

<b>DECISION-MAKER:</b>	CABINET MEMBER FOR CHILDREN'S SERVICES AND LEARNING
<b>SUBJECT:</b>	CHANGES TO THE SCHOOLS FAIR FUNDING FORMULA 2011/12
<b>DATE OF DECISION:</b>	14 MARCH 2011
<b>REPORT OF:</b>	ASSISTANT DIRECTOR OF CHILDREN'S SERVICES AND LEARNING
<b>STATEMENT OF CONFIDENTIALITY</b>	
NONE	

### **BRIEF SUMMARY**

The Department for Education has announced that a number of specific grants will be mainstreamed into the Dedicated Schools Grant from 2011/12. This report recommends the inclusion of a new factor in the Fair Funding Formula which is used to calculate the budget shares for individual schools.

### **RECOMMENDATIONS:**

- (i) To approve an amendment to the Fair Funding Formula for 2011/12, as detailed in Appendix 1, which will allow Standards Fund Grants to be allocated to schools on the same basis as in 2010/11.

### **REASONS FOR REPORT RECOMMENDATIONS**

1. The Department for Education has announced that a number of specific grants will be mainstreamed into the Dedicated Schools Grant from 2011/12. The recommendation to include a specific grant factor based on the amount that a school would have received if the specific grants had continued, will ensure minimal turbulence pending a full review of funding by need.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. Under Department for Education regulations the specific grants have to be allocated through schools' budget shares from 2011/12 as the grants will be mainstreamed into the Dedicated Schools Grant. The other allocation methods discussed with and rejected by the Schools Forum were:
  - Allocation on number of roll (100%)
  - Allocation on number on roll (71%), flat rate (11%), free school meals (5%), English as an additional language (3%), prior attainment (7%), numbers of advanced skills teachers (3%)

### **DETAIL (Including consultation carried out)**

3. The Dedicated Schools Grant (DSG) funds the majority of education provision. In addition schools have also received a number of Standards Fund grants from the government to fund specific educational activities. The Department for Education (DfE) announced in the Local Government Settlement for 2011/12 that a number of Standards Fund grants will be merged into the Dedicated Schools Grant (DSG) from 2011/12. A full list of the grants is attached at Appendix 1.

4. The DSG funds the annual budget share for each school which is calculated using a formula called the Fair Funding Formula (FFF). This formula recognises the size and specific needs of each individual school. It allocates the majority of funding on a per pupil basis (or on a per place basis for special schools), according to the total number of pupils and the national curriculum year group in which they are taught. The remaining budget share is allocated on the basis of a range of other factors including a basic flat rate, floor area, deprivation and prior attainment.
5. Standard Fund Grants have generally had to be allocated to schools according to formulas set down by the Government. However a few grants have been allocated according to local discretion after agreement with the Schools Forum. The grants have been distributed according to a range of factors including number on roll, flat rate, free school meals and prior attainment,
6. As a result of the government's decision to merge all grants into the DSG schools will no longer receive separate grants along with their budget share. From 2011/12 all funding for schools will be allocated through the annual budget share which is notified to schools in March and received in schools in April. A working group of the Schools' Forum was set up to discuss and model how these grants could be mainstreamed into the Fair Funding Formula (FFF). The Schools Forum considered the proposals at their meeting of 26<sup>th</sup> January.
7. Members of the Schools Forum felt that turbulence in schools' funding should be kept to a minimum in 2011/12, and that decisions on funding should not be rushed, particularly as the Government has indicated that they may move to a national funding formula in the future. The DfE has also asked local authorities to take account of the previous level of grants in their budget settlements for schools to prevent turbulence.
8. After considering a range of scenarios, the Forum considered that a new grants factor should be included in the FFF for 2011/12. This factor will be specific to each school and will be based on the previous allocation methodology used to allocate the grants to schools in 2010/11. This will ensure that each school will receive a budget share in 2011/12 that includes additional funding broadly similar to the amount received in 2010/11 for other grants and calculated on the same basis. The basis for allocation of the individual grants within this new grants factor is detailed in Appendix 1
9. All governing bodies of schools in Southampton have been consulted on the recommendation. Six out of the 79 schools and academies responded to the consultation, a response rate of 7.6%. Five supported the recommendation as being a fair solution for schools generally which would result in minimal turbulence. One school felt the changes were not transparent and were concerned that the grant funding would be lost within the new formulae. This concern will be addressed as, with their budget share, each school will be given a full breakdown of the funding included for each of the grants that were previously allocated separately.

## RESOURCE IMPLICATIONS

### Capital/Revenue

10. School budget shares are funded from the Individual Schools Budget (ISB), which is entirely funded by the Dedicated Schools Grant.

### Property/Other

None

## LEGAL IMPLICATIONS

### Statutory power to undertake proposals in the report:

11. The Financing of Maintained Schools (England) Regulations, made in accordance with the Schools Standards & Frameworks Act 1998 and the Education Act 2002, direct any changes made to the Fair Funding Formula used to determine school budget shares.

### Other Legal Implications:

12. The funding of schools as set out in this report is subject to the Human Rights Act 1998 and Equalities legislation. These matters have been considered in determining the allocations set out in this report.

## POLICY FRAMEWORK IMPLICATIONS

13. The proposals set out in the report are consistent with the strategies and policy objectives set out in the Children and Young People's Plan (CYPP).

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**KEY DECISION?** Yes/No    Yes

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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**SUPPORTING DOCUMENTATION**

**Non-confidential appendices are in the Members' Rooms and can be accessed on-line**

**Appendices**

1.	Standards Fund Grants to be mainstreamed into the Dedicated Schools Grant 2011/12
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**Documents In Members' Rooms**

1.	None
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**Integrated Impact Assessment**

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	No
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**Other Background Documents - None**

Title of Background Paper(s)      Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)