 2 summarises the provisional DSG settlement for 2014/15 in line with the details outlined in paragraphs 6 to 26 above.

32. The total provisional DSG at December 2013 is £235.283m. This compares with £234.323m; an additional £0.960m DSG.

Reductions

- a. 192 mainstream pupils fewer lost grant of £0.856m
- b. Carbon Reduction Tax removal of £0.522m

Increases

- c. SEN post 16 schools additional £0.451m
- d. 2 Year Olds Nursery funding additional £1.807m
- e. Post 16 FE additional 0.080m

33. The following DfE adjustments are still required before the final DSG for 2014/15 can be determined:

- Early Years Block will be amended in the Summer of 2014 and Spring of 2015 for updated early years census data.
- Post 16 SEN and 19-24 LDD budget of £1.382m has been queried with the EFA in respect of the part year funding.
- Possible growth for planned places in the High Needs Block is subject to confirmation from the EFA and this is expected before 31 March 2014.

Table 2 -Dudley Provisional Dedicated Schools Grant 2014/15 at December 2013

	Pupil Data Oct 13 and Jan 13	Unit of Funding	Schools Block £m	Early Years Block £m	High Needs Block £m
Total Funding Pupil Led	42,822	£4,459.29	190.956		
Total Funding Pupil Led	2,788	£3,650.97		10.179	
Newly Qualified Teachers			0.065		
Carbon Reduction Commitment Tax			-0.522		
2 Year Olds Early Education including Trajectory funding of £506,374				4.650	
Baseline Funding					27.913
Post 16 Schools SEN Funding					0.690
Provisional Post 16 SEN and 19 - 25 LDD non school					1.352
Provisional 2014/15 DSG Budget			£190.499	£14.829	£29.955

Dedicated Schools Grant and Academy School Budgets

34. The calculation of each authority's DSG must include the pupils educated in the Academy schools within the borough. The pupil data is required to be supplied to the local authority by the academy school at October school census date.

35. It is a condition of the Dedicated Schools Grant that the Authority must maintain a single formula for funding both maintained schools and Academies in its area. The authority is responsible for calculating the Academy schools' delegated budget by replicating the local funding formula and these details are communicated to the EFA who are then responsible for funding Academy schools.

Local Authority Funding Reform Proforma for the EFA

36. It is a statutory requirement for each LA to submit to the EFA a proforma which details the proposed allocation of the DSG and detailed tables supporting the proforma. The detailed tables provide funding information at individual school level and both these tables and the pro forma are subject to scrutiny by the EFA. The deadline for LAs to submit their final proformas and detailed tables to the Education Funding Agency (EFA) is **21 January 2014**. Therefore the proforma will be tabled as Appendix 1 to this report at the Schools Forum meeting on 21 January for approval.

School Budgets and Final DSG Determination

37. Final school budgets for 2014/15 will be made available to mainstream schools before the statutory deadline date of 28 February 2014. These will be updated by 31 March 2014 to include the early years and nursery funding. The indicative Pupil Premium allocations for 2014/15 will also be issued by 28 February 2014.

38. Budgets for maintained nursery schools/classes and early years providers, special schools and the pupil referral units will be issued before the statutory deadline date of 31 March 2014.

Coverage and Conditions of Dedicated Schools Grant

39. The School and Early Years Finance (England) Regulations 2013 prescribe how a local authority can allocate the DSG funding. These are effective from 1 January 2014.

40. The DSG is paid as a ring-fenced grant and is subject to formal grant conditions. The conditions include a requirement to use the grant in support of the Schools Budget and a provision for the Secretary of State to recover grant.

Pupil Premium

41. The implementation of a pupil premium grant in 2011/12 provided additional funding for pupils from socially deprived backgrounds and is a key priority for the coalition Government; it was worth £625m nationally in 2011/12 rising to £2.5bn by 2014/15.

42. For 2014/15, schools will receive £1,300 per primary pupil who is currently eligible for free schools means (FSM) or has been eligible for FSM in the past 6 years (FSM 'Ever 6') and the allocation for secondary sector will be £935 for FSM 'Ever 6' pupils.

43. The current rates for 2013/14 are £953 for primary pupils and £900 for secondary pupils.

Department for Energy and Climate Change (DECC)

44. In December 2012 DECC published the Government's response to the consultation about simplification of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. For 2014/15 DECC has announced the decision to withdraw all state funded schools in England from CRC participation. The budget reduction for Dudley is £522k and for 2013/14 this budget featured within the Central Schools expenditure heading of the DSG.

Copy Right Licensing

45. The DfE agreed with the Copyright Licensing Agency (CLA), and the Music Publishers Association (MPA), to purchase a single national licence managed by the DfE for all state-funded schools in England. This means that local authorities and schools will no longer need to negotiate individual licences. The Department will pay the cost, including VAT, to the CLA and will provide this as a service to local authorities at a charge. These arrangements will cover recoupment Academies as well as maintained schools, and we will allow local authorities to hold this money centrally rather than include it in school budgets.
46. For Dudley the charge for 2013/14 was set at £76,116 and details for 2014/15 are awaited. The budget will be top sliced from the funding to be allocated to mainstream and special schools in 2014/15 for this to be retained and paid centrally.

The DfE Next Steps Timetable

47. Table 3 details the DfE next steps timetable as issued 18 December 2013.

Table 3 - Next Steps Timetable

Date	Action
18 December 2013	2013-14 Schools Block confirmed 2013-14 Provisional Early Years Block 2013-14 Provisional High Needs Block announced by EFA.
23 December 2013	High Needs Place Review templates submitted to EFA.
21 January 2014	Local authorities submit final APT.
February 2014	DSG payment dates confirmed. High Needs Block confirmed and deductions for places in academies and other non-maintained settings.
March 2014	Confirmation of DSG to be paid to local authorities net of recoupment for existing academies.
June 2014	Early Years Block updated for Early Years pupils from January 2014 Census
June 2015	Early Years Block updated for Early Years pupils from January 2015 Census

Finance

48. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2013 which are effective from 1 January 2014 and relate to the 2014/15 financial year.

49. Schools Forums are regulated by the regulated by the Schools Forums (England) Regulations 2012.

50. From 1st April 2006, the Schools Budget has been funded by a direct grant; Dedicated School Grant (DSG).

Law

51. 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

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

Recommendation

53. Schools Forum is invited to note the contents of the report and in particular:

- The provisional DSG settlement for 2014/15 and the impact for Dudley.
- To approve the Local Authority's Funding Reform proforma for submission to the EFA on 21 January, to be tabled at the meeting as Appendix 1.
- A further update will be provided at the February and March 2014 meetings, to include the central expenditure budget allocations for Schools Forum approval.



Pauline Sharratt
Interim Director of Children's Services

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Directorate of Children's Services
Budget Fact Sheet

No. 1 – January 2014

- **Dedicated School Grant (DSG) 2014/15**

The DfE announced the DSG funding for 2014/15 on 18 December 2013.

The **Schools Block**, which funds Dudley's mainstream schools including Academy Schools, has decreased by £856k due to 192 fewer pupils in Dudley schools at October 2013 school census date. Also the responsibility for Carbon Reduction Commitment tax for schools will pass over to central government from 2014/15 and a reduction of £522k has been made to Dudley's DSG to reflect this adjustment.

The **Early Years Block** is provisional and based on lagged early years data of January 2013 together with additional funding of £1.8m to reflect the local authority's increased responsibility for providing nursery provision for 2 year old children in disadvantaged areas.

The **High Needs Block** funding is provisional at 2013/14 values and the DfE will announce the final funding allocation in March 2014 when the place planning return exercise, which was submitted by Dudley on 19 December, has been moderated in preparation for September 2014 places.

Funding updates will be presented to Schools Forum at the January, February and March 2014 meetings and the reports will be available via the Schools Forum website.

- **Dudley's Local Funding Formula for 2014/15**

Dudley's Local Authority Funding Reform Pro-forma for 2014/15 mainstream school funding was submitted to the Education Funding Agency (EFA) for scrutiny by the statutory deadline of 31 October 2013 and confirmation was received on the 8 November to advise that this adheres to the Financial Regulations and satisfies the EFA criteria. The final pro-forma for Dudley based on October 2013 School Census data will be submitted by the statutory deadline of 21 January 2014.

- **School Budgets for 2014/15**

School Finance Regulations require local authorities to provide mainstream schools with the amount of each school's budget share by 28 February 2014.

Funding for each special school, Pupil Referral Unit and nursery provision must be determined by 31 March 2014.

- **Pupil Premium 2013/14 and 2014/15**

On 12 December the government confirmed that for 2013/14 the Pupil Premium for primary age pupils will increase to £953 (remain at £900 for secondary pupils).

For 2014/15 the Pupil Premium will be paid as follows based on Free School Meals Ever 6 methodology:

- Primary £1,300 per pupil,
- Secondary £935 per pupil,
- Looked After Children, adopted children and children with guardians £1,900 per pupil,
- Service Premium £300 per pupil.

<https://www.education.gov.uk/schools/pupilsupport/premium>

- **De-delegation Decisions 2014/15**

Schools Forum met on 16 December 2013 and the following decisions have been made regarding de-delegation of funding for 2014/15 in respect of maintained mainstream schools.

De-delegation of Funding (both Primary and Secondary schools)

- Contingencies - closed schools and rental payments.
- Staff costs - supply cover – Union Facilities time (subject to review within Dudley for 2015/16).
- Staff costs - supply cover – NQT (Newly Qualified Teachers).
- Support for minority ethnic pupils/underachieving groups. Family Support Workers.
- LACES (Looked After Children Education Services).

De-delegation of funding (primary schools only)

- School Library Service (Primary sector have decided that the shortfall in the library service funding as a result of the secondary sector decision not to de-delegate will be covered by the primary sector.)
- Behavioural Pupil Referral Unit – Primary Outreach Service.

The funding for all of the above services in respect of Nursery schools is retained centrally as permitted by the School Finance Regulations.

Academy schools and special schools may have the opportunity to enter into a traded services agreement in respect of the above services.

- **Local Government Pension Scheme rates 2014/15 to 2016/17**

The employer's contribution rates for the above will increase and the latest revised rates are:

- 2014/15 17.3%
- 2015/16 18.7%
- 2016/17 20.3%

- **Universal Infant Free School Meals**

The Government has announced a strategy for funding free school meals for all children in Reception, Year 1 and Year 2 in state primary schools from September 2014. However, no further details regarding this revenue funding have been announced.

Details on the capital funding were announced on 18 December 2013 and Dudley will receive a capital allocation of £855k (including £81k in respect of VA schools) to spend on improving kitchen and dining facilities in schools.

- **Dudley's Schools Forum**

A Schools Forum internet website for Dudley is now available.

<http://www.dudley.gov.uk/community/community-forums/dudley-schools-forum/>

- **Further Details**

Please contact sue.coates@dudley.gov.uk or telephone 01384 814217.

Pauline Sharratt
Interim Director of Children's Services

Dudley Schools Forum – 21st January 2014

Report of the Interim Director of Children's Services

School and Early Years Finance (England) Regulations 2013

Purpose of Report

1. The purpose of this report is to update Schools Forum on the latest amendments to the School Finance Regulations as advised by Central Government.

Budget Working Group Discussed

2. No.

Schools Forum Role and Responsibilities

3. To be aware of the regulatory framework, which governs the financing of schools.

Action for Schools Forum

4. To note the amendments to the School Finance Regulations.

Attachments

5. Appendix A– School and Early Years Finance Regulations (England) 2013.
6. Appendix B – Summary of new features in the Regulations and DSG conditions of grant for the financial year 2014/15.

Karen Cocker
Children's Services Finance Manager
7 January 2014

Dudley Schools Forum – 21st January 2014

Report of the Interim Director of Children's Services

School and Early Years Finance (England) Regulations 2013

1. The purpose of this report is to update Schools Forum on the latest amendments to the School Finance Regulations as advised by Central Government.

Background

2. The School and Early Years Finance (England) Regulations 2013 were laid before Parliament on 9 December 2013 and come into force on 1 January 2014
3. These apply for the financial year 2014/15 and revoke the School Finance (England) Regulations 2012 on 1 April 2014. As previously, they define the non-schools education budget, the schools budget, the central expenditure and the individual schools budget and require local authorities to determine budget shares for schools maintained by them in accordance with the appropriate formula. They also prescribe the amounts to be allocated in respect of nursery classes in schools maintained by them and relevant early years providers in their area and impose requirements in relation to local authorities' Financial Schemes.
4. The changes from the 2012 Regulations are summarised in Appendix B.
5. In particular, Forum should note that local authorities are required to determine the amount of individual school's budget share by 28 February 2014, except in relation to sixth form funding, special schools, pupil referral units and nursery provision which must be determined by 31 March 2014.

Finance

6. The funding of schools is prescribed by the DfE through the School and Early Years Finance (England) Regulations 2012 and 2013.
7. Schools Forums are regulated by the Schools Forums (England) Regulations 2012.
8. From 1st April 2006, the Schools Budget has been funded by a direct grant: Dedicated School Grant (DSG).

Law

9. 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.

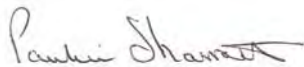
Equality Impact

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

Recommendation

11. Schools Forum to:

- Note the amendments to the School Finance Regulations referred to in Appendix B of this report.



Pauline Sharratt
Interim Director of Children's Services

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2013 No. 3104

EDUCATION, ENGLAND

**The School and Early Years Finance (England) Regulations
2013**

<i>Made</i>	- - - -	<i>5th December 2013</i>
<i>Laid before Parliament</i>		<i>9th December 2013</i>
<i>Coming into force</i>	- -	<i>1st January 2014</i>

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The Secretary of State for Education makes the following Regulations in exercise of powers conferred by sections 45A(a), 45AA(b), 47(c), 47ZA(d), 47A(4)(e), 48(1) and (2)(f), 49(2) and (2A)(g), 138(7) of, and paragraph 2B(h) of Schedule 14 to, the School Standards and Framework Act 1998(i) and section 24(3) of the Education Act 2002(j).

PART 1

Introduction

Citation, commencement, application and interpretation

1.—(1) These Regulations may be cited as the School and Early Years Finance (England) Regulations 2013 and come into force on 1st January 2014.

(2) These Regulations apply in relation to the financial year beginning on 1st April 2014.

(3) These Regulations apply only in relation to England.

(4) In these Regulations—

“the 1996 Act” means the Education Act 1996(k);

“the 1998 Act” means the School Standards and Framework Act 1998;

“the 2002 Act” means the Education Act 2002;

“the 2005 Act” means the Education Act 2005(l);

“the 2006 Act” means the Education and Inspections Act 2006(m);

“the 2009 Act” means the Apprenticeships, Skills, Children and Learning Act 2009(n);

“the 2012 Regulations” means the School and Early Years Finance (England) Regulations 2012(o);

-
- (a) Inserted by section 41(1) of the 2002 Act and amended by section 101 of, and paragraph 3 of Schedule 16 to, the 2005 Act.
- (b) Inserted by section 101 of, and paragraph 4 of Schedule 16 to, the 2005 Act.
- (c) Amended by section 101 of, and paragraph 6 of Schedule 16 to, the 2005 Act.
- (d) Inserted by section 202 of the Apprenticeships, Skills, Children and Learning Act 2009 (c.22).
- (e) Section 47A was inserted by section 43 of the 2002 Act and amended by section 101 of, and paragraph 7 of Schedule 16 to, the 2002 Act, section 57 of, paragraph 2 of Schedule 5 to, the 2006 Act, section 165 of the Education and Skills Act 2008 (c.25) and section 194 of the Apprenticeships, Skills, Children and Learning Act 2009.
- (f) Section 48 was amended by section 40 of, and paragraph 2 of Schedule 3 to, the 2002 Act, section 117 of, and paragraph 7 of Schedule 18 to, the 2005 Act, section 57 of, and paragraph 3 of Schedule 5 to, the 2006 Act.
- (g) Subsections (2) and (2A) were substituted for subsections (2) and (3), as originally enacted, by section 57 of, and paragraph 4 of Schedule 5 to, the 2006 Act.
- (h) Paragraph 2B of Schedule 14 was substituted for paragraph 2, as originally enacted, by section 57 of, and paragraph 5 of Schedule 5 to, the 2006 Act.
- (i) 1998 c.31. For the meaning of “prescribed” and “regulations”, see section 142(1) of the 1998 Act.
- (j) 2002 c.32. For the meaning of “prescribed” and “regulations”, see section 212 of the 2002 Act.
- (k) 1996 c.56.
- (l) 2005 c.18.
- (m) 2006 c.40.
- (n) 2009 c.22.
- (o) S.I. 2012/2991.

“the 2008 Document” means the document entitled “Statutory Framework for the Early Years Foundation Stage” published by the Secretary of State on 19th May 2008(a);

“the 2012 Document” means the document entitled “Statutory Framework for the Early Years Foundation Stage” published by the Secretary of State on 27th March 2012(b);

“the 2013 Document” means the document entitled “2013 Key Stage 2 Assessment and Reporting Arrangements”(c) containing provisions made pursuant to Article 11 of the Education (National Curriculum) (Key Stage 2 Assessment Arrangements) (England) Order 2003(d), made under section 87(3) of the Education Act 2002;

“academic year” means any period commencing with 1st August and ending with the next 31st July;

“all-through schools” means those primary or secondary schools known by this title where pupils may join the school at an age of between three and five years and remain at the school until the age of between 16 and 19 years;

“capital expenditure” means expenditure of a local authority which falls to be capitalised in accordance with proper accounting practices, or expenditure treated as capital expenditure by virtue of any regulations or directions made under section 16 of the Local Government Act 2003(e);

“central expenditure” means, in respect of the funding period, the total amount deducted by a local authority from their schools budget in accordance with regulation 8, or in respect of the previous funding period, the total amount deducted by a local authority from their schools budget in accordance with regulation 8 of the 2012 Regulations;

“CERA” means capital expenditure which a local authority expect to charge to a revenue account of the authority within the meaning of section 22 of the Local Government Act 2003;

“community early years provision” means prescribed early years provision provided by the governing body of a maintained school under section 27(1) of the 2002 Act to children other than pupils at the school, where the local authority have chosen to fund such provision;

“the Early Years Foundation Stage Profile” has the meaning given in section 2 of the 2008 Document or the 2012 Document, as the context specifies more particularly;

“early years provision” has the meaning given in section 20 of the Childcare Act 2006(f);

“eligibility for free school meals” means eligibility for free lunches under section 512ZB of the 1996 Act(g);

“exempt early years provider” means a provider of exempt early years provision;

“exempt early years provision” means early years provision which is not included in prescribed early years provision for the purposes of section 7(1) of the 2006 Act by virtue of regulation 2(2) of the Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2012(h);

“expenditure on the schools specific contingency” is central expenditure deducted for the purpose of ensuring that monies are available to enable an increase in a school’s budget share after it has been allocated and where it subsequently becomes apparent that a governing body have incurred expenditure which it would be unreasonable to expect them to meet from the school’s budget share which may include expenditure in relation to—

(a) Available at: www.education.gov.uk/publications/eOrderingDownload/00267-2008BKT-EN.pdf

(b) Available at: www.education.gov.uk/publications/standard/AllPublications/Page1/DFE-00023-2012

(c) Available at: http://media.education.gov.uk/assets/files/pdf/2/sta136001_2013%20ks2%20ara.pdf

(d) S.I. 2003/1038, amended by S.I. 2009/1585, 2010/290, 2011/2392, 2013/1513, there are other amending instruments but none is relevant.

(e) 2003 c.26. Regulations made under this section in relation to England are the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (S.I. 2003/3146) as amended by S.I. 2004/534, 2004/3055 and 2007/573.

(f) 2006 c.21.

(g) Section 512ZB was inserted by section 201(1) of the 2002 Act and amended by section 28 of, and paragraph 16(3) of Schedule 3 to, the Welfare Reform Act 2007 (c. 5), section 26(1)(a) to (e) of the Child Poverty Act 2010 (c. 9) and section 31, and paragraph 39(a) and (b) of Schedule 2 to, the Welfare Reform Act 2012 (c.5).

(h) S.I. 2012/2488.

- (i) schools in financial difficulty,
- (ii) the writing-off of deficits of schools which are discontinued, excluding any associated costs and overheads,
- (iii) new, amalgamating or closing schools, or
- (iv) other expenditure where the circumstances were unforeseen when initially determining the school's budget share;

“funding period” means the financial year beginning on 1st April 2014;

“home school” means, in respect of a pupil, a school which is the shortest distance in a straight line from the pupil's home and which admits pupils of the pupil's age and sex, other than—

- (i) a selective school,
- (ii) a special school, or
- (iii) an independent school which is not an Academy;

“hospital education” means education provided at a community special school or foundation special school established in a hospital, or under any arrangements made by the local authority under section 19 of the 1996 Act (exceptional provision of education), where the child is being provided with such education by reason of a decision made by a medical practitioner and “hospital education places” shall be read accordingly;

“IDACI” means the Income Deprivation Affecting Children Index referred to in the document named “English Indices of Deprivation 2010” published by the Department for Communities and Local Government(a);

“IDACI bands” means the groupings of IDACI scores as published by the Department for Education in the document named “Schools Block Dataset Technical Specification: 2014 to 2015”(b);

“IDACI score” means the score allocated to a child under IDACI;

“key stage” means the key stage of the National Curriculum for England comprising the requirements and entitlements described in sections 84, 85 and 85A of the 2002 Act(c) and “key stage 1”, “key stage 2”, “key stage 3” and “key stage 4” mean the first, second, third and fourth key stages referred to in those sections respectively;

“learning difficulty” means difficulty in learning that a person has that is significantly greater than the majority of persons of his or her age, or a disability which either prevents or hinders the person from making use of facilities of a kind generally provided for further education to persons of his or her age;

“learning difficulty assessment” has the meaning given in section 13(5) of the 1996 Act(d), and a reference to a person being subject to learning difficulty assessment has the meaning given in section 13(4) of the 1996 Act(e);

“looked after child” means a person who, for the purposes of the Children Act 1989, is a child looked after by a local authority, and references to the authority looking after the child are to be read accordingly;

“middle school single sum formula” is $A \times (B / C) + D \times (E / C)$ where—

- (i) A is the amount allocated per school by the authority under paragraph 1(a) of Schedule 3 (primary single sum),
- (ii) B is the number of primary-age year groups in the school,
- (iii) C is the number of year groups in the school,

(a) Available at: www.gov.uk/government/publications/english-indices-of-deprivation-2010

(b) Available at: www.gov.uk/government/publications/2014-to-2015-schools-block-dataset-technical-specification

(c) Sections 85 and 85A were substituted for section 85, as originally enacted, by section 74(1) of the 2006 Act.

(d) Subsection (5) of section 13 was inserted by section 59 of, and paragraphs 1 and 2 of Schedule 2 to, the 2009 Act.

(e) Subsection (4) of section 13 was inserted by section 59 of, and paragraph 1 and 2 of Schedule 2 to, the 2009 Act.

- (iv) *D* is the amount allocated per school by the authority under paragraph 2(a) of Schedule 3 (secondary single sum),
 - (v) *E* is the number of secondary-age year groups in the school;
- “non-domestic rate” has the meaning given in section 54 of the Local Government Finance Act 1988(a);
- “prescribed early years provision” means early years provision prescribed for the purposes of section 7(1) of the Childcare Act 2006;
- “previous funding period” means the financial year beginning on 1st April 2013 and “previous funding periods” means such financial years as the context specifies more particularly;
- “proper accounting practices” means those accounting practices which a local authority are required to follow by virtue of any enactment, or which, so far as they are consistent with any such enactment are generally regarded, whether by reference to any generally recognised published code or otherwise, as proper accounting practices to be followed in the keeping of the accounts of local authorities, either generally or of the description concerned(b);
- “provider”, in relation to prescribed early years provision, includes a governing body of a maintained school or a relevant early years provider;
- “prudential borrowing” means borrowing money for the purpose of facilitating the modernisation and rationalisation of the school estate, where the revenue savings expected to be achieved as a result are equal to or more than the expenditure expected to be incurred in borrowing the money;
- “pupil premium” means the amount allocated by a local authority from the pupil premium grant to a school under the terms and conditions of the grant;
- “pupil premium grant” is a grant of that name paid to a local authority by the Secretary of State under section 14 of the 2002 Act in respect of pupils who are entitled to a pupil premium;
- “relevant early learning goals” means the early learning goals in the prime areas in section 1 of the 2012 Document and also the early learning goals of reading, writing, numbers and shape, space and measures in section 1 of that document;
- “relevant early years provider” means a provider of prescribed early years provision, other than the governing body of a maintained school;
- “relevant early years provision” means prescribed early years provision provided by a relevant early years provider;
- “school census” means the record of individual pupil information supplied by local authorities to the Secretary of State under section 537A of the 1996 Act(c);
- “second closest school” means, in respect of a pupil, a school which is the second shortest distance in a straight line from the pupil’s home and which admits pupils of the pupil’s age and sex, other than—
- (i) a selective school,
 - (ii) a special school, or
 - (iii) an independent school which is not an Academy;
- “sixth form grant” means a grant of that name paid to a local authority by the Secretary of State under section 14 of the 2002 Act in respect of sixth form pupils, on condition that it is passed on to a particular school;
- “special Academy” means an Academy which meets the requirements of section 1A(2) of the Academies Act 2010(d);

(a) 1988 c.41.

(b) This definition is taken from section 21 of the Local Government Act 2003 and regulation 31 of the Local Government (Capital Finance and Accounting) (England) Regulations 2003 (S.I. 2003/3146).

(c) Section 537A was inserted by section 140(1) of, and paragraph 153 of Schedule 30 to, the 1998 Act.

(d) 2010 c.32 as amended by section 53(7) of the Education Act 2011 (c.21).

“specific grant” means any grant paid to a local authority under conditions which impose restrictions on the particular purposes for which the grant may be used other than—

- (i) a grant named “Dedicated Schools Grant”, paid to a local authority by the Secretary of State under section 14 of the 2002 Act, or
- (ii) any sixth form grant;

“teaching assessment of English writing” means the assessment referred to as such in the 2013 Document;

“unavoidable costs” means costs which must be incurred by virtue of a statutory requirement;

“selective school” means a school where all the pupils in the school are selected by ability or by aptitude;

“Year 1” means the school year in which the majority of pupils attain the age of six;

“Year 2” means the school year in which the majority of pupils attain the age of seven;

“Year 3” means the school year in which the majority of pupils attain the age of eight;

“Year 4” means the school year in which the majority of pupils attain the age of nine;

“Year 5” means the school year in which the majority of pupils attain the age of ten;

(5) In these Regulations—

- (a) a reference to a determination or redetermination of a budget share or amount to be allocated is a reference to such a determination or redetermination for the funding period, unless otherwise stated;
- (b) a reference to an Academy school’s “predecessor school” is a reference to—
 - (i) the school that was discontinued and which that Academy school replaced, or
 - (ii) the maintained school which converted into that Academy school in accordance with section 4 of the 2010 Act;
- (c) a reference to a “governing body” of a school includes the management committee of a pupil referral unit;
- (d) a reference to an inspection under section 5 of the 2005 Act includes a reference to an inspection under section 8 of that Act (other inspections) which has been treated by the Chief Inspector as an inspection under section 5;
- (e) a reference to the number of pupils at a particular key stage is a reference to the number on 3rd October 2013, unless otherwise stated;
- (f) a reference to “pupils or children” in regulations 15 and 16 is a reference to—
 - (i) in respect of a nursery school, the pupils at the school,
 - (ii) in respect of a nursery class, the pupils in the class,
 - (iii) in respect of a prescribed early years provider, the children receiving prescribed early years provision from the provider,
 - (iv) in respect of a relevant early years provider, the children receiving relevant early years provision from the provider,
 - (v) in respect of an exempt early years provider, the children receiving exempt early years provision from the provider, and
 - (vi) in respect of community early years provision, the children receiving such provision at the school;
- (g) a reference to “pupils” includes only those pupils who are recorded on the school census as either—
 - (i) registered solely at that school, or
 - (ii) registered at more than one school, but attending that school for the majority of their time,

- except in regulations 15(5), 15(6) and 16 where “pupil” means a registered pupil^(a);
- (h) a reference to “schools” in Schedules 1 and 2 includes maintained schools and Academies except where the context requires otherwise;
 - (i) a reference to “special educational needs transport costs”, for the purposes of paragraph 4(d) of Schedule 2, is a reference to the costs of home to school transport for pupils with special educational needs in schools maintained by a local authority where the authority are meeting such costs because the revenue savings that will be achieved by placing such children in a school maintained by them are equal to, or greater than, the costs of such transport; and
 - (j) a reference to “termination of employment costs”, for the purposes of paragraph 4(b) of Schedule 2, is a reference to expenditure relating to the dismissal or premature retirement of, or for the purpose of securing the resignation of, any person employed in a maintained school.

Revocation

2. The School Finance (England) Regulations 2012^(b) are revoked on 1st April 2014.

Amendments

- 3.—(1) The Schools Forums (England) Regulations 2012^(c) are amended as follows.
- (2) In regulation 1(3), after “In these Regulations—”, insert—
 - ““16 to 19 provider” means—
 - (a) an institution within the further education sector, or
 - (b) an educational institution other than one referred to in subparagraph (a) that is principally concerned with providing further education suitable for persons over compulsory school age who have special educational needs or learning difficulties or are subject to learning difficulty assessment,

where 20% or more of the students at the institution reside in the authority’s area;”.
 - (3) In regulation 1(3), in the definition of “representative”, after “save for in”, insert—

“regulation 7(1)(a) and”.
 - (4) In regulation 4(2)(c), after “non-schools members appointed” insert—

“or elected”.
 - (5) For regulation 4(3), substitute—

“(3) If, for any reason, an election for a schools member under regulation 5(1), an Academies member under regulation 6(1), or person to represent 16 to 19 providers under regulation 7(1)(a) either does not take place by the date (if any) set by an authority or results in a tie between two or more candidates, the authority must appoint the schools member, Academies member or person to represent 16 to 19 providers to their schools forum instead.”
 - (6) In regulation 7, for paragraph (1), substitute—

“(1) The schools forum must include—

 - (a) where there is at least one 16 to 19 provider, at least one person to represent 16 to 19 providers, that person to be elected by representatives of the 16 to 19 providers, or if there is only one 16 to 19 provider, by the representatives of that provider; and
 - (b) one or more persons appointed by the authority to represent early years providers.”

(a) “Registered pupil” is defined in section 434(5) of the 1996 Act.
 (b) S.I. 2012/335.
 (c) S.I. 2012/2261, amended by S.I. 2012/2991.

(7) In regulation 8, for paragraphs (9A) and (9B), substitute—

“(9A) Only the schools members of the schools forum who are representatives of primary schools may vote to decide whether or not to authorise the matters referred to in regulation 12(1)(d) of the School and Early Years Finance (England) Regulations 2013 where they relate to primary schools.

(9B) Only the schools members of the schools forum who are representatives of secondary schools may vote to decide whether or not to authorise the matters referred to in regulation 12(1)(d) of the School and Early Years Finance (England) Regulations 2013 where they relate to secondary schools.”.

PART 2

Action to be Taken by a Local Authority

CHAPTER 1

Determination of the Non-Schools Education Budget, Schools Budget, Individual Schools Budget, and Budget Shares

The non-schools education budget

4. The following classes or descriptions of local authority expenditure are prescribed for the purposes of section 45A(1) of the 1998 Act and the determination of a local authority's non-schools education budget, subject to the exceptions in regulation 7—

- (a) those specified in Schedule 1, including expenditure on associated administrative costs and overheads; and
- (b) any expenditure which falls outside the classes or descriptions of expenditure specified in regulation 6 and Schedule 2 (the schools budget).

Initial determination of a local authority's schools budget

5. A local authority must not later than 28th February 2014—

- (a) make an initial determination of their schools budget; and
- (b) give notice of that determination to the governing bodies of the schools they maintain.

The schools budget

6.—(1) The classes or descriptions of local authority expenditure specified in paragraph (2) and Schedule 2 are prescribed for the purposes of section 45A(2) of the 1998 Act and the determination of a local authority's schools budget, subject to the exceptions in regulation 7.

(2) The classes or descriptions of local authority expenditure are—

- (a) expenditure on the provision and maintenance of maintained schools and on the education of pupils at maintained schools;
- (b) expenditure on the education of children at independent schools, non-maintained special schools, pupil referral units, at home or in hospital, and on any other arrangements for the provision of primary and secondary education for children otherwise than at schools maintained by a local authority;
- (c) all other expenditure incurred in connection with the authority's functions in relation to the provision of primary and secondary education, in so far as that expenditure does not fall within sub-paragraphs (a) or (b);
- (d) expenditure on the education of—
 - (i) children or students up to the age of 25 with special educational needs;

- (ii) persons provided with further education who are aged under 19 and have a learning difficulty; and
 - (iii) persons provided with further education who are aged 19 or over but under 25 and are subject to learning difficulty assessment,
- in so far as that expenditure does not fall within sub-paragraphs (a) to (c); and
- (e) expenditure on early years provision, in so far as that expenditure does not fall within sub-paragraphs (a) to (d).

Exceptions

7. A local authority's non-schools education budget or schools budget must not include the following classes or descriptions of expenditure—

- (a) capital expenditure, other than—
 - (i) CERA,
 - (ii) capital expenditure appropriated to the schools budget for the purpose of funding pay arrears due to staff whose salaries are met from the schools budget;
- (b) expenditure on capital financing, other than expenditure incurred—
 - (i) on prudential borrowing,
 - (ii) for the purpose of meeting the costs of financing the payment of pay arrears referred to in paragraph (a)(ii); and
- (c) expenditure for the purposes of section 26 of the Road Traffic Regulation Act 1984^(a) (arrangements for patrolling school crossings).

Determination of the individual schools budget for the funding period and limit on increase in central expenditure

8.—(1) Subject to paragraphs (2) to (10), not later than 28th February 2014, a local authority must deduct from their schools budget such of the classes or descriptions of planned expenditure set out in Schedule 2 as they propose to deduct, in order to determine their individual schools budget.

(2) Expenditure referred to in paragraphs 3 and 4 of Part 1 (Central Services) of Schedule 2 may only be deducted by the local authority where the expenditure is to be incurred as a result of decisions taken prior to 1st April 2013 that commit the authority to incur expenditure in the funding period.

(3) In deducting the expenditure referred to in Part 1 (Central Services) of Schedule 2, a local authority must not exceed the limits referred to in paragraph 5 of Schedule 2, unless they are authorised to do so under regulation 25(1)(a).

(4) A local authority must not deduct the expenditure referred to in paragraphs 8 to 10 of Schedule 2 without authorisation of the criteria for determining the expenditure from their schools forum under regulation 12(1), or from the Secretary of State under regulation 12(3).

(5) A local authority must not deduct the expenditure referred to in Part 1 (Central Services), Part 2 (Central Schools Expenditure), Part 3 (Central Early Years Expenditure) or Part 5 (Items That May Be Removed From Maintained Schools' Budget Shares) of Schedule 2 without authorisation from their schools forum under regulation 12(1), or from the Secretary of State under regulation 12(3).

(6) Where a local authority carries forward a deficit from the previous funding period to the funding period which reduces the amount of the schools budget available, the funding of this

^(a) 1984 c.27. Section 26 was amended by section 8 of, and Schedule 5 to, the Local Government Act 1985 (c.51), sections 288 and 423 of, and Schedule 34 to, the Greater London Authority Act 1999 (c.29) and sections 270 and 274 of, and Schedule 31 to, the Transport Act 2000 (c.38).

deficit from the schools budget must be authorised by their schools forum under regulation 12(1), or the Secretary of State under regulation 12(3).

(7) Any amount of expenditure which was deducted under paragraphs 8 (growth fund) and 10 (extra infant classes) of Schedule 2 to the 2012 Regulations for the previous funding period and which remains unspent may be used by the local authority in the funding period for the purposes listed in paragraphs 8 and 10 of Schedule 2 of the 2012 Regulations that applied to such expenditure.

(8) Where a local authority treated any expenditure described in Part 5 of Schedule 2 to the 2012 Regulations (Items That May Be Removed From Maintained Schools' Budget Shares) as central expenditure under regulation 11(3) of the 2012 Regulations for the previous funding period and any such amounts remain unspent, such amounts may be used by the local authority in the funding period for the purposes listed in Part 5 of Schedule 2 to the 2012 Regulations that applied to such expenditure.

(9) A local authority may apply to the Secretary of State for authorisation under regulation 25(1) to—

- (a) deduct from their schools budget any expenditure falling outside the classes or descriptions of planned expenditure set out in Schedule 2, in order to determine their individual schools budget; and
- (b) alter the operation of regulation 11(3) (additional costs of pupils with special educational needs);

(10) References to planned expenditure in this regulation and Schedule 2 are references to that expenditure net of—

- (a) all related specific grants;
- (b) all related fees, charges and income; and
- (c) any funding received from the Secretary of State in respect of a charge payable by a local authority under a private finance transaction, as defined in regulation 16 of the Local Authorities (Capital Finance) Regulations 1997(a);

(11) The expenditure referred to in Schedule 2 includes expenditure on associated administrative costs and overheads.

Consultation

9.—(1) In determining the formulae under regulation 10 a local authority may make changes to the formulae they determined under regulation 10 of the 2012 Regulations.

(2) Subject to paragraph (4), a local authority must consult their schools forum and schools maintained by them about any proposed changes under paragraph (1), in relation to the factors and criteria taken into account, and the methods, principles and rules adopted.

(3) Where a local authority propose to make changes under paragraph (1) which will affect relevant early years providers or exempt early years providers in their area they must also consult those providers in relation to the factors and criteria taken into account, and the methods, principles and rules adopted.

(4) Paragraph (2) does not apply to changes made relating to matters referred to in regulation 20 (Sixth form funding) or 23 (Excluded pupils).

(5) A local authority must consult their schools forum before incurring any of the expenditure referred to in paragraphs 8 to 10 of Schedule 2.

(a) S.I. 1997/319. These Regulations have lapsed but article 11 of the Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 (S.I. 2004/533) contains a savings provision for regulation 16 of the 1997 Regulations.

Formulae for determination of budget shares etc for certain maintained schools and early years providers

10.—(1) A local authority must, before the beginning of the funding period and after carrying out any consultation required by regulation 9(2), decide upon the formula which they will use to determine the budget shares for schools maintained by them (other than special schools, pupil referral units, nursery schools and in relation to nursery classes in schools maintained by them).

(2) A local authority must use the formula determined under paragraph (1) in all determinations of school budget shares in respect of the funding period.

(3) A local authority must, before the beginning of the funding period and after carrying out any consultation required by regulation 9(2) or 9(3), decide upon the formula they will use to determine—

- (a) the budget shares for nursery schools maintained by them;
- (b) the amounts to be allocated in respect of nursery classes in schools maintained by them;
- (c) the amounts to be allocated to relevant early years providers in their area;
- (d) the amounts to be allocated to exempt early years providers in their area; and
- (e) the amounts to be allocated in respect of community early years provision in schools maintained by them.

(4) A local authority must use the formula determined under paragraph (3) when making all of the determinations referred to in paragraph (3)(a) to (e) in respect of the funding period.

(5) A local authority may not make changes to their formulae after the funding period has commenced.

(6) The formulae must be determined in accordance with Part 3.

Determination of allocation of budget shares etc for the funding period

11.—(1) Except as provided for in paragraphs (2), (5) and (6), not later than 28th February 2014, a local authority must determine the budget share for each of the schools maintained by them (using the formula referred to in regulation 10(1) in accordance with Part 3 of these Regulations).

(2) Paragraph (1) does not apply to any determination of amounts to be included in budget shares under regulation 20 (Sixth form funding) and in relation to such determinations the local authority must make the determination and notify the school to which the determination relates within a reasonable period after the notification given by the Secretary of State under regulation 20(1).

(3) When making the determination under paragraph (1) the local authority must identify within each budget share an amount calculated by reference to the requirements, factors and criteria specified in Part 3 which are relevant to pupils with special educational needs, such amount must be calculated using a sum of £6,000 as the threshold below which school will be expected to meet the additional costs of pupils with special educational needs from its budget share.

(4) After the local authority have made a determination under paragraph (1) but before giving notice under paragraph (7), the authority may apply to their schools forum under regulation 12(1), or to the Secretary of State under regulation 12(2) for authorisation to redetermine schools' budget shares by removing any of the expenditure referred to in Part 5 of Schedule 2 (Items That May Be Removed From Maintained Schools' Budget Shares) from the budget shares of—

- (a) all primary schools other than nursery schools;
- (b) all secondary schools; or
- (c) all primary schools other than nursery schools, and all secondary schools,

where the expenditure is instead to be treated as if it were part of central expenditure.

(5) Not later than 31st March 2014, a local authority must determine the budget share for each of the special schools and pupil referral units maintained by them in accordance with Part 3 of these Regulations.

(6) Not later than 31st March 2014, a local authority must determine the budget share for each of the nursery schools maintained by them, the amount to be allocated in respect of each nursery class in schools maintained by them, the amount to be allocated to each relevant early years provider in their area, the amount to be allocated to each exempt early years provider in their area and the amount to be allocated in respect of community early years provision, using the formula referred to in regulation 10(3) in accordance with Part 3 of these Regulations.

(7) Not later than 31st March 2014, a local authority must give notice of—

- (a) each budget share or amount determined under paragraphs (1), (5) and (6); or
- (b) the redetermined budget share, when the budget share has been redetermined under paragraph (4),

to the governing body of the school, the exempt early years provider or the relevant early years provider concerned.

(8) Save as provided in this regulation and in regulations 16 (Special arrangements for pupils in maintained nursery schools and nursery classes and children receiving relevant early years provision), 17 (Differential funding), 20 (Sixth form funding), 22 (Federated schools), 23 (Excluded pupils), 24 (Correction of errors and non-domestic rates) and 25 (Alternative arrangements), the authority must not redetermine a school's budget share, or the amount allocated to a relevant early years provider or an exempt early years provider.

CHAPTER 2

Further Deductions and Variations to Limits Authorised by Schools Forums or the Secretary of State

Applications to the schools forum and the Secretary of State

12.—(1) Subject to paragraph (2), on the application of a local authority, their schools forum may authorise—

- (a) the criteria for determining expenditure referred to in paragraphs 8, 9 or 10 of Schedule 2, under regulation 8(4);
- (b) the making of deductions from the authority's schools budget of expenditure under regulation 8(5);
- (c) the funding of any deficit from the schools budget under regulation 8(6); or
- (d) the redetermination of schools' budget shares by removal of any of the expenditure referred to in Part 5 of Schedule 2 (Items That May Be Removed From Maintained Schools' Budget Shares) from schools' budget shares where it is instead to be treated by the authority as if it were part of central expenditure, under regulation 11(4).

(2) Where—

- (a) a schools forum does not authorise any of the matters referred to in paragraph (1); or
 - (b) a local authority are not required to establish a schools forum for their area,
- the authority may make an application to the Secretary of State for such authorisation.

(3) On the application of a local authority under paragraph (2), the Secretary of State may authorise the matters referred to in paragraph (1).

PART 3

Determination of Budget Shares etc

CHAPTER 1

Requirements, and Factors and Criteria Taken into Account

Pupil numbers

13.—(1) In determining budget shares for primary and secondary schools, except in respect of nursery classes a local authority must ascertain and take into account in their formula the number of pupils at those schools in accordance with paragraph (2) on the date specified in paragraph (3).

(2) For the purposes of paragraph (1), the number of pupils is $A - (B - C) - D$ where—

- (a) A is the total number of pupils in the school;
- (b) B is the number of places in the school which the authority have reserved for children with special educational needs;
- (c) C is the number of children in places in the school which the authority have reserved for children with special educational needs where those places are occupied by a child in a nursery class, or by a child who is not a pupil at the school;
- (d) D is the number of pupils in the school in respect of whom sixth form grant is payable.

(3) The date for ascertaining pupil numbers is 3rd October 2013.

(4) Where a primary school had more pupils in reception classes on 17th January 2013 than on 4th October 2012, the local authority may take into account in their formula the number of additional pupils, and where they do so this factor must be applied to all primary schools in the area.

(5) A local authority must include in their formula a single per pupil amount of at least—

- (a) £2,000 for each of the pupils in reception classes and at key stages 1 and 2;
- (b) £3,000 for each of the pupils at key stage 3; and
- (c) £3,000 for each of the pupils at key stage 4;

where the number of pupils is calculated with reference to paragraphs (2) to (4).

Places

14.—(1) In determining budget shares for special schools, a local authority must include the sum of £10,000 for each place other than hospital education places and places for pupils in respect of whom sixth form grant is payable, but only where the sixth form grant is payable for a period up to 31st July 2014.

(2) In determining budget shares for primary or secondary schools maintained by the local authority, with places which the authority have reserved for children with special educational needs, a local authority must include the sum of £10,000 for each place other than places for pupils in respect of whom a sixth form grant is payable and hospital education places.

(3) In determining budget shares for pupil referral units, a local authority must include the sum of £8,000 for each place other than hospital education places.

(4) For each hospital education place referred to in paragraphs (1) to (3) the local authority must include the equivalent amount per hospital education place which the authority included in the budget share of the school or pupil referral unit, as the case may be, in the previous funding period.

Social deprivation

15.—(1) In determining budget shares for schools maintained by them (other than special schools, pupil referral units or nursery schools), a local authority must take into account in their

formula a factor or factors based on the incidence of social deprivation in pupils at the schools maintained by them.

(2) The authority must base the incidence of social deprivation referred to in paragraph (1) on one or both of the following—

- (a) a pupil's eligibility for free school meals on 3rd October 2013 or a pupil's eligibility for free school meals recorded in any school census between and including Summer 2007 and Spring 2013;
- (b) a pupil's IDACI score on 3rd October 2013,

and where it is based on an IDACI score the authority may use factors which differentiate between different IDACI bands.

(3) In determining budget shares pursuant to paragraph (1), the authority may take into account in their formula a single per pupil amount for each socially deprived pupil in reception classes and at key stage 1 and 2, and a single per pupil amount for each socially deprived pupil at key stage 3 and 4.

(4) In paragraph (3) a reference to a "socially deprived pupil" is to a pupil who has been determined as being such pursuant to paragraph (2).

(5) Other than in respect of two year olds, in determining—

- (a) budget shares for maintained nursery schools;
- (b) amounts to be allocated in respect of nursery classes in schools maintained by them;
- (c) amounts to be allocated to relevant early years providers in their area;
- (d) amounts to be allocated to exempt early years providers in their area; and
- (e) amounts to be allocated in respect of community early years provision in schools maintained by them,

a local authority must take into account in their formula a factor or factors based on the incidence of social deprivation in pupils or children, and the determination of the incidence of social deprivation must be based on the characteristics of the pupils or children and not on the location of the school or provider.

(6) In respect of two year olds, in determining—

- (a) budget shares for maintained nursery schools;
- (b) amounts to be allocated in respect of nursery classes in schools maintained by them;
- (c) amounts to be allocated to relevant early years providers in their area;
- (d) amounts to be allocated to exempt early years providers in their area; and
- (e) amounts to be allocated in respect of community early years provision in schools maintained by them,

a local authority may take into account in their formula a factor or factors based on the incidence of social deprivation in pupils or children, and the determination of the incidence of social deprivation must be based on the characteristics of the pupils or children and not on the location of the school or provider.

Special arrangements for pupils in maintained nursery schools and nursery classes and for children receiving relevant early years provision, exempt early years provision and community early years provision

16.—(1) Subject to paragraphs (5) and (6), in determining—

- (a) budget shares for nursery schools maintained by them;
- (b) amounts to be allocated in respect of nursery classes in schools maintained by them;
- (c) amounts to be allocated to relevant early years providers in their area;
- (d) amounts to be allocated to exempt early years providers in their area; and

- (e) amounts to be allocated in respect of community early years provision in schools maintained by them,
- a local authority must take into account in their formula the predicted total number of hours of attendance of pupils or children, using as a basis for the calculation the most recent data available about the actual numbers of pupils or children.
- (2) When further information about hours of attendance becomes available a local authority must—
- (a) review the budget share for each maintained nursery school, the amount allocated in respect of each nursery class and the amount allocated in respect of community early years provision; and
 - (b) redetermine that budget share or amount allocated, as the case may be.
- (3) When carrying out a review and redetermination under paragraph (2) the local authority must—
- (a) in the case where the local authority decide to fund only prescribed early years provision, take into account—
 - (i) the predicted total number of hours of attendance of pupils in the nursery school or nursery class, and children being provided community early years provision, who will receive prescribed early years provision during the period (using as a basis for the calculation the actual hours of such attendance in each of at least three sample weeks); or
 - (ii) the actual total number of hours of such attendance for the period;
 - (b) in the case where the local authority decide to fund early years provision in excess of that which is prescribed take into account—
 - (i) the predicted total number of hours of attendance of pupils in the nursery school or nursery class, and children being provided community early years provision, who will receive early years provision during the period (using as a basis for the calculation the actual hours of such attendance in each of at least three sample weeks); or
 - (ii) the actual total number of hours of such attendance for the period.
- (4) When further information about hours of attendance becomes available, a local authority must—
- (a) review the amount allocated to each relevant early years provider and exempt early years provider; and
 - (b) redetermine the amount allocated.
- (5) When carrying out a review and redetermination under paragraph (4) the local authority must take into account—
- (a) the predicted total number of hours of attendance of children who will receive prescribed early years provision from the relevant early years provider, or exempt early years provision from the exempt early years provider as the case may be, during the period (using as a basis for the calculation the actual hours of such attendance in each of at least three sample weeks); or
 - (b) the actual total numbers of hours of such attendance for the period.
- (6) Within 28 days of making any redetermination pursuant to paragraph (2) or (4) the local authority must give notice of the redetermination and the date on which it will be implemented to the governing body of the school, the relevant early years provider, or the exempt early years provider concerned, within 28 days of the redetermination.
- (7) When making determinations under this regulation a local authority may weight the predicted total number of hours of attendance of pupils or children, according to the special educational needs of any such pupils or children.
- (8) When determining—

- (a) budget shares for nursery schools maintained by them;
- (b) amounts to be allocated in respect of nursery classes in schools maintained by them;
- (c) amounts to be allocated to relevant early years providers in their area;
- (d) amounts to be allocated to exempt early years providers in their area;
- (e) amounts to be allocated in respect of community early years provision in schools maintained by them,

a local authority may take into account in their formula the number of places they wish to fund in the school, class or provider (instead of the predicted total number of hours of attendance), where those places have been reserved by the authority for children with special educational needs, children in need or children that meet the condition prescribed by regulation 3(2) of the Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2012^(a).

(9) In paragraph (8) “children in need” means children in respect of whom the local authority in whose area they reside must provide a range of services appropriate to their needs under section 17 of the Children Act 1989^(b).

Differential funding

17. For the purpose of determining or redetermining—

- (a) budget shares for nursery schools maintained by them;
- (b) amounts to be allocated in respect of nursery classes in schools maintained by them;
- (c) amounts to be allocated to relevant early years providers in their area;
- (d) amounts to be allocated to exempt early years providers in their area; and
- (e) amounts to be allocated in respect of community early years provision in schools maintained by them,

a local authority may use factors or criteria which differentiate between different categories or descriptions of school or provider on the basis of unavoidable costs.

Additional requirements, factors or criteria

18.—(1) Subject to paragraph (3), in determining budget shares, a local authority may take into account in their formula any or all of the requirements, factors or criteria set out in Part 1 of Schedule 3, and where they do the date for ascertaining pupil numbers is 3rd October 2013, save as otherwise stated.

(2) Subject to regulation 17 (Differential funding), in determining—

- (a) budget shares for nursery schools maintained by them;
- (b) amounts to be allocated in respect of nursery classes in schools maintained by them;
- (c) amounts to be allocated to relevant early years providers in their area;
- (d) amounts to be allocated to exempt early years providers in their area; and
- (e) amounts to be allocated in respect of community early years provision in schools maintained by them,

a local authority may take into account in their formula any or all of the requirements, factors or criteria set out in Part 2 of Schedule 3.

(3) The requirements, factors and criteria set out in Schedule 3 may not be taken into account by a local authority on the basis of actual or estimated cost unless otherwise stated in that Schedule.

(a) S.I. 2012/2488.

(b) 1989 c.41.

(4) Subject to paragraphs (5) to (7), where a school would otherwise receive a greater amount of redetermined adjusted budget share per pupil than it did in the previous funding period, the local authority may do one or both of the following—

- (a) determine a percentage beyond which the per pupil amount of redetermined adjusted budget may not increase by;
- (b) determine a percentage by which the amount that the per pupil redetermined adjusted budget share would otherwise increase by will be reduced.

(5) In paragraph (4) “redetermined adjusted budget share for the previous funding period” and “redetermined adjusted budget share” have the same meanings as in Schedule 4.

(6) Where the local authority decide to take one or both of the actions described in paragraph (4)(a) and (b), this must be applied to the budget shares of all schools in the local authority area.

(7) Paragraph (4) does not apply to the determination of budget shares for—

- (a) special schools;
- (b) pupil referral units;
- (c) nursery schools; and
- (d) schools that have opened in any of the previous seven funding periods and do not yet have pupils in each year group for which the school proposes to provide education.

Minimum funding guarantee

19.—(1) Subject to paragraph (4), in determining and redetermining budget shares for primary and secondary schools maintained by them, a local authority must ensure that an amount equal to the guaranteed funding level is included, calculated in accordance with Schedule 4.

(2) For the purpose of determining budget shares, paragraph (1) does not apply to any school opening during the funding period, except in the circumstances set out in paragraph 3 of Schedule 4.

(3) In determining and redetermining—

- (a) budget shares for nursery schools maintained by them;
- (b) amounts to be allocated in respect of nursery classes in schools maintained by them;
- (c) amounts to be allocated to relevant early years providers in their area;
- (d) amounts to be allocated to exempt early years providers in their area,

a local authority must ensure that the number by which they multiply the predicted total number of hours calculated pursuant to regulation 16(1) is no lower than 1.5 percent less than the number by which they multiplied the predicted total number of hours calculated pursuant to regulation 16(1) of the 2012 Regulations for making such determinations and redeterminations in the previous funding period.

(4) A local authority may make changes to the operation of this regulation and to the operation of Schedule 4 in determining and redetermining budget shares where authorised to do so by the Secretary of State under regulation 25 (Alternative arrangements).

Sixth form funding

20.—(1) A local authority must include in the budget shares of maintained secondary schools and special schools an amount equal to any sum notified to the local authority by the Secretary of State as being the allocation in respect of that school’s sixth form grant.

(2) A local authority may, in determining budget shares, use a factor which allocates funding in respect of the number of pupils in sixth forms on 3rd October 2013 subject to the limitation in paragraph (3).

(3) Where a local authority use a factor in determining budget shares pursuant to paragraph (2) they must ensure that the amount allocated per pupil in respect of this factor in the funding period

is no greater than the amount that was allocated per pupil in sixth forms in the previous funding period.

(4) A local authority must redetermine the budget share of a secondary school before the end of the funding period where the authority receive a written notification from the Secretary of State of a revised allocation in respect of the sum referred to in paragraph (1).

New schools, merged schools and closing schools

21.—(1) Where in the funding period a new maintained school opens and is a replacement for two or more maintained schools that are discontinued during that funding period a local authority must calculate the budget share of the new school by adding together the budget shares of the schools that have been discontinued.

(2) Except where paragraph (1) applies, a local authority must determine a budget share for any new maintained school in their area from the date of the school's opening in accordance with this Part.

(3) Where in the previous funding period or on 1st April 2014 a new maintained school opened or opens and is a replacement for two or more maintained schools that were discontinued during that funding period, a local authority must include in the budget share of the new school an amount equal to 85% of the total amount which the schools that it replaced would have been allocated in their budget shares under paragraphs 1 and 2 of Schedule 3 (single sums), had the schools not been discontinued.

(4) A local authority must determine a budget share for any maintained school which is to be discontinued in the funding period in their area up to the date the school is discontinued in accordance with this Part.

(5) A local authority may make changes to the operation of this regulation where authorised to do so by the Secretary of State under regulation 25 (Alternative arrangements).

Federated schools

22.—(1) Subject to paragraphs (2) and (3), where two or more maintained schools are federated under section 24 of the 2002 Act, the local authority must determine a budget share for each school in accordance with Part 3 of these Regulations.

(2) After carrying out the determination under paragraph (1) the local authority may treat the schools as a single school for the purposes of these Regulations and, accordingly, allocate a single budget share to the governing body of the federation.

(3) Where the local authority decide to allocate a single budget share to the governing body of a federation under paragraph (2) they must determine this by combining the budget shares of all the schools that form part of that federation.

(4) Where one or more schools are to leave a federation which has been allocated a single budget share under paragraph (2), the local authority must—

- (a) determine the budget share for each of the leaving schools; and
- (b) redetermine the budget share for the federation,

in accordance with Part 3 of these Regulations.

CHAPTER 2

Adjustments, Correction of Errors, and Alternative Arrangements Authorised by the Secretary of State

Pupils permanently excluded from, or leaving, maintained schools

23.—(1) Where a pupil is permanently excluded from a school maintained by a local authority (other than a special school, pupil referral unit or from a place which the authority have reserved for children with special educational needs) ("the excluding school") the authority must redetermine the excluding school's budget share in accordance with paragraph (2).

(2) The excluding school's budget share must be reduced by the amount $A \times (B / 52) + C$ where—

- (a) A is the amount determined by the authority in accordance with this Part, that would be attributable to a pupil of the same age and personal circumstances as the pupil in question at primary or secondary schools maintained by the authority for the full funding period;
- (b) B is either—
 - (i) the number of complete weeks remaining in the funding period calculated from the relevant date; or
 - (ii) where the permanent exclusion takes effect on or after 1st April in a school year^(a) at the end of which pupils of the same age, or age group, as the pupil in question normally leave that school before being admitted to another school with a different pupil age range, the number of complete weeks remaining in that school year calculated from the relevant date; and
- (c) C is the amount of the adjustment made to the school's budget share pursuant to a financial adjustment order.

(3) Where a pupil who has been permanently excluded from the excluding school and is admitted to another school maintained by a local authority (other than a special school, pupil referral unit or to a place which the authority have reserved for children with special educational needs) ("the admitting school") in the funding period, the authority must redetermine the admitting school's budget share in accordance with paragraphs (4) and (5).

(4) The admitting school's budget share must be increased by an amount which may not be less than the amount $D \times (E / F)$ where—

- (a) D is the amount by which the authority reduced the budget share of the excluding school, or would have reduced the budget share had that school been maintained by the authority, except that any reduction in the excluding school's budget share made pursuant to a financial adjustment order must not be taken into account for these purposes;
- (b) E is the number of complete weeks remaining in the funding period during which the pupil is a pupil at the admitting school; and
- (c) F is the number of complete weeks remaining in the funding period calculated from the relevant date.

(5) In redetermining the admitting school's budget share, the authority may increase it by any amount up to the amount of the adjustment made by the excluding school's budget share pursuant to a financial adjustment order.

(6) Where a permanently excluded pupil is subsequently reinstated by the governing body of the school, the school's budget share must be increased by an amount which is no less than $G \times (H / I)$ where—

- (a) G is the amount by which the authority reduced the school's budget share under paragraph (2);
- (b) H is the number of complete weeks remaining in the funding period during which the pupil is reinstated; and
- (c) I is the number of complete weeks remaining in the funding period calculated from the relevant date.

(7) Paragraphs (1) and (2) also apply where a pupil leaves a maintained school (other than a special school, pupil referral unit or from a place which the authority have reserved for children with special educational needs) for reasons other than permanent exclusion and is receiving education funded by a local authority other than at a school which is maintained by that authority.

(8) For the purposes of paragraph (2)(a), the amount attributable to a pupil is the sum of the amounts determined in accordance with the authority's formula, by reference to pupil numbers

(a) "School year" is defined in section 579(1) of the 1996 Act.

rather than by reference to any other factor or criterion not dependent on pupil numbers (except that, where the pupil in question is a pupil in respect of whom a sixth form grant is payable, the amount attributable to that pupil is £4,000 for the funding period).

(9) Where a pupil in respect of whom a pupil premium is payable has been permanently excluded from a school maintained by a local authority (“the excluding school”) the local authority must redetermine the excluding school’s budget share in accordance with paragraph (10).

(10) The excluding school’s budget share must be reduced by $J \times (K / 52)$ where—

- (a) J is the amount of the pupil premium allocated to the excluding school for the funding period in respect of that child; and
- (b) K is either—
 - (i) the number of complete weeks remaining in the funding period calculated from the relevant date; or
 - (ii) where the permanent exclusion takes effect on or after 1st April in a school year at the end of which pupils of the same age, or age group, as the pupil in question normally leave that school before being admitted to another school with a different pupil age range, the number of complete weeks remaining in that school year calculated from the relevant date.

(11) Where a pupil in respect of whom a pupil premium is payable has been permanently excluded from a school maintained by a local authority and admitted to another school maintained by a local authority (“the admitting school”) in the funding period, the authority must redetermine the budget share of the admitting school in accordance with paragraph (12).

(12) The admitting school’s budget share must be increased by an amount which may not be less than $L \times (M / N)$ where—

- (a) L is the amount by which the authority reduced the budget share of the excluding school or would have reduced the budget share had that school been maintained by the authority;
- (b) M is the number of complete weeks remaining in the funding period during which the pupil is a pupil at the admitting school; and
- (c) N is the number of complete weeks remaining in the funding period calculated from the relevant date.

(13) Where a permanently excluded pupil in respect of whom a pupil premium is payable is subsequently reinstated by the governing body of the school, the school’s budget share must be increased by an amount which is no less than $O \times (P / Q)$ where—

- (a) O is the amount by which the authority reduced the school’s budget share under paragraph (10);
- (b) P is the number of complete weeks remaining in the funding period during which the pupil is reinstated; and
- (c) Q is the number of complete weeks remaining in the funding period calculated from the relevant date.

(14) Paragraphs (9) and (10) also apply where a pupil in respect of whom a pupil premium is payable leaves a maintained school for reasons other than permanent exclusion and is receiving education funded by a local authority other than at a school which is maintained by that authority.

(15) For the purposes of this regulation—

- (a) “the relevant date” is the sixth school day following the date on which the pupil has been permanently excluded; and
- (b) “a financial adjustment order” means an order for the adjustment of a school’s budget share made under regulation 25(5)(b) of the School Discipline (Pupil Exclusions and

Reviews) (England) Regulations 2012(a) in respect of the exclusion of the pupil from the excluding school.

Correction of errors and changes in non-domestic rates

24.—(1) A local authority may at any time during the funding period redetermine a maintained school's budget share, the amount allocated to a relevant early years provider, or the amount allocated to an exempt early years provider for the funding period or any previous funding period in order to correct an error in a determination or redetermination under these or any previous Regulations, whether arising from a mistake as to the number of pupils at the school or otherwise, and any such redetermination will take effect in the next financial year following the funding period.

(2) A local authority may redetermine a school's budget share to take into account any changes in that school's non-domestic rate liability in relation to the funding period or any previous funding period.

(3) In so far as any redetermination under paragraph (1) would require the amount that would otherwise have been the budget share of a school to be reduced, it may not be reduced to a figure which is lower than that which could have been allocated to that school under the Regulations in force during the funding period in which the error occurred.

Alternative arrangements approved by Secretary of State

25.—(1) Subject to paragraph (2), on application by a local authority, the Secretary of State may authorise the authority to—

- (a) disregard the limits referred to in paragraph 5 of Schedule 2 when deducting any expenditure referred to in regulation 8(3) (Central Services expenditure);
- (b) deduct any expenditure referred to in regulation 8(9)(a) (expenditure falling outside of Schedule 2);
- (c) alter the operation of regulation 11(3) (additional expenditure on children with special educational needs);
- (d) determine or redetermine budget shares of schools maintained by them;
- (e) determine or redetermine amounts to be allocated in respect of nursery classes in schools maintained by them;
- (f) determine or redetermine amounts to be allocated to relevant early years providers in their area;
- (g) determine or redetermine amounts to be allocated to exempt early years providers in their area;
- (h) include additional factors or criteria in their formula under regulation 10(1) (formula for determining budget shares) where the nature of a school's premises exceptionally gives rise to significant additional cost;
- (i) include additional factors or criteria that the authority propose to include in their formula under regulation 10(3) (early years single funding formula);
- (j) vary the amount by which a school's redetermined adjusted budget share shall be reduced for the purpose of determining the guaranteed level of funding in paragraph 1 of Schedule 4;
- (k) disregard regulation 13 (Pupil numbers);
- (l) alter the operation of regulation 21 (New schools, merged schools and closing schools) in respect of particular schools; and

(a) S.I. 2012/1033.

- (m) alter the operation of paragraphs 13 (primary sparsity) and 14 (secondary sparsity) of Schedule 3 in respect of particular schools.

(2) The Secretary of State may authorise the matters referred to in paragraph (1) to such extent as the Secretary of State may specify in accordance with arrangements approved in place of the arrangements provided for by these Regulations.

PART 4

Schemes

Required content of schemes

26. A scheme prepared by a local authority under section 48(1) of the 1998 Act must deal with the matters connected with the financing of schools maintained by the authority set out in Schedule 5.

Approval by the schools forum or the Secretary of State of proposals to revise schemes

27.—(1) Where a local authority submit a copy of their proposals to revise their scheme to their schools forum for approval pursuant to paragraph 2A(3)(b) of Schedule 14 to the 1998 Act, the members of the schools forum who represent schools maintained by the authority may—

- (a) approve any such proposals;
- (b) approve any such proposals subject to modifications; or
- (c) refuse to approve any such proposals.

(2) Where the schools forum approves the proposals to revise the scheme, it may specify the date upon which the revised scheme is to come into force.

(3) Where—

- (a) the schools forum refuses to approve proposals submitted under paragraph 2A(3)(b) of Schedule 14 to the 1998 Act, or approves any such proposals subject to modifications which are not acceptable to the local authority; or
- (b) the local authority are not required to establish a schools forum for their area,

the authority may apply to the Secretary of State for approval of such proposals.

(4) The Secretary of State may—

- (a) approve any such proposals;
- (b) approve any such proposals subject to modifications; or
- (c) refuse to approve any such proposals.

(5) When approving proposals to revise the scheme, the Secretary of State may specify the date upon which the revised scheme is to come into force.

(6) No revised scheme is to come into force unless approved by the schools forum or the Secretary of State in accordance with this regulation.

Publication of schemes

28.—(1) A local authority—

- (a) must publish their scheme on a website which is accessible to the general public; and
- (b) may publish it elsewhere, in such manner as they see fit.

(2) Whenever a local authority revise the whole or part of their scheme they must publish the scheme as revised on a website which is accessible to the general public by the date that the revisions are due to come into force, together with a statement that the revised scheme comes into force on that date.

5th December 2013

David Laws
Minister of State
Department for Education

SCHEDULE 1

Regulation 4

CLASSES OR DESCRIPTIONS OF PLANNED EXPENDITURE PRESCRIBED FOR THE PURPOSES OF THE NON-SCHOOLS EDUCATION BUDGET OF A LOCAL AUTHORITY

Special educational provision

1. Expenditure on services provided by educational psychologists.
2. Expenditure in connection with the local authority's functions under sections 321 to 331 of the 1996 Act (which functions relate to the identification and assessment of children with special educational needs and the making, maintaining and reviewing of statements for such children).
3. Expenditure on monitoring the provision for pupils in schools for the purposes of disseminating good practice in relation to, and improving the quality of educational provision for, children with special educational needs.
4. Expenditure on collaboration with other statutory and voluntary bodies to provide support for children with special educational needs.
5. Expenditure in connection with—
 - (a) the provision of parent partnership services (that is services provided under section 332A of the 1996 Act(a) to give advice and information to parents of children with special educational needs), or other guidance and information to such parents which, in relation to pupils at a school maintained by the authority, are in addition to the information usually provided by the governing bodies of such schools; and
 - (b) arrangements made by the authority with a view to avoiding or resolving disagreements with the parents of children with special educational needs.
6. Expenditure on carrying out the authority's child protection functions under the Children Act 1989, functions under section 175 of the 2002 Act (duties in relation to welfare of children), and other functions relating to child protection.
7. Expenditure incurred in entering into, or subsequently incurred pursuant to, an arrangement under section 31 of the Health Act 1999(b) or regulations made under section 75 of the National Health Service Act 2006(c) (arrangements between NHS bodies and local authorities).
8. Expenditure on the provision of special medical support for individual children in so far as such expenditure is not met by a National Health Service Trust, NHS foundation trust, Clinical Commissioning Group or Local Health Board.

(a) Section 332A was inserted by section 2 of the Special Educational Needs and Disability Act 2001 (c.10).

(b) 1999 c.8. Section 31 was repealed by section 6 of, and Schedule 4 to, the National Health Service (Consequential Provisions) Act 2006 (c.43) but section 4 of, and paragraph 1 of Schedule 2 to, that Act contains a savings provision which means that arrangements made under section 31 of the 1999 Act continue to have effect as if made under section 75 of the National Health Service Act 2006.

(c) 2006 c. 41.

School improvement

9. Expenditure incurred by a local authority in respect of action to support the improvement of standards in schools in the authority's area, in particular expenditure incurred in connection with functions under the following sections of the 2006 Act—

- (a) section 60(a) (performance standards and safety warning notice);
- (b) section 60A(b) (teachers' pay and conditions warning notice);
- (c) section 63(c) (power of local authority to require governing bodies of schools eligible for intervention to enter into arrangements);
- (d) section 64(d) (power of local authority to appoint additional governors);
- (e) section 65 (power of local authority to provide for governing bodies to consist of interim executive members) and Schedule 6; and
- (f) section 66(e) (power of local authority to suspend right to delegated budget).

Access to education

10. Expenditure in relation to the following matters—

- (a) management of the authority's capital programme including preparation and review of an asset management plan and negotiation and management of private finance transactions;
- (b) planning and managing the supply of school places, including the authority's functions in relation to the establishment, alteration or discontinuance of schools pursuant to Part 2 of, and Schedule 2 to, the 2006 Act;
- (c) the authority's functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils, but including advice to the parents of such pupils;
- (d) the authority's functions under sections 508A to 509A(f) (school travel) of the 1996 Act; and
- (e) the authority's functions under sections 510 and 514 of the 1996 Act (provision and administration of clothing grants and boarding grants), and pursuant to regulations made under section 518(2) of the 1996 Act.

11. Expenditure arising from the authority's functions under Chapter 2 of Part 6 of the 1996 Act (school attendance).

12. Expenditure on the provision of support for students under regulations made under section 1(1) of the Education Act 1962(g) and under section 22 of the Teaching and Higher Education Act 1998(h).

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- (a) Section 60 was amended by section 203 of, and paragraph 3 of Schedule 13 to, the 2009 Act.
 - (b) Section 60A was inserted by section 203 of, and paragraph 4 of Schedule 13 to, the 2009 Act.
 - (c) Section 63 was amended by section 203 of, and paragraphs 5(2) and 5(3) of Schedule 13 to, the 2009 Act.
 - (d) Section 64 was amended by section 203 of, and paragraphs 6(2) to 6(5) of Schedule 13 to, the 2009 Act.
 - (e) Section 66 was amended by section 203 of, and paragraphs 7(a) and (b) of Schedule 13 to, the 2009 Act.
 - (f) Sections 508A to 509A were inserted by sections 57 and 76 to 78 of the 2006 Act and amended by section 103(1) of, and paragraph 23 of Schedule 2 to, the Childcare Act 2006 and section 54 of, and paragraphs 9(10) to 9(12) of Schedule 13 to, the Education Act 2011.
 - (g) 1962 c.12. The 1962 Act was repealed by the Teaching and Higher Education Act 1998 (c.30) with transitional savings provisions. The repeal does not affect the continued operation of the provisions that relate to the making of subordinate legislation. Relevant regulations made under section 1(1) of the 1962 Act are the Education (Mandatory Awards) Regulations 2003 (S.I. 2003/1994), as amended by S.I. 2004/1038 and S.I. 2004/1792. These Regulations describe the designated courses and methodology for calculating grants.
 - (h) 1998 c.30.

13. Expenditure on discretionary grants paid under section 1(6) or 2 of the Education Act 1962 (awards for designated and other courses).

14. Expenditure on the payment of 16-19 Bursaries^(a).

15. Expenditure on the provision of tuition in music, or on other activities which provide opportunities for pupils to enhance their experience of music.

16. Expenditure incurred in enabling pupils to enhance their experience of the visual, creative and performing arts other than music.

17. Expenditure on outdoor education centres, but not including centres wholly or mainly for the provision of organised games, swimming or athletics.

Additional education and training for children, young persons and adults

18. Expenditure on the provision of education and training and of organised leisure time occupation, and other provision under sections 15ZA and 15ZC of the 1996 Act^(b).

19. Expenditure on the provision by the local authority under sections 507A and 507B of the 1996 Act^(c) of recreation, social and physical training, educational leisure-time activities and recreational leisure-time activities.

Strategic management

20.—(1) Expenditure on education functions related to—

- (a) functions of the director of children's services and the personal staff of the director;
- (b) planning for the education service as a whole;
- (c) functions of the authority under Part I of the Local Government Act 1999^(d) (Best Value) and the provision of advice to assist governing bodies in procuring goods and services with a view to securing continuous improvement in the way the functions of those governing bodies are exercised, having regard to a combination of economy, efficiency and effectiveness;
- (d) revenue budget preparation, preparation of information on income and expenditure relating to education for incorporation into the authority's annual statement of accounts, and the external audit of grant claims and returns relating to education;
- (e) administration of grants to the authority (including preparation of applications), functions imposed by or under Chapter 4 of Part 2 of the 1998 Act (financing of maintained schools) and, where it is the authority's duty to do so, ensuring payments are made in respect of taxation, national insurance and superannuation contributions;
- (f) authorisation and monitoring of—
 - (i) expenditure which is not met from schools' budget shares, and
 - (ii) expenditure in respect of schools which do not have delegated budgets, and all related financial administration;
- (g) the formulation and review of the methods of allocation of resources to schools and other bodies;
- (h) the authority's monitoring of compliance with the requirements of their financial scheme prepared under section 48 of the 1998 Act, and any other requirements in relation to the provision of community facilities by governing bodies under section 27 of the 2002 Act;

^(a) A 16-19 Bursary is financial assistance under section 14 of the 2002 Act paid to, or in respect of, a person who is aged 16 to 19 in connection with undertaking any course or training.

^(b) Sections 15ZA and 15ZC were inserted by section 41 of the 2009 Act.

^(c) Sections 507A and 507B were inserted by section 6(1) of the 2006 Act.

^(d) 1999 c. 27.

- (i) internal audit and other tasks necessary for the discharge of the authority's chief finance officer's responsibilities under section 151 of the Local Government Act 1972^(a);
- (j) the authority's functions under regulations made under section 44 of the 2002 Act^(b);
- (k) recruitment, training, continuing professional development, performance management and personnel management of staff who are funded by expenditure not met from schools' budget shares and who are paid for services carried out in relation to those of the authority's functions and services which are referred to in other paragraphs of this Schedule;
- (l) investigations which the authority carry out of employees, or potential employees, of the authority, or of governing bodies of schools, or of persons otherwise engaged, or to be engaged, with or without remuneration to work at or for schools;
- (m) functions of the authority in relation to local government superannuation which it is not reasonably practicable for another person to carry out, and functions of the authority in relation to the administration of teachers' pensions;
- (n) retrospective membership of pension schemes and retrospective elections made in respect of pensions where it would not be appropriate to expect the governing body of a school to meet the cost from the school's budget share;
- (o) advice, in accordance with the authority's statutory functions, to governing bodies in relation to staff paid, or to be paid, to work at a school, and advice in relation to the management of all such staff collectively at any individual school, including in particular advice with reference to alterations in remuneration, conditions of service and the collective composition and organisation of such staff;
- (p) determination of conditions of service for non-teaching staff, and advice to schools on the grading of such staff;
- (q) the authority's functions regarding the appointment or dismissal of employees;
- (r) consultation and functions preparatory to consultation with or by governing bodies, pupils and persons employed at schools or their representatives, or with other interested bodies;
- (s) compliance with the authority's duties under the Health and Safety at Work etc Act 1974^(c) and the relevant statutory provisions as defined in section 53(1) of that Act, in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools; but including expenditure incurred by the authority in monitoring the performance of such tasks by governing bodies and, where necessary, the giving of advice to them;
- (t) the investigation and resolution of complaints;
- (u) legal services relating to the statutory functions of the authority;
- (v) the preparation and review of plans involving collaboration with other local authority services or with public or voluntary bodies;
- (w) provision of information to or at the request of the Crown and the provision of other information which the authority are under a duty to make available;
- (x) the authority's functions pursuant to regulations made under section 12 of the 2002 Act (supervising authorities of companies formed by governing bodies); and
- (y) the authority's functions under the discrimination provisions of the Equality Act 2010^(d) in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools; but including expenditure incurred by the authority in monitoring the performance of such tasks by governing bodies and, where necessary, the giving of advice to them.

(a) 1972 c. 70.

(b) The Consistent Financial Reporting (England) Regulations 2012 (S.I. 2012/674).

(c) 1974 c.37.

(d) 2010 c.15.

(2) References to schools in this paragraph are to schools maintained by the authority.

Other functions

21. Expenditure in pursuance of a binding agreement, where the other party is a local authority, or the other parties include one or more local authorities, in relation to the operation of a facility provided partly, but not solely, for the use of schools.

22. Expenditure on establishing and maintaining those electronic computer systems, including data storage, which are intended primarily to maintain linkage between local authorities and schools which they maintain.

23. Expenditure on monitoring National Curriculum assessment arrangements required by orders made under section 87 of the 2002 Act.

24. Expenditure in connection with the authority's functions in relation to the standing advisory council on religious education constituted by the authority under section 390 of the 1996 Act^(a) or in the reconsideration and preparation of an agreed syllabus of religious education in accordance with Schedule 31 to the 1996 Act.

25. Expenditure in respect of the dismissal or premature retirement of, or for the purpose of securing the resignation of, or in respect of acts of discrimination against, any person except to the extent that these costs are chargeable to maintained schools' budget shares or fall within paragraph 4(b) of Schedule 2.

26. Expenditure in respect of a teacher's emoluments under section 19(9) of the Teaching and Higher Education Act 1998.

27. Expenditure on the appointment of governors, the making of instruments of government, the payment of expenses to which governors are entitled and which are not payable from a maintained school's budget share, and the provision of information to governors.

28. Expenditure on making pension payments, other than in respect of staff employed in maintained schools.

29. Expenditure on insurance, other than for liability arising in connection with maintained schools or maintained school premises.

30. Expenditure in connection with powers and duties performed under Part 2 of the Children and Young Persons Act 1933^(b) (enforcement of, and power to make byelaws in relation to, restrictions on the employment of children).

^(a) Section 390 was amended by section 140(1) of, and paragraph 93 of Schedule 20 to, the 1998 Act.

^(b) 1933 c.12.

SCHEDULE 2

Regulations 6 and 8

CLASSES OR DESCRIPTIONS OF PLANNED EXPENDITURE PRESCRIBED FOR THE PURPOSES OF THE SCHOOLS BUDGET OF A LOCAL AUTHORITY WHICH MAY BE DEDUCTED FROM IT TO DETERMINE THE INDIVIDUAL SCHOOLS BUDGET

PART 1

Central Services

1. Expenditure on the operation of the system of admissions of pupils to schools (including expenditure incurred in carrying out consultations under section 88C(2) of the 1998 Act^(a)) and in relation to appeals.

2. Expenditure in connection with the authority's functions under section 47A of the 1998 Act (establishment and maintenance of, and consultation with, schools forums).

3. CERA incurred for purposes not falling within any other paragraph of this Schedule or Schedule 1.

4. Expenditure in respect of—

- (a) prudential borrowing;
- (b) termination of employment costs, where the schools forum have approved the charging of these costs to the schools budget for the funding period in which they were incurred and the revenue savings achieved by the termination of employment to which they relate are equal to or greater than the costs incurred;
- (c) services (often known as combined budgets) funded partly from central expenditure and partly from other budgets of the local authority or contributions from other bodies, where the expenditure relates to classes or descriptions of expenditure falling outside those set out in this Schedule;
- (d) special educational needs transport costs; and
- (e) purposes not falling within any other paragraph of this Schedule, provided that the expenditure does not amount in total to more than 0.1% of the authority's schools budget; which has been approved by the schools forum or the Secretary of State before 1st April 2013.

5. Any deductions under any of paragraphs 1, 2, 3, 4(a), 4(b), 4(c), 4(d) and 4(e) must not exceed the amount deducted under each of the corresponding paragraphs of Part 1 of Schedule 2 to the 2012 Regulations for the previous funding period.

PART 2

Central Schools Expenditure

6. Expenditure on pay arrears due to staff employed at maintained schools and other staff whose salaries are met from the schools budget, and expenditure on the costs of financing payment of such arrears, where the expenditure is not chargeable to a maintained school's budget share under the terms of the local authority's scheme.

(a) Section 88C(2) was amended by section 51 of, and Schedule 4 to, the 2002 Act and sections 45 and 56 of the 2006 Act.

7. Expenditure pursuant to section 18 of the 1996 Act^(a) in making any grant or other payment in respect of fees or expenses (of whatever nature) which are payable in connection with the attendance of pupils at a school which is not maintained by any local authority.

8. Expenditure due to a significant growth in pupil numbers as a result of the local authority's duty under section 13(1) of the 1996 Act to secure that efficient primary education and secondary education are available to meet the needs of the population of their area.

9. Expenditure to be incurred due to a decline in pupil numbers in—

- (a) schools which were awarded either the highest or the second highest grade in their last inspection under section 5 of the 2005 Act, including those inspected during the funding period; and
- (b) Academy schools that have not previously been inspected under section 5 of the 2005 Act and have a predecessor school or schools which was awarded the highest or second highest grade in its last inspection under section 5 of the 2005 Act, including those inspected during the funding period,

where funding is likely to be necessary due to subsequent growth in pupil numbers at such schools before the end of the next three financial years after the funding period.

10. Expenditure to be incurred prior to the opening of new schools to fund the appointment of staff and to enable the purchase of any goods and services necessary in order to admit pupils.

11. Expenditure in order to make provision for extra classes in order to comply with the School Admissions (Infant Class Sizes) (England) Regulations 2012^(b).

12. Expenditure on licences which are negotiated centrally by the Secretary of State for all publicly funded schools.

13. Remission of boarding fees payable in connection with the attendance of pupils at maintained schools and Academies.

PART 3

Central Early Years Expenditure

14. Expenditure on early years provision, excluding expenditure—

- (a) on such provision in a maintained school;
- (b) on relevant early years provision;
- (c) on exempt early years provision; and
- (d) on community early years provision.

15. Expenditure on determining—

- (a) the eligibility for free school meals of a pupil who is being provided with early years provision; or
- (b) the eligibility of a child for prescribed early years provision.

^(a) Section 18 was amended by article 5(1) of, and paragraph 7 of Schedule 2 to, S.I. 2010/1158.

^(b) S.I. 2012/10.

PART 4

Children And Young People With High Needs

16. Expenditure in respect of pupils with special educational needs in primary and secondary schools, and children with special educational needs in relevant early years providers, exempt early years providers and those being provided with community early years provision, excluding expenditure—

- (a) in respect of pupils in places which the authority have reserved for children with special educational needs; or
- (b) where it would be reasonable to expect such expenditure to be met from a school's budget share, the amount allocated to a relevant early years provider or the general annual grant paid to an Academy by the Secretary of State.

17. Expenditure in respect of pupils—

- (a) with special educational needs at special schools and special Academies; or
- (b) in places at primary or secondary schools which the authority have reserved for children with special educational needs,

where the expenditure cannot be met from the sum referred to in regulation 14(1) or 14(2).

18. Expenditure in respect of persons provided with further education who are—

- (a) aged under 19 and have learning difficulties; or
- (b) aged 19 or over but under 25 and are subject to learning difficulty assessment.

19. Expenditure on support services for children who have a statement of special educational needs and for children with special educational needs who do not have such a statement.

20. Expenditure for the purposes of encouraging—

- (a) collaboration between special schools and primary and secondary schools to enable children with special educational needs to engage in activities at primary and secondary schools;
- (b) the education of children with special educational needs at primary and secondary schools; and
- (c) the engagement of children with special educational needs at primary and secondary schools in activities at the school with children who do not have special educational needs,

in cases where the local authority consider it would be unreasonable for such expenditure to be met from a school's budget share or the general annual grant paid to an Academy by the Secretary of State.

21. Expenditure incurred in relation to education otherwise than at school under section 19 of the 1996 Act or in relation to a pupil referral unit, where the expenditure cannot be met from the sum referred to in regulation 14(3).

22. Expenditure on the payment of fees in respect of children with special educational needs—

- (a) at independent schools or at special schools which are not maintained by a local authority under section 348 of the 1996 Act; or
- (b) at an institution outside England and Wales under section 320 of the 1996 Act.

23. Expenditure on hospital education services, aside from expenditure on hospital education places referred to in regulation 14.

24. Expenditure on special schools and pupil referral units in financial difficulty.

25. Expenditure on costs in connection with private finance initiatives and the programme known as “Building Schools for the Future” at special schools, special Academies, pupil referral units and alternative provision Academies(a).

26. Expenditure on the purchase of CRC Energy Efficiency Scheme allowances operated by the Environment Agency for pupil referral units.

PART 5

Items That May Be Removed From Maintained Schools’ Budget Shares

27. Expenditure (other than expenditure referred to in Schedule 1 or any other paragraph of this Schedule) incurred on services relating to the education of children with behavioural difficulties, and on other activities for the purpose of avoiding the exclusion of pupils from schools.

28. Expenditure on determining the eligibility of a pupil for free school meals.

29. Expenditure on making payments to, or in providing a temporary replacement for, a woman on maternity leave or a person on adoption leave.

30. Expenditure on making payments to, or in providing a temporary replacement for, any person—

- (a) carrying out trade union duties or undergoing training under sections 168 and 168A of the Trade Union and Labour Relations (Consolidation) Act 1992(b);
- (b) taking part in trade union activities under section 170 of the Trade Union and Labour Relations (Consolidation) Act 1992;
- (c) performing public duties under section 50 of the Employment Rights Act 1996(c);
- (d) undertaking jury service;
- (e) who is a safety representative under the Safety Representatives and Safety Committees Regulations 1977(d);
- (f) who is a representative of employee safety under the Health and Safety (Consultation with Employees) Regulations 1996(e);
- (g) who is an employee representative for the purposes of Chapter 2 of Part 4 of the Trade Union and Labour Relations (Consolidation) Act 1992, as defined in section 196 of that Act or regulation 13(3) of the Transfer of Undertakings (Protection of Employment) Regulations 2006(f);
- (h) taking time off for ante-natal care under section 55 of the Employment Rights Act 1996;
- (i) undertaking duties as a member of the reserve forces as defined in section 1(2) of the Reserve Forces Act 1996(g);
- (j) suspended from working at a school; or
- (k) who is appointed a learning representative of a trade union, in order for that person to analyse training requirements or to provide or promote training opportunities, and to carry out consultative or preparatory work in connection with such functions.

(a) “Alternative provision Academy” is defined in section 1C of the Academies Act 2010 (c.32).

(b) 1992 c.52. Section 168A was inserted by section 43 of the Employment Act 2002 (c.22).

(c) 1996 c.18.

(d) S.I. 1977/500, amended by section 1 of the Employment Rights (Dispute Resolution) Act 1998 (c.8) and S.I. 1996/1513, 1999/860, 1999/2024, 1999/3242, 2005/1541, 2006/594 and 2008/960.

(e) S.I. 1996/1513, amended by section 1 of the Employment Rights (Dispute Resolution) Act 1998 (c.8) and S.I. 1999/3242 and 2005/1541.

(f) S.I. 2006/246, amended by S.I. 2010/93.

(g) 1996 c.14.

31. Expenditure on making payments to, or in providing a temporary replacement for, a person who is seconded on a full-time basis for a period of three months or more other than to a local authority or the governing body of a school.

32. Expenditure on making payments to, or in providing a temporary replacement for, persons who have been continuously absent from work because of illness for 21 days or more.

33. Expenditure on insurance in respect of liability arising in connection with schools and school premises.

34. Expenditure on services to schools provided by museums and galleries.

35. Expenditure on library services.

36. Expenditure on licence fees or subscriptions paid on behalf of schools.

37. Expenditure on the schools' specific contingency.

38. Expenditure for the purposes of—

- (a) improving the performance of under-performing pupils from minority ethnic groups; or
- (b) meeting the specific needs of bilingual pupils.

SCHEDULE 3

Regulation 18

ADDITIONAL REQUIREMENTS, OR FACTORS OR CRITERIA WHICH MAY BE TAKEN INTO ACCOUNT, IN A LOCAL AUTHORITY'S FORMULA UNDER REGULATION 18

PART 1

Applicable only to budget shares for maintained schools

1. A single sum for primary schools—

- (a) other than middle schools, of an equal amount to be given to each school of up to £175,000 per school; and
- (b) which are middle schools, of an amount to be calculated per school in accordance with the middle school single sum formula.

2. A single sum for secondary schools—

- (a) other than middle schools, of an equal amount to be given to each school of up to £175,000 per school; and
- (b) which are middle schools, of an amount to be calculated per school in accordance with the middle school single sum formula.

3.—(1) Subject to sub-paragraph (5), in respect of pupils at key stages 1 and 2, a single per pupil amount based on the number of pupils in Year 1, Year 2, Year 3, Year 4 and Year 5 to whom either sub-paragraphs (2) and (4), or sub-paragraphs (3) and (4), applies.

(2) This sub-paragraph applies to pupils who achieved fewer than 73 points on the Early Years Foundation Stage Profile under the 2008 Document.

(3) This sub-paragraph applies to pupils who achieved fewer than 78 points on the Early Years Foundation Stage Profile under the 2008 Document.

(4) This sub-paragraph applies to pupils who did not achieve expected development in relation to the relevant early learning goals in the Early Years Foundation Stage Profile under the 2012 Document.

(5) Where, in respect of the total number of pupils in the local authority, the percentage of those pupils to whom sub-paragraph (4) applies is greater than either—

- (a) the number of pupils to which sub-paragraph (2) applies, expressed as a percentage of the total pupils in the local authority, where the local authority is using sub-paragraph (2) to determine a single per pupil amount under sub-paragraph (1); or
- (b) the number of pupils to which sub-paragraph (3) applies, expressed as a percentage of the total pupils in the local authority, where the local authority is using sub-paragraph (3) to determine a single per pupil amount under sub-paragraph (1),

the authority may moderate the number of pupils to whom sub-paragraph (4) would otherwise apply, in accordance with sub-paragraph (6).

(6) The local authority may moderate the number of pupils to whom sub-paragraph (4) would otherwise apply by multiplying that number by a number between zero and one, but only where the resulting number expressed as a percentage of the number of pupils in the authority, is not less than the number referred to in sub-paragraph (5)(a) or (b), as appropriate.

4. In respect of pupils at key stages 3 and 4, a single per pupil amount based on—

- (a) the number of pupils who were assessed as achieving level 3 or lower in English or mathematics at key stage 2 under any arrangements predating the 2013 Document, and
- (b) the number of pupils who were assessed under the 2013 Document as achieving level 3 or lower in mathematics or English reading under the tests referred to in paragraph 4.1 of the 2013 Document or the teaching assessment of English writing.

5. A single per pupil amount for each pupil, based on the number of pupils in Year 1, Year 2 and at key stage 2 for whom English is not their first language, where either—

- (a) the pupil was not recorded as attending a school or schools in England on any school census before 6th October 2011;
- (b) the pupil was not recorded as attending a school or schools in England on any school census before 4th October 2012; or
- (c) the pupil was not recorded as attending a school or schools in England on any school census before 3rd October 2013.

6. A single per pupil amount for each pupil, based on the number of pupils at key stages 3 and 4 for whom English is not their first language, where either—

- (a) the pupil was not recorded as attending a school or schools in England on any school census before 6th October 2011;
- (b) the pupil was not recorded as attending a school or schools in England on any school census before 4th October 2012; or
- (c) the pupil was not recorded as attending a school or schools in England on any school census before 3rd October 2013.

7.—(1) Where the total number of pupils to whom sub-paragraph (2)(a) and (b) applies is more than 10% of the total number of pupils at key stages 1 and 2 in the school, a single per pupil amount for every pupil in excess of the said 10%.

(2) This sub-paragraph applies to—

- (a) pupils at key stages 1 and 2 who joined in the previous three academic years at any time other than August or September, excluding pupils who joined the school in the nursery class, if the school has such a class;
- (b) pupils at key stages 1 and 2 who joined in the reception class at any time other than January, in the previous three academic years.

8. Where the total number of pupils at key stages 3 and 4 who joined the school in the last three academic years at any time other than August or September is more than 10% of the total number of pupils at key stages 3 and 4, a single per pupil amount for every pupil in excess of the said 10%.

9. A single per pupil amount, based on the number of pupils who were looked after children on 31st March 2013.

10. Funding for schools with split sites, where the funding must be in accordance with criteria published by the authority.

11. Non-domestic rates payable in respect of the premises of each school (including actual or estimated cost).

12. Payments in relation to a private finance initiative (including actual or estimated cost).

13. Differential salaries of teachers at schools in the county councils of Buckinghamshire, Essex, Hertfordshire, Kent or West Sussex due to the schools being in different London salary weighting areas.

14.—(1) In respect of all primary schools to which sub-paragraph (2) applies, other than those which are middle schools or all-through schools, an amount calculated in accordance with sub-paragraphs (3) and (4)—

(2) This sub-paragraph applies where—

- (a) in respect of those pupils for which the school is their home school, the mean of the distances between each pupil's home and their second closest school is more than or equal to a distance determined by the local authority of at least two miles and the same distance must be applied to all such schools; and
- (b) the number of pupils in the school is less than a number determined by the authority, such number must be no more than 150 and the same number must be applied to all such schools.

(3) Subject to sub-paragraph (4), the amount is either—

- (a) a single sum of up to £100,000, and each school must be allocated the same sum, or
- (b) a sum of the amount $A \times (1 - B / C)$ where—

A is a sum of up to £100,000, and the same sum must be used in the calculation for each school

B is the number of pupils in the school

C is the number determined by the authority in sub-paragraph (2)(b).

(4) The authority must use the same method of calculating the amount under sub-paragraph (3) in respect of all schools to which sub-paragraph (2) applies.

15.—(1) Where sub-paragraph (2) applies in respect of secondary schools, primary schools which are middle schools and primary schools which are all-through schools, an amount calculated in accordance with sub-paragraphs (3) and (4)—

(2) This sub-paragraph applies where—

- (a) in respect of those pupils for which the school is their home school, the mean of the distances between each pupil's home and their second closest school is more than or equal to a distance determined by the local authority of at least—
 - (i) two miles in respect of middle schools,
 - (ii) two miles in respect of all-through schools,
 - (iii) three miles in respect of secondary schools other than middle schools or all-through schools; and
- (b) the number of pupils in the school is less than a number determined by the authority, such number must be no more than 600 and the same number must be applied to all of the schools listed in Paragraph (2)(a)(i) to (iii).

(3) Subject to sub-paragraph (4) the amount is either—

- (a) a single sum of up to £100,000, and each school must be allocated the same sum, or

(b) a sum of the amount $A \times (1 - B/C)$ where—

A is a sum of up to £100,000, and the same sum must be used in the calculation for each school

B is the number of pupils in the school

C is the number determined by the authority in sub-paragraph (2)(b).

(4) The authority must use the same method of calculating the amount under sub-paragraph (3) in respect of all schools to which sub-paragraph (2) applies.

PART 2

Applicable only to budget shares for, and amounts to be allocated to, providers of prescribed early years provision

16. Incidence of looked after children.

17. Prior attainment of pupils entering a school or children entering a relevant early years provider, exempt early years provider or school where they will receive community early years provision.

18. Pupils and children for whom English is not their first language.

19. A single sum for each school, relevant early years provider, exempt early years provider and school providing community early years provision, which may vary according to the type of provider.

20. Funding for schools, relevant early years providers, exempt early years providers and schools providing community early years provision with split sites, where the funding must be in accordance with criteria published by the authority.

21. Non-domestic rates payable in respect of the premises of each school, relevant early years provider, exempt early years provider or school providing community early years provision (including actual or estimated cost).

22. Payments in relation to a private finance initiative (including actual or estimated cost).

23. Differential salaries of teachers at schools in the county councils of Buckinghamshire, Essex, Hertfordshire, Kent or West Sussex due to the schools being in different London salary weighting areas.

24. The need to improve the quality of provision by particular providers or types of provider.

25. The degree of flexibility in the hours of attendance that a provider makes available.

26. The need to secure or sustain a sufficiency of prescribed early years provision within the authority's area or any sub-area within that area; and in this paragraph "sub-area" means—

(a) an electoral division or ward of the authority; or

(b) such other appropriate geographical division into which the authority have notionally divided their area.

SCHEDULE 4

Regulation 19

MINIMUM FUNDING GUARANTEE

1. In this Schedule—

- (a) references to the number of pupils exclude those funded by a sixth form grant and those in places which the local authority have reserved for children with special educational needs;
- (b) the “relevant number” of pupils for the previous funding period is the number of pupils at the school on 4th October 2012;
- (c) the “relevant number” of pupils for the funding period is the number of pupils at the school on 3rd October 2013;
- (d) references to a redetermined adjusted budget share for the previous funding period must be reduced by the following—
 - (i) any amount included pursuant to regulation 20 (sixth form funding) of the 2012 Regulations;
 - (ii) any amount allocated to the school pursuant to Schedule 3 of the 2012 Regulations where such amount has been deducted from the schools budget under Part 4 (Children And Young People With High Needs) of Schedule 2;
 - (iii) any amount allocated to the school pursuant to regulation 10(3)(b) (nursery classes) of the 2012 Regulations;
 - (iv) any amount included in respect of paragraph 10 (rates) of Schedule 3 of the 2012 Regulations;
 - (v) any amount allocated to the school pursuant to paragraph 1 (primary single sum) of Schedule 3;
 - (vi) any amount allocated to the school pursuant to paragraph 2 (secondary single sum) of Schedule 3;
 - (vii) any amount allocated to the school pursuant to paragraph 14 (primary sparsity) of Schedule 3; and
 - (viii) any amount allocated to the school pursuant to paragraph 15 (secondary sparsity) of Schedule 3.
- (e) references to a redetermined adjusted budget share for the funding period include the effect of any alternative arrangements approved by the Secretary of State under regulation 25, but are reduced by the following—
 - (i) any amount included pursuant to regulation 20 (sixth form funding);
 - (ii) any amount allocated under regulation 14(2) (places in special schools and places reserved for children with special educational needs);
 - (iii) any amount included in respect of paragraph 11 (rates) of Schedule 3;
 - (iv) any amount allocated to the school pursuant to paragraph 1 (primary single sum) of Schedule 3;
 - (v) any amount allocated to the school pursuant to paragraph 2 (secondary single sum) of Schedule 3;
 - (vi) any amounts allocated pursuant to regulation 10(1) (formula for determining budget shares) which would have been within a class or description of the expenditure listed in Schedule 2 to the 2012 Regulations that the authority deducted in the previous funding period;
 - (vii) any amount allocated to the school under regulation 10(3) (early years single funding formula);
 - (viii) any amount allocated to the school pursuant to paragraph 14 (primary sparsity) of Schedule 3; and
 - (ix) any amount allocated to the school pursuant to paragraph 15 (secondary sparsity) of Schedule 3.
- (f) for the purposes of this Schedule—

- (i) where a school opened during the previous funding period, its redetermined adjusted budget share for the previous funding period is the amount it would have been had the school opened on 1st April 2013; and
- (ii) where a school opens during the funding period, its redetermined adjusted budget share for the funding period is the amount it would have been had the school opened on 1st April 2014,

in both cases adjusted in accordance with sub-paragraph (d) or (e), whichever is applicable.

2. Where (A / B) is less than (C / D) then the guaranteed funding level is $(C / D) \times B$ where—

A is the redetermined adjusted budget share for the funding period;

B is the relevant number of pupils in the funding period;

C is the redetermined adjusted budget share for the previous funding period multiplied by 0.985; and

D is the number of relevant pupils in the previous funding period.

3. Where a new school opens during the funding period and is a replacement for two or more schools being discontinued during the funding period its guaranteed funding level must be calculated in accordance with paragraph 2, subject to paragraph 4.

4. In calculating the guaranteed level of funding under paragraph 3 the relevant number of pupils in the previous funding period under paragraph 1(b) is the sum of the relevant number of pupils in the discontinued schools on 4th October 2012.

SCHEDULE 5

Regulation 26

CONTENTS OF SCHEMES

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools' budget shares.

2. Amounts which may be charged against schools' budget shares.

3. Amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used.

4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.

5. Terms on which services and facilities are provided by the authority for schools maintained by them.

6. The payment of interest by or to the authority.

7. The times at which amounts equal in total to the school's budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time.

8. The virement between budget heads within the delegated budget.

9. Circumstances in which a local authority may delegate to the governing body the power to spend any part of the authority's non-schools education budget or schools budget in addition to those set out in section 49(4)(a) to (c) of the 1998 Act(a).

(a) Section 49(4) was amended by section 215 of, and paragraph 100 of Schedule 21 to, the 2002 Act.

10. The use of delegated budgets and of sums made available to a governing body by the local authority which do not form part of delegated budgets.
11. Borrowing by governing bodies.
12. The banking arrangements that may be made by governing bodies.
13. A statement as to the personal liability of governors in respect of schools' budget shares having regard to section 50(7) of the 1998 Act.
14. A statement as to the allowances payable to governors of a school which does not have a delegated budget in accordance with the scheme made by the authority for the purposes of section 519 of the 1996 Act(a).
15. The keeping of a register of any business interests of the governors and the head teacher.
16. The provision of information by and to the governing body.
17. The maintenance of inventories of assets.
18. Plans of a governing body's expenditure.
19. A statement as to the taxation of sums paid or received by a governing body.
20. Insurance.
21. The use of delegated budgets by governing bodies so as to satisfy the authority's duties imposed by or under the Health and Safety at Work etc Act 1974.
22. The provision of legal advice to a governing body.
23. Funding for child protection issues.
24. How complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made.
25. Expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 Act.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for the financial arrangements of local authorities in relation to the funding of maintained schools and providers of prescribed early years provision in England, for the financial year 2014-2015.

The School Finance (England) Regulations 2012 are revoked. The School and Early Years Finance (England) Regulations 2012 remain in force.

These Regulations define the non-schools education budget (regulation 4 and Schedule 1), the schools budget (regulation 6 and Schedule 2), central expenditure and the individual schools budget (regulation 8 and Schedule 2). They require local authorities to determine budget shares for schools maintained by them and amounts to be allocated in respect of early years provision in their area, in accordance with the appropriate formulae (regulations 10 and 11). They impose a minimum funding guarantee (regulation 19 and Schedule 4) and requirements in relation to local authorities' schemes (regulation 26 and Schedule 5).

No impact assessment has been prepared for these Regulations as they have minimal impact on businesses, civil society organisations and the public sector.

(a) Section 519 was amended by section 140 of, and paragraph 139 of Schedule 2 to, the 1998 Act.

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SUMMARY OF NEW FEATURES IN THE SCHOOL AND EARLY YEARS FINANCE (ENGLAND) REGULATIONS 2013 AND THE DSG CONDITIONS OF GRANT FOR THE FINANCIAL YEAR 2014-15

This note does not draw attention to changes made purely to improve the drafting of the regulations.

The consultation version of the regulations included an amendment to the Order made in 1999 that transferred responsibility for school meals from local authorities to schools with delegated budgets, to make it clear that this transfer applies to schools even where the local authority does not provide a specific amount of funding to the school for lunches. This is a clarification of existing policy. Schools already fund lunches from their mainstream budgets rather than from a specific grant. This clarification has gone ahead, but has been made as a separate Order for legal reasons.

Regulation 3 includes an amendment to the Schools Forums (England) Regulations 2012 to require the election of a representative of providers of 16 to 19 education to the schools forum, and to remove the inclusion of a representative of the local authority's 14 to 19 partnership on the forum. Eligible institutions are those in the FE sector (FE and sixth form colleges) and other post-school institutions that specialise in SEN and LDD provision (ISPs), where 20% or more of their students reside in the authority's area. This change comes into force on 1 January 2014. We will update our material on schools forums to reflect this.

Regulation 5 and regulation 11 require local authorities to make an initial determination of their 2014-15 schools budget, individual schools budget and the amount of each school's budget share by 28th February 2014 (except in relation to sixth form funding, and to special schools, pupil referral units and nursery provision). In the previous Regulations the date for doing this was 15th March.

Sixth form funding must be determined within a reasonable period of notification to the authority by the Secretary of State, and funding for special schools, PRUs and nursery provision must be determined by 31st March.

Regulation 8(7) allows local authorities to carry over any unspent money from the 2013-14 growth and infant class size funds to be used for the same purposes in 2014-15. This is a change from the draft regulations, which proposed instead that unspent money should be included in the Individual Schools Budget. The new provision will simplify the procedure for constructing a growth and infant class size fund for 2014-15.

Regulation 8(8) allows local authorities to carry over into 2014-15 unspent de-delegated central expenditure to be used for the same purpose as it was used in 2013-14. In other words, it can be used for de-delegated services without having to allocate through the formula again. This responds to representations that this money

de-delegated by maintained schools should continue to be available for the use of maintained schools.

Regulation 11(3) has been changed to require local authorities, in identifying funding for SEN pupils in individual primary and secondary school budgets (the notional SEN budget), to calculate that sum with reference to a threshold of £6,000. Schools are expected to meet the costs of the additional support required by pupils with SEN up to that cost threshold. The great majority of local authorities implemented the £6,000 threshold in 2013-14.

Regulation 11(8) prevents local authorities from redetermining a school's or early years provider's 2014-15 budget once it has been set, except in specific circumstances. This provision to limit in-year redeterminations was introduced for 2013-14 but there has been some confusion about it so we are clarifying the position.

The definition of "pupils" for **regulation 13 and elsewhere (other than regulations 15 and 16 in so far as they relate to early years)** has been amended to clarify that pupils only count if they are single registered or dual main registered at the school.

Regulation 13(2) provides that reserved SEN places, whether filled or unfilled, do not in general count towards a school's pupil numbers for the purpose of calculating its budget through the mainstream local funding formula. For 2013-14 the regulation provided that pupils in reserved SEN places did not count. The change is to avoid double funding. However, the number of reserved SEN places deducted is to be reduced by any place occupied by a nursery age child or by a child not registered at the school, since these children would not be included in the pupil numbers anyway.

Regulation 13(5) provides that the basic per pupil amount (the age-weighted pupil unit) in a local authority's formula must be at least £2000 for primary and £3000 for secondary pupils.

Regulation 14 has been amended to ensure that, for maintained special schools, the separate calculation of funding for sixth form places ceases with effect from 1st August 2014, and all places (including sixth form places) other than hospital education places will then attract £10,000 per annum. The EFA will also apply this change to special academies and to non-maintained special schools. The purpose is to simplify the arrangements for special schools, who do not in general organise themselves with separate sixth forms.

Regulation 16 has been expanded to include exempt early education providers and community early years provision in maintained schools. The first of these changes reflects the revised Early education and childcare: Statutory guidance to local authorities, which came into effect in September 2013. Section A4 of this guidance makes clear that LAs should fund providers who have exemptions from the Early Years Foundation Stage Learning and Development requirements if a parent wants

their child to attend that provider. The second change brings in provision made by maintained schools for children not registered at the school, under their community provision powers (section 27 of the Education Act 2002). The two changes allow this types of funding to count as part of the individual schools budget.

The provision formerly made in this regulation, enabling LAs to vary funding paid to providers of funded early education if the number of children admitted by a provider was in excess of any number agreed by the LA, has been deleted. This provision, by potentially reducing the funding paid for some children, risked constraining parental choice about where to access their funded early education.

Regulation 18(7) excludes schools that opened in the previous seven financial years and are still adding year groups from the capping and scaling of budgets under regulation 18(4) to pay for the minimum funding guarantee. This is because the capping of budgets for schools in such circumstances on a per pupil basis can produce distorting effects.

Regulation 21 makes revised provisions for new, merged and closing schools.

Where a new school opens after 1 April 2014 as a replacement for two or more maintained schools, its budget for the remainder of the financial year is to be calculated by adding together the budget shares of the predecessor schools.

Where a new school has resulted from the merger of two or more schools in 2013-14 or on 1 April 2014, the local authority must pay the merged school a lump sum equal to 85% of the two lump sums that the schools would have received in 2014-15 if they had not merged.

Any other new school opening in 2014-15 is to have a budget share calculated under the regulations for the appropriate period.

Any school closing during 2014-15 is to have a budget share calculated under the regulations up to the date of closing.

Local authorities may apply to the Secretary of State to alter the operation of any part of this regulation.

Regulation 23(8) provides that the sum to be determined for an excluded pupil in a sixth form is £4,000 on an annual basis. This sum has been brought into line with the base funding for a full-time sixth form pupil in the academic year 2013/14.

Schedule 2, paragraph 9 allows local authorities to retain centrally a falling rolls fund for outstanding or good schools (including academies) if the schools' capacity is likely to be needed within the next three years to meet rising pupil numbers. There is a correction from the draft which mentioned only outstanding academies.

The previous provision in **Schedule 2** allowing local authorities to retain funding for CRC allowances for schools centrally has been deleted since schools will be

excluded from the CRC scheme with effect from 1 April 2014. However, pupil referral units remain within the scheme so there is a new provision at **paragraph 26** allowing the retention of funding for PRUs only.

Schedule 2, paragraph 12 allows authorities to retain funding for licences purchased centrally by the Secretary of State, following the introduction of the new Copyright Licensing Agency and Music Publishers Association licences in 2013-14. The Department is in negotiations with some other licensing bodies.

Schedule 2, paragraph 25 has been extended to cover central retention of PFI and Building Schools for the Future (BSF) costs in relation to special academies, PRUs and alternative provision academies, as well as maintained special schools.

Schedule 3, paragraphs 1 and 2 allows local authorities to set a lump sum of up to £175,000 and set a different lump sum for primary and secondary schools. Lump sums for middle schools are to be calculated as an average of the primary and secondary sums. For 2013-14 the lump sum limit was £200,000 and had to be the same for primary and secondary schools.

Schedule 3, paragraph 3 has been amended to reflect the use of data from the new early years foundation stage profile in deciding whether a pupil attracts prior attainment funding. Because the percentage of pupils qualifying under the new profile across an authority may be much higher than under the old profile, and this could have a distorting effect for some schools (eg infant schools), the paragraph allows local authorities to adjust the figure under the new profile down towards, but no further than, the local percentage under the old profile. This is a change from the consultation.

Schedule 3, paragraph 4 allows pupils who did not achieve level 4 in maths or English to attract prior attainment funding. In 2013-14 the regulations provided that only those who did not achieve a level 4 in both English and maths attracted the funding.

Schedule 3, paragraphs 7 and 8 provides that the allocation of funding through the mobility factors applies only where more than 10% of pupils in a school are mobile. For 2013-14 the factors applied where a school had any number of mobile pupils.

Schedule 3, paragraph 9 provides that pupils who were being looked after on 31st March 2013, regardless of how long they had been looked after, can attract funding through the looked after children factor. In 2013-14 local authorities had a choice of whether to apply the factor to those who had been looked after for at least a day, at least six months or at least 12 months.

Schedule 3, paragraphs 14 and 15 provides for the new sparsity factor. Details were set out in the operational guidance for local authorities in June 2013. The text has been clarified from the consultation version, including a provision that separate

minimum distances may be set for secondary schools, middle deemed secondary schools and all through schools.

DSG Conditions of Grant

New condition (c) requires local authorities to allocate at least 80% of funding through pupil-led factors.

New condition (d) allows local authorities to cap or scale school budgets only to the extent that is required to fund the minimum funding guarantee. The purpose of this is to make the operation of both the formula and the MFG more transparent, so that schools know what they would have received without the operation of the MFG.

Conditions (g) and (h) relating to the operation of top-up funding for high needs pupils have been updated.

Dudley Schools Forum – 21st January 2014

Report of the Interim Director of Children's Services

Dudley's Scheme for Financing Schools – Approval of Amendments following Consultation

Purpose of Report

1. To seek approval by Schools Forum for the amendments to the Dudley's Scheme for Financing Schools following a period of consultation during the Autumn Term 2013. Following approval the amended scheme will be implemented with immediate effect

Budget Working Group Discussed

2. Yes – 15 January 2014.

Schools Forum Role and Responsibilities

3. The School and Early Years Finance (England) Regulations 2012 advise on the approval, by the Schools Forum or the Secretary of State, of proposals to revise a local authority's scheme of financing:
 - a. Where a local authority submit a copy of their proposals to revise their scheme to their Schools Forum for approval, the members of the Schools Forum who represent schools maintained by the authority may:
 - i. approve any such proposals;
 - ii. approve any such proposals subject to modifications; or
 - iii. refuse to approve any such proposals.
 - b. Where the Schools Forum approves the proposals to revise the scheme, it may specify the date upon which the revised scheme is to come into force. Where:
 - i. the Schools Forum refuses to approve proposals, or approves any such proposals subject to modifications which are not acceptable to the local authority; or
 - ii. the local authority are not required to establish a schools forum for their area,the authority may apply to the Secretary of State for approval of such proposals.
 - c. The Secretary of State may:
 - i. approve any such proposals;
 - ii. approve any such proposals subject to modifications; or
 - iii. refuse to approve any such proposals.

- d. When approving proposals to revise the scheme, the Secretary of State may specify the date upon which the revised Scheme is to come into force.
- e. No revised scheme is to come into force unless approved by the Schools Forum or the Secretary of State in accordance with Part 4 of the School and Early Years Finance (England) Regulations 2012.

Action for Schools Forum

- 4. Schools Forum to note the proposed amendments required in respect of Dudley's Scheme for Financing Schools (as outlined in Appendix A) and, taking into account the consultation response, to approve the revised scheme.

Attachments to Report

- 5. Appendix A – Summary of Changes.

Alison Wood
Principal Accountant
6 January 2014

Dudley Schools Forum – 21st January 2014

Report of the Interim Director of Children's Services

Dudley's Scheme for Financing Schools – Approval of Amendments following Consultation

Purpose of Report

1. To seek approval by Schools Forum for the amendments to the Dudley's Scheme for Financing Schools following a period of consultation during the Autumn Term 2013. Following approval the amended scheme will be implemented with immediate effect

Background

2. Under section 48 of the Schools Standards and Framework Act 1998 all local authorities are required to establish and maintain a scheme for financing schools setting out the relationship between the local authority and the schools it maintains.
3. Any revision to the scheme for financing schools must be approved by the Schools Forum or the Secretary of State in accordance with Part 4 of the School and Early Years Finance (England) Regulations 2012.
4. The School and Early Years Finance (England) Regulations 2012, schedule 5, lists the issues that all schemes should address. The Department for Education (DfE) provides guidance to local authorities on the more detailed content of their schemes. This guidance is revised from time to time to reflect changes and amendments to legislation and policy directed through the School Finance Regulations.
5. Where the DfE issue revised Schools Finance Regulations, then Dudley's Scheme of Financing is automatically updated, there is no requirement for consultation on these occasions as the amendments are normally formal directions.
6. The Scheme for Financing Schools was last updated in March 2013 for directed revisions effective from 1 April 2013.

Approval Process

7. Schools Forum has the power to approve amendments to the Scheme of Financing without the need for consultation with stakeholders. Full details can be found in Part 4 of the School and Early Years Finance (England) Regulations 2012.

Proposed Amendments

8. The Scheme for Financing Schools has been updated to reflect both the statutory guidance issued by the DfE in March 2013 and a number of local amendments. A summary of the proposed changes are attached at Appendix A.
9. The proposed changes to the Scheme for Financing Schools were issued for a period of consultation to all schools and stakeholders in the Autumn term 2013. The standard 13 week consultation period was adopted.

Consultation Responses

10. Only one response was received during the consultation period.
11. Response: "The Scheme for funding schools should be fair, transparent and should reflect that in Dudley, some schools find themselves in challenging circumstances and budgets should reflect this. Such schools need to meet the challenging needs of their schools."

Finance

12. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2012 and 2013.
13. Schools Forums are regulated by the Schools Forums (England) Regulations 2012.
14. From 1st April 2006, the Schools Budget has been funded by a direct grant; Dedicated School Grant (DSG).

Law

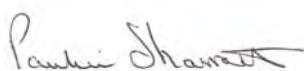
15. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

Equality Impact

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

Recommendation

17. Schools Forum to approve Dudley's Scheme for Financing Schools with immediate effect.



Pauline Sharratt
Interim Director of Children's Services

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Scheme for Financing Schools – Summary of Changes

Estimated Scheme publication date: January 2014

Consultation Period - Autumn Term 2013

- During the Summer term 2013 a general update of the Scheme for Financing Schools has taken place. This update takes into account the statutory guidance released by the DfE to Local Authorities in March 2013 and a number of local amendments.

1. General

- The scheme applies to all community, nursery, voluntary, foundation, community special, foundation special schools and PRU's maintained by the Authority. Therefore all references throughout the document referring to schools apply to the above establishments.

2. Section 2 - Financial Controls

- The list of authorised financial institutions has been updated based in respect of bank and building society financial ratings and the Royal Bank of Scotland has now been removed from this listing.
- A section has been added to the scheme requiring each school to submit a multi year budget forecast to the authority by the 31 July each year.
- The efficiency and value for money section has been expanded reflecting the Government's emphasis on Heads and Governors to determine at school level how to best secure value for money and the benchmarking schools should be undertaking.
- The payment of salaries; payment of bills section has been updated to include the required standards a school would need to adhere to if the governing body wishes to enter into any arrangement or agreement with a person other than the Authority to provide payroll services.
- Schools converting to Academy status may be required to submit monthly financial outturn reports to the Local Authority for fixed period of time prior to conversion. This is to fulfil external audit requirements.

3. Section 3 - Instalments of Budget Share and Banking Arrangements

- Sections with references to the calculation of interest have been updated to reflect the interest rates applied:
 - The Council's General Fund Borrowing Rate prevailing at the time for equal pay interest calculations.

- The Council's General Fund Borrowing Rate prevailing at the time for interest calculations relating to in year deficits.
- The 5 year Public Works Loan Board lending rate prevailing at the time plus 1% administration for capital loan schemes.
- The Council's General Fund Borrowing Rate prevailing at the time will be used to calculate the interest lost by the LA in making available the budget share in advance.

4. Section 4 - The Treatment of Surpluses and Deficit Balances Arising in Relation to Budget Shares

- The basis for the calculation of school balances at year end for Special Schools and Pupil Referral Units has been amended to now include the top up funding as part of the budget share.

5. Section 6 – The charging of School Budget Shares

- The circumstances in which charges may be made has been updated to now include a paragraph stating *Local authorities may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives of the Schools Forum.*

6. Section 12 - Miscellaneous

- A paragraph relating to pupil premium reporting requirements has now been included to inform schools' of the purposes for which the grant is intended to be spent and the payment terms of the grant.
- The Criminal Records Bureau section has now been replaced with a section detailing schools responsibilities in relation to its replacement policy Disclosure and Barring.
- A section has been added to refer schools to Dudley's *Redundancies and Premature Retirements Standard Operating Procedure* in relation to guidance on redundancy and early retirement costs.

7. Section 14 – Extended Schools

- This section has been enhanced to include the requirement for schools/governing bodies to submit an annual Income and Expenditure budget plan by 1 May each financial year.