

Dudley Metropolitan Borough Council

Schools Forum 6 February 2007

Report of the Director of Children's Services

Minimum Funding Guarantee – Excluded Items

Purpose of Report

1. To advise Schools Forum of the outcomes from the meeting of HTCF – Budget Working Group (BWG) on 10 January 2007, in respect of proposed changes to the calculation of the Minimum Funding Guarantee (MFG) for Dudley schools.

Discussed at HTCF – BWG

2. Yes – 10 January 2007.

Actions for Schools Forum

3. To consider the proposals in paragraph 7, and advise the Director of Children's Services regarding the exclusion of funding for Trade Union Safeguarding and INCs (Individual Needs Centres) from the calculation of the MFG for 2007/08.

Attachments to Report

4. Appendix 1 – Regulation 18 (Extract from the Schools Finance (England) Regulations 2006.- MFG calculation.
5. Appendix 2 - Worked example of MFG calculation.
6. Appendix 3 - Regulation 25 (Extract from the Schools Finance (England) Regulations 2006. Schools Forum authority to re-determine budget shares used in MFG calculation
7. Appendix 4 – Trade Union safeguarding 2006/07 funding.
8. Appendix 5 –. Individual Needs Centres (INC)s 2006/07 funding.

Karen Cocker

Children's Services Finance Manager

Schools Forum 6 February 2007

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Purpose of Report

1. To advise Schools Forum of the outcomes from the meeting of HTCF – Budget Working Group (BWG) on 10 January 2007, in respect of proposed changes to the calculation of the Minimum Funding Guarantee (MFG) for Dudley schools.

Background

2. DfES through the School Finance (England) Regulations 2006 provide a guaranteed minimum per pupil amount of funding for each school on an annual basis. The calculation is prescribed under Regulation 18, which is attached for information at Appendix 1.
3. A worked example of MFG calculation is attached at Appendix 2.
4. Consequently when the LA calculates the funding annually for each school based on Dudley's Local Fair Funding Formula, it also calculates the Minimum Funding Guarantee (MFG) for each school. If a school under the Fair Funding Formula is due to receive less than the MFG, funding is automatically "topped up" from within the Individual School's Budget (ISB) to the level of MFG calculated for that school.
5. Regulation 18 provides for certain elements of funding, which are automatically excluded from the calculation of MFG, where it would be inequitable to guarantee funding from one year to the next. Examples of items excluded under Regulation 18 are Statement funding (funding for named pupils), Uniform Business Rates, and Class Size Supplement funding.
6. As the operation of the Fair Funding Formula is subject to local determination, each LA determines the formula factors included; therefore it would be impossible to legislate for all possible exclusions to the calculation of the MFG. In recognition of this, Regulation 25 delegates authority to Schools Forum to allow "re-determination of school budget shares" to be used in calculation of the MFG. (i.e. allow additional excluded items), where these affect 20% or less of schools in a LA. Regulation 25 is attached at Appendix 3 for information.
7. A review of Dudley's Fair Funding Formula has highlighted two formula factors that it is felt should be excluded from the MFG calculation:
 - a. **Trade Union Duties Safeguarding-** Four schools currently receive a total of £47k through the funding formula. This is payable where a member of

staff is a designated representative of a teaching union, and as such is unavailable to fulfill his/her duties at the school for an agreed proportion of the school day. However as designated representative posts are not permanent in nature but are subject to re-election on a regular basis it is considered inappropriate to include such funding in the calculation of the MFG. Details of funding allocated for 2006/07 are attached at Appendix 4.

- b. **Individual Needs Centres (INCs)** – Seven schools currently receive a total of £573k for INCs. This is in order to make provision for additional costs arising from the operation of SEN Resource Bases in mainstream schools. Funding is on a “planned place” basis, and the formula makes provision for the number of planned places to be re-determined by the LA on an annual basis following consultation with the School Governors prior to the commencement of the new financial year. As the number of planned places may be subject to re-determination, it is considered inappropriate to include such funding in the calculation of the MFG. Details of funding allocated for 2006/07 are attached at Appendix 5.

- 8. Following discussion at the meeting of HTCF-BWG on 10 January it was recommended that funding for both Trade Union Duties Safeguarding and INCs be treated as excluded items in the calculation of the Minimum Funding Guarantee.

Finance

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

Law

- 11. 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.

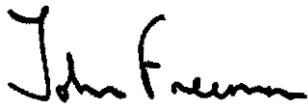
Equality Impact

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

Recommendation

13. Schools Forum consider the proposals (paragraph 7a), and the recommendation of HTCF-BWG (paragraph 8), and advise the Director of Children's Services regarding the exclusion of funding for Trade Union Safeguarding from the calculation of the MFG for 2007/08.

14. Schools Forum consider the proposals (paragraph 7b), and the recommendation of HTCF-BWG (paragraph 8), and advise the Director of Children's Services regarding the exclusion of funding for INCs from the calculation of the MFG for 2007/08.



John Freeman

Director of Children's Services

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