

Dudley Metropolitan Borough Council

Schools Forum

7 February 2006

Report of the Director of Children's Services

2006/07 School Funding Arrangements for Dudley School's Reorganisation

Purpose of Report

1. To advise Schools Forum of the proposed funding arrangements in respect of Dudley schools affected by schools re-organisation during 2006/07.

Background

2. The School Finance Regulations (England) 2006 require local authorities to issue to schools indicative budget allocations in respect of 2006/07 and 2007/08 by 31 March 2006.
3. Regulation 20 within the 2006 School Finance Regulations places a duty on the local authority to make provision within its LMS formula to recognise specific needs of new, reorganised or closing schools.
4. Where a school is subject to reorganisation or closure, factors must be used to recognise the particular circumstances of those schools. Such factors could include, for example, the reduction of a full year's AWPU and non-AWPU data funding allocation to reflect the removal of classes and year groups from a particular school as at an appropriate date.
5. To accommodate the primary school reorganisation at September 2006, it is proposed that Dudley's LMS formula will utilise Regulation 20. Those schools closing on 1 September 2006 will have a budget share adjustment equal to a reduction of 7/12th of their total formula budget share for 2006/07, included in this separate formula factor.
6. The sum of the collective 7/12th reductions will be retained from April 2006 within the Schools Specific Contingency until re-distributed during 2006/07.

2006/07 School Budget Shares

7. The LMS formula budget, effective from April, is based on PLASC data available from the previous January and is recorded in Section 52 budget statement. The S52 is a statutory document which has to be published by 31 March preceding the commencement of the financial year.
8. PLASC data for 2006 was collected on 19 January 2006. Once this pupil data has been through the initial internal validation process it will be available for use as a basis for 2006/07 formula funding purposes. It is estimated that the data will be cleared internally by the 7 February 2006.
9. The internal validation of the January 2006 PLASC data will also allow the authority to estimate the Dedicated Schools Grant for 2006/07. The DSG quantum is necessary in order to run the school budget shares.
10. Due to the schools re-organisation process, the presentation and calculation of the 2006/07 and 2007/08 school budget shares will need to differ from usual arrangements.
11. School Forum should note that the DfES do not provide prescriptive guidance to authorities on the issue of school budgets when undertaking a school re-organisation. The DfES are of the view that the Regulations and guidelines are suitably flexible for authorities to adapt to their own local circumstances. However, the DfES have been exceedingly helpful in interpretation of the Regulations, for Dudley, and given advice to officers as and when required. For this reason, until such time as the school budget shares are calculated, in mid February, the authority can only estimate the obstacles it will face and proposed solutions and therefore the process detailed in paragraph 12 and 13 cannot be defined precisely at this point in time.
12. Paragraphs 5 and 6 have detailed the use of Regulation 20 which relates to 7/12th of the schools budget share being removed in 2006/07 and the collective sum being retained within the schools specific contingency from April 2006. It is planned that by 1 September 2006, the authority will have full details as to the movement of pupils, the latest position on the accommodation requirements, the August period end position for those schools closing (including school reserves accumulated) and any other 'one off' costs.
13. The 7/12th budget share set aside within the schools specific contingency together with any closing school reserves, will be used to fund the following:
 - a. The August period end balances for closing schools (if in deficit);

- b. The ongoing premises costs for those schools to be closed but for which a period of 'winding up' is necessary during 2006/07;
 - c. The one off payments proposed to schools for clothing grants and closing/partners grants which was estimated at £567k (as approved in principle by Schools Forum at its December meeting);
 - d. The one off payments (if any) to employees in respect of redundancy or enhanced pension costs;
 - e. A distribution to schools equivalent to pupil-led funding in respect of the new admissions in September 2006.

14. Further advice is being taken from the DfES regarding the re-allocation of the Standards Fund grant (both revenue and capital) and the Schools Standards Grant for those schools closing. Further information will be provided to Schools Forum as it becomes available.

15. Advice will need to be given to schools regarding the setting of schools budgets for 2006/07 and 2007/08 and the assumptions to be made. This is currently under discussion within the Education Accountancy section and will be relayed to schools soon.

16. If the authority was in a position by mid February 2006 to detail accurately the revised pupil numbers for September 2006, then it may have been possible for the 2006/07 school budget share to reflect both the reduction and the addition for schools affected by the school closures during 2006/07. However, there is uncertainty at this point in time as to the precise movement of pupils affected by the re-organisation and their location in September 2006, due to requirement for the proposals to be approved by the School Organisation Committee.

17. The School Organisation Committee (SOC) will meet on the following dates to consider school re-organisation proposals.
 - a. 26 January – Highfields and Sycamore Green
 - b. 2 February – Holt Farm and Beauty Bank
 - c. 21 February – Maidensbridge

18. If the SOC approves the re-organisation then parents of every child affected will be contacted by the authority's admissions section to obtain preferences for school places from September 2006. It is anticipated that this information will be available before 31st March 2006. This will allow the 2007/08 indicative school budget shares to be calculated but will not leave sufficient time to change the 2006/07 budget shares.

19. A further update will be provided to Schools Forum at each of its meetings before 1 September 2006 outlining the next stage. The authority is mindful that schools will need to plan for the increased pupil intake in September 2006 and will do everything possible to provide schools with their revised budget shares at the earliest opportunity.

2007/08 School Indicative Budget Shares

20. The Dedicated Schools Grant (DSG) for 2007/08 will not be finally known until February/March 2007 when January 2007 PLASC numbers are validated internally. Therefore the indicative modelling for period 2 (2007/08), which is a statutory obligation, must have a **strong caveat** that it is based on the best pupil number information at January 2006 and is not a guaranteed or final budget.

21. It is proposed that pupil numbers for 2007/08 be based on PLASC data at 19 January 2006 which will be extrapolated to reflect 2007/08 pupils (paragraph 8).

22. Adjustments will be made to this data to account for the following :

- a. The estimated intake of pupils at Reception and Year 7 for all schools;
- b. The intake of pupils from closing schools (paragraph 18).

23. Closing schools will have no budget for 2007/08.

24. Where the premises of a closing school remain open as an annexe of a partner school, then the S52 budget of the partner school will be adjusted to reflect the additional funding required for premises and occupancy costs for the period that the premises remain in use. As in 2006/07, it may be necessary to make use of the closing/reorganising schools provision to reflect such adjustments to the school budget share.

25. All other budget assumptions will be in line with the 2006/07 budget or based in DfES guidance.

26. Indicative budget shares will be issued to schools by 31 March 2006, which is the statutory date set by the DfES.

Proposals

27. It is proposed that Schools Forum note the proposed funding arrangements for 2006/07 and 2007/08, as detailed within the report, in respect of

schools affected by reorganisation and in particular the planned use of the schools specific contingency.

28. Schools Forum is required to approve the use of the schools specific contingency, as set out in paragraph 6, in respect of the current school reorganisation.

Finance

29. The funding of schools is prescribed by the DfES through School Finance (England) Regulations 2006.

30. From 1st April 2006, the Schools Budget will be funded by a direct DfES grant: Dedicated School Grant (DSG).

Law

31. 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

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

Recommendation

33. That Schools Forum note the contents of this report, and advise the Director of Children's Services in respect of the proposals detailed in paragraphs 27 and 28.



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