

Schools Forum 11 December 2007

Report of the Director of Children's Services

School Finance Regulations 2008 -Small Schools Protection

Purpose of Report

1. To advise Schools Forum Group of proposed amendments to the School Finance (England) Regulations from 2008/09 affecting the current funding within the LMS formula for Small Schools Protection (SSP).

Budget Working Group Discussed

2. Yes . (Paragraph 10 refers.)

Action for Schools Forum

3. To consider this report in the light of recommendations made by HTCF-BWG, and advise the Director of Children's Services regarding funding for SSP with effect from April 2008.

Attachments:

4. Appendix A – Detail of SSP funding for schools 2008/09

Sue Coates
Senior Principal Accountant
21 November 2007

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Background

2. A comprehensive review of the current method of funding for SSP was undertaken by a sub group of Schools Forum which was completed in January 2007.
3. A report summarising the outcomes from this review was presented to Schools Forum on 6 February 2007. As a result of this it was recommended by Schools Forum that with effect from April 2008 a revised methodology of funding for SSP be adopted as detailed below:
 - **SSP funding will no longer offer protection based on the estimated cost of salaries paid to teaching staff**
 - **SSP will be funded on the number of pupils on roll at PLASC date and funding will be allocated to schools with 189 or less full time equivalent pupil as follows:**
 - **SSP will no longer be payable to Secondary schools.**

| <u>Pupil Numbers</u> | <u>£</u> |
|-----------------------------|-----------------|
| 0 – 170 | 10,000 |
| 171 – 189 | 7,500 |
| > 189 | NIL |

4. The original intention was to implement this change with effect from April 2008 following a full consultation exercise during the Autumn Term 2007. However, as there are a number of other elements of the fair funding formula currently under review as a result of DCSF policy, it has subsequently been decided that the consultation exercise originally planned for the Autumn Term be deferred and

included in the wider consultation on a number of proposed changes to the LMS formula. This consultation is planned for Summer 2008 with proposed implementation from April 2009. This will give schools an extended lead time in which to adjust financial plans accordingly taking into account the effect of the proposed changes.

5. Draft School Finance (England) Regulations 2008 have recently been issued by the DCSF. One of the proposed amendments prohibits the current methodology used by authorities for funding small schools. As a result from April 2008 Dudley will be unable to retain the link between funding for small schools protection and actual salaries paid.
6. The following is an extract from School Finance Regulations 2008 (Accompanying Note), "Some authorities use this factor in assisting small schools, but it is possible to assist small schools in other ways. This proposed change came as a result of some discussions regarding the difficulty of implementing workforce remodelling in some schools where the use of actual salaries in local authority formulae provides a *disincentive to consider remodelling. It may be possible to allow some transition for this change to take effect.*"
7. From April 2008 the formula factor for small schools protection must be amended from the existing methodology to remove the link between funding and salaries paid. As Dudley has proposals which completely overhaul the current methodology this report proposes an interim solution for BWG to consider for the 2008/09 financial year.
8. Whilst the proposed changes from April 2009 will be subject to full consultation, Schools Forum has the authority to approve changes to the LMS formula for funding schools and will be required to approve any interim solution for April 2008. This is due to the DCSF time constraints imposed as a result of the changes proposed to the draft regulations.

Proposals

9. In order to comply with the Regulations and taking into account the limited timescale for implementation of these changes, Schools Forum is requested to consider the following two options following consideration of the recommendation by HTCF–BWG, in order to address the issue of funding for SSP from April 2008.
 - a) To bring forward to April 2008 implementation of changes previously agreed by Schools Forum (see paragraph 1-3) but this option would not allow for consultation with schools. This would comply with the proposed Regulations, however this would cause unplanned financial turbulence for some schools. Detail of SSP funding received by schools for 2007/08 and effectively the loss that would be incurred from April 2008 is attached at Appendix A for information.

- b) To introduce a formula factor for 2008/09, which “cash protects” primary schools at 2007/08 values of funding received by schools for SSP. This would remove the link between funding and actual salaries paid and ensure stability amongst those schools in the short term but may fund some schools in excess of their entitlement under the existing SSP funding formula.

HTCF-BWG recommendations to the proposals outlined in paragraphs 9

10. Following discussion at HTCF–BWG on 13 November 2007, it was agreed that proposal “b” be recommended to Schools Forum.

Finance

11. From 1st April 2006, the Schools Budget is funded by a direct DCSF grant: Dedicated School Grant (DSG).
12. The funding of schools is prescribed by the DCSF through the School Finance (Amendment) England) Regulations 2007.
13. Schools Forums are regulated by the School Forums Regulations 2002 as already amended by the Schools Forums (Amendment) Regulations 2004 and the Schools Forums (Amendment) 2005 Regulations.

Law

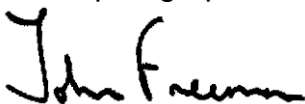
14. Councils’ LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

Equality Impact

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

Recommendation

16. Schools Forum consider the report in respect of funding for Small Schools Protection for 2008/09 and advise the Director of Children’s Service regarding the proposal a or b detailed in paragraph 9, noting HTCF-BWG recommendation in paragraph 10.



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Director of Children’s Services

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