

Dudley Metropolitan Borough Council

Schools Forum

7 February 2006

Report of the Director of Children's Services

School Funding: Social Deprivation and Personalised Learning

Purpose of Report

1. To advise Schools Forum of DfES correspondence dated 22 December 2005 and the requirement for each local authority to supply the Secretary of State by 5 May 2006 a statement setting out the authority's policy and practice based on its school funding formula for 2006-07.

Background

2. On 7 December 2005 the DfES and HM Treasury jointly published the report *Child Poverty: Fair Funding for Schools*. A copy can be found at www.teachernet.gov.uk/deprivationfundingreview.
3. The DfES also published a statement that sets out the steps government will now be taking to encourage a more equitable distribution of deprivation funding for schools. One of these steps is to ask every local authority to review its current arrangements for funding schools for the costs of deprivation, and to consider in conjunction with its Schools Forum whether change is required. This DfES publication statement is attached as Appendix A.
4. The DfES is seeking from every local authority a statement about its policy and practice in funding schools for the costs imposed by social deprivation amongst pupils. This statement must be returned by 5 May 2006. The relevant data is attached as Annex A to the letter and a copy is attached to this report as Appendix B.
5. Authorities will be asked through this exercise to say how they have responded to the earmarking of funding for personalised learning at Key Stage 3 and primary level within the Dedicated Schools Grant (DSG) for 2006-07 and 2007-08. As well as completing the picture on the use of funding allocated for deprivation, this will assist the DfES in their review of

the DSG distribution methodology for 2008-09.

6. The statement is intended to reflect local priorities, local views and local wishes. However it should not exceed 3 sides of A4 in length.
7. The DfES intends to collate and publish in June 2006 the statements received alongside relevant data on the attainment of pupils in each authority. This is attached at Annex B to the letter and a copy is attached to this report as Appendix B.
8. Although the publication statement in June 2006 is mainly directed towards change from 2008, the settlement ensures that all authorities have headroom to begin to respond to the conclusions of the deprivation review in 2006-07 and 2007-08.
9. The publication statement points out; the DfES is also commissioning a technical review of deprivation indicators. This is intended to assist authorities and other in considering changes to their formulae, by making a systematic and comprehensive assessment of the advantages and disadvantages of various approaches to measuring deprivation for the purposes of allocating school funding. The report will also be issued in late Spring 2006.
10. Dudley currently allocates funding via the LMS formula (Local Management of Schools) - Scheme of Fair Funding in respect of deprivation factors using free school meals data. This data is used to distribute funds under the formula factor of Social Deprivation (Socio-Economic Need) within the Section 52 budget statement.
11. The Social Deprivation (Socio-Economic Need) funding within the Section 52 budget statement is allocated in recognition that some schools serve a more economically deprived sector of the community, resulting in larger incidence of social and educational difficulties across a school as a whole. There are two elements :
 - a. Weighted free school meals eligibility. This allocation is based upon a three year rolling average of the number of pupils on the school roll (PLASC figures) entitled to free school meals. For 2005/06, the three year rolling average comprises January 2003, January 2004 and January 2005 FSM figures. The number of pupils is weighted to reflect the percentage of free school meals pupils (FSMP) in the school as a whole (excluding nursery pupil numbers) in accordance with the attached table from Section 52 (Appendix C). Each financial year a 'Resource Unit for Socio-Economic Need' will be defined. A

school will, from the number of percentage pupils entitled to free school meals, be able to calculate its additional funding.

- b. Un-weighted free school meal eligibility. This allocation is based upon a three year rolling average of the number of pupils on the school roll (PLASC figures) entitled to free school meals. For 2005/06, the three year rolling average comprises January 2003, January 2004 and January 2005 FSM figures.

12. Members of Budget Working Group on 18 January 2006 asked for guidance regarding the eligibility for free school meals in relation to Dudley's LMS scheme. For formula funding purposes the registered eligibility for FSM should be used as the basis for allocating funds. The data relating to FSM is currently obtained from the January PLASC return. The guidance for PLASC Primary Notes of Guidance Version 1 indicates:

Free School Meal Eligibility – Pupils should be recorded as eligible **(Y)** **ONLY** if a **claim** for free school meals has been made by them or on their behalf by parents **and** either **(a)** the relevant authority has confirmed their eligibility and a free school meal is currently being provided for them, **or (b)** the school or the LEA have seen the necessary documentation (for example, an Income Support order book) that supports eligibility, and the administration of the free meal is to follow as a matter of process. Conversely, if pupils are in receipt of a free meal but there is confirmation that they are no longer eligible and entitlement will be revoked, code **N** should be applied.

Children whose parents receive the following support payments are entitled to receive free school meals:

- Income Support
- Jobseekers Allowance (Income Based)
- Child Tax Credit (but **do not** receive Working Tax Credit) and whose annual income is £13,910 or less as assessed by The Inland Revenue
- Guaranteed Pensioner Credit

A child whose parent is an Asylum Seeker in this country and can provide legal Home Office papers to support this is entitled to receive free school meals.

Children who receive Income Support or Jobseekers Allowance (Income Based) in their own right are also entitled to receive free school meals.”

So whilst Schools are entitled to record eligibility on the PLASC there is some doubt shared amongst Budget Working Group colleagues whether all schools are operating this in practise; this in turn may cause some under-funding in schools budget allocations where FSM data is used as a basis of distribution.

Information from the Benefits section within the Finance Directorate has identified that the section record and validate claims for FSM but are unable to quantify eligibility prior to receipt of the claim. Therefore we are unable to draw on information retained centrally and must rely and schools completing the PLASC return accurately.

13. Appendix D includes background financial information in respect of formula funding allocated to Dudley schools in respect of deprivation factors. The Assistant Director for Resources and Planning has undertaken to prepare the statement of social deprivation on behalf of Schools Forum. The final content of the statement to be issued to the DfES by 5 May 2006 will be in accordance with Schools Forum advice.

Proposals

14. It is proposed that Schools Forum note the request for information from the DfES and advise the Director of Children's Services on the completion of the social deprivation statement by the 5 May.
15. It is proposed that a note is circulated to schools reminding Head Teachers of the free school meal eligibility criteria as recorded on PLASC and the current formula funding arrangements.
16. It is proposed that Schools Forum advise the Director as to whether a review of the current arrangements for funding schools for the costs of deprivation should be undertaken by Budget Working Group, particularly in respect of the distribution of funds using free school meals data. This review could also ensure that deprivation funding to Dudley schools is distributed equitably.

Finance

17. The funding of schools is prescribed by the DfES through the School Finance (England) Regulations 2006.
18. From 1st April 2006, the Schools Budget will be funded by a direct DfES 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.

Equal Opportunities

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

Recommendation

21. That Schools Forum note the contents of this report, and advise the Director of Children's Services in respect of the proposals listed in paragraphs 14 to 16.



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