

**Schools Forum 21<sup>st</sup> October 2014**

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

**Feedback on the Consultation on Allocation from Dudley's Dedicated Schools Grant Reserve for 2015/16 and 2016/17**

**Purpose of Report**

1. To report consultation feedback in order that Schools Forum can approve the methodology to allocate one off funding of £4.0m to schools from the Dedicated Schools Grant reserve over a two year period 2015/16 and 2016/17.

**Budget Working Group Discussed**

2. Yes – 15<sup>th</sup> October 2014

**Schools Forum Role and Responsibilities**

3. The Director of Children's Service is responsible for proposing and deciding on changes to the local funding formulae for Dudley schools.
4. The Schools Finance and Early Years (England) Regulations 2013 at Regulation 9 prescribes that for determining the budget shares etc for certain maintained schools and early years the local authority must consult their Schools Forum and schools maintained by the authority of any proposed changes in relation to the factors and criteria taken into account, and the methods, principles and rules adopted.
5. As part of this process, Schools Forum must be consulted and it is normal practice to discuss the proposals with Headteachers Consultative Forum – Budget Working Group.
6. The Schools Forums (England) Regulations 2012 at Regulation 8(10) prescribe that non-schools members, other than those who represent early years providers, must not vote on matters relating to the formulae to be used by the local authority to determine the amounts to be allocated to schools and early years providers in accordance with regulations made under sections 47 and 47a of the Act.
7. Whilst the Director's decision on this matter is final, Schools Forum members (excluding non school members other than the representative of the early year's providers) are invited to vote in respect of the proposed changes before a final decision is reached.

### **Action for Schools Forum**

8. Following a period of consultation, to approve the methodology to allocate one off funding of £4.0m to schools from the DSG Reserve over a two year period 2015/16 and 2016.
9. The consultation will close on 20<sup>th</sup> October 2014 therefore Schools Forum will receive an update at the meeting on the 21st October before being asked to make a decision on the preferred method of allocation.

### **Attachments to Report**

10. Appendix 1 – Summary of consultation responses received at 6<sup>th</sup> October 2014.  
A final update will be provided at the meeting on 21<sup>st</sup> October.

Sue Coates  
Senior Principal Accountant  
6<sup>th</sup> October 2014

**Schools Forum 21<sup>st</sup> October 2014**

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

**Feedback on the Consultation on Allocation from Dudley's Dedicated Schools Grant Reserve for 2015/16 and 2016/17**

**Purpose of Report**

1. To report consultation feedback in order that Schools Forum can approve the methodology to allocate one off funding of £4.0m to schools from the Dedicated Schools Grant reserve over a two year period 2015/16 and 2016/17.

**Background**

2. For the 2013/14 financial year the DSG was £234.323m. The year-end position recorded the DSG net expenditure at £230.848m. Thus the centrally retained element of the DSG was under-spent by £3.475m. When combined with remaining reserve brought forward from previous years and taking account of earmarked commitments an estimated balance remained at 31<sup>st</sup> March 2014 of £5.884m.
3. This was reported to Schools Forum on 3rd June 2014 and at the meeting Schools Forum agreed that at least £4m should be distributed to schools from the DSG reserve over a two year period (financial years 2015/16 and 2016/17); this is one off funding.
4. School Finance Regulations prescribe that any allocation to schools must be made through the local funding formula for schools therefore a full consultation has been undertaken with stakeholders. The consultation is for a six week period and will close on 20th October 2014.
5. The Directorate's priority for schools is to improve the attainment of vulnerable groups in order to narrow the achievement gap between vulnerable children and their peers. Schools are recommended to consider using their allocation from the reserve to help achieve this, for example using those interventions that have been highlighted in Ofsted guidance as being effective in narrowing the gap, namely:
  - effective use of learning mentors;
  - appropriate literacy and/or numeracy targeted support;
  - ensuring good attendance;
  - providing strong careers information, advice and guidance.

6. The factors eligible for use in order to distribute funding from the DSG reserve were discussed at Headteachers Consultative Forum – Budget Working Group (HTCF-BWG) meeting on 2nd July 2014. The recommendation from the meeting was for the allocation to be made via the Lump Sum Factor within Dudley’s school funding resource allocation formula. This will allow all schools to receive additional funding whilst not “locking in” the additional funding to the minimum funding guarantee baseline for future years.
7. Question 1 within the consultation is seeking views regarding the proposal that any allocation from the Dedicated Schools Grant Reserve for 2015/16 and 2016/17 be allocated through the Lump Sum factor, as recommended by Headteachers Consultative Forum – Budget Working Group.
8. However, as a Lump Sum factor is permitted to be set at differential values for each sector there are two options for consideration as detailed in Table 1.

**Table 1 - Proposed Options for allocation through Lump Sum**

<u>Option</u>	<u>Methodology</u>	<u>Value (£)</u>
Option 1	Allocate an equal amount per school across all sectors.	All schools receive £18,500 per school for two consecutive years; 2015/16 and 2016/17.
Option 2	Allocate differential amounts which are <u>broadly reflective of the relative size of schools in each sector</u> (approx ratio for mainstream primary: secondary 1.0 : 2.75 based on the average number of pupils in school in October 2013). Allocate funding to special schools Pupil Referral Units (PRUs) and maintained nursery schools at an equivalent amount to primary schools.	£14,000 per primary school and £38,500 per secondary school for two consecutive years; 2015/16 and 2016/17.

9. Dudley’s maintained nursery school receives funding as prescribed nationally through the Early Years Single Funding Formula while special schools and Pupil Referral Units (PRUs) receive funding on a place plus basis. This was discussed in detail at HTCF-BWG on 2nd July 2014 and the group supported the proposal to allocate funding from the DSG reserve to Dudley’s maintained nursery school, to Dudley’s seven special schools, and Dudley’s two PRUs at an equivalent value to that for Dudley primary schools, the rationale being that the number of pupils in these schools correlates more closely with primary schools than with secondary schools.
10. The recommendation from HTCF-BWG is for Option 2 - to allocate an additional £14,000 to each mainstream primary school, special school, PRU and maintained nursery and an additional £38,500 to each secondary school through the Lump Sum factor for 2015/16 and for 2016/17.

11. Question 2 within the consultation document is seeking views regarding the preferred Option 1 or Option 2 as detailed in Table 1 above.
12. The consultation closes on 20<sup>th</sup> October 2014 and at 6<sup>th</sup> October 17 responses were received as follows:
  - 8 maintained primary schools,
  - 3 maintained secondary schools,
  - 3 academy schools (secondary).
  - 1 special school,
  - 2 individual responses.
13. Appendix 1 provides a brief summary of the responses received in respect of Questions 1 and 2 relating to proposed changes to the local school funding formula for 2015/16 and 2016/17. A final update will be provided to Schools Forum at the meeting.

### **Proposal**

14. The Interim Director of Children's Service is responsible for proposing and deciding on changes to the local funding formulae for Dudley schools. As part of this process, Schools Forum must be consulted and it is normal practice to discuss the proposals with Headteachers Consultative Forum – Budget Working Group.
15. Whilst the Director's decision on this matter is final, Schools Forum members (excluding non school members other than the representative of the early year's providers) are invited to vote in respect of the proposed changes outlined in Table 1. The final consultation responses, in the format of Appendix 1, will be updated at the meeting before a final decision is reached.

### **Finance**

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

### **Law**

19. 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**

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

## **Recommendation**

21. Those Schools Forum members that are eligible to vote on this matter, which excludes the non school members other than the representative of the early year's providers, are invited to:
- Receive an updated and final summary of the consultation responses in Appendix 1 at the meeting and from that information vote in respect of the two options proposed to allocate £4m from the Dedicated Schools Grant reserve over the 2015/16 and 2016/17 financial years. From this information the Interim Director of Children's Services will made a final decision.



**Pauline Sharratt**  
**Interim Director of Children's Services**

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

## Appendix 1

### Summary of Consultation Responses Received at 6<sup>th</sup> October regarding the Allocation from Dudley's Dedicated Schools Grant Reserve for 2015/16 and 2016/17

Qn No	Detail	Response / Comments	Proposal
1	Do you agree that any allocation from Dudley's Dedicated Schools Grant Reserve for 2015/16 and 2016/17 be allocated through the Lump Sum factor within the Dudley school funding resource allocation formula?	<p><b>Yes</b></p> <ul style="list-style-type: none"> <li>• 8 primary schools.</li> <li>• 3 Academy (secondary) schools</li> <li>• 2 secondary schools</li> <li>• 1 special school</li> <li>• 2 other.</li> </ul> <p><b>No Opinion</b></p> <ul style="list-style-type: none"> <li>• 1 secondary school.</li> </ul>	To allocate funding from the DSG Reserve through the Lump Sum factor within Dudley's resource allocation formula in 2015/16 and 2016/17.
2	Option 1- £18,500 for all schools or;  Option 2 - £14,000 for mainstream primary schools, special schools PRUs and maintained nursery school and £38,500 for mainstream secondary schools?	<p><b>Option 1 - 7 in favour</b></p> <ul style="list-style-type: none"> <li>• 5 primary schools</li> <li>• 1 special school</li> <li>• 1 other</li> </ul> <p><b>Option 2 – 10 in favour</b></p> <ul style="list-style-type: none"> <li>• 3 secondary schools</li> <li>• 3 Academy (secondary) schools</li> <li>• 3 primary schools</li> <li>• 1 other.</li> </ul>	The Interim Director of Children's Services will make a decision regarding Option 1 or 2 after Schools Forum members have indicated their preference through the voting process at the meeting on 21 <sup>st</sup> October.