

REGULATORY AND OTHER COMMITTEE REPORT

NAME OF COMMITTEE:	Schools Forum
DATE OF MEETING:	9 October 2013
SUBJECT:	School and Early Years Finance regulations 2013 and additional grant conditions for the Dedicated Schools Grant – DfE consultation
REPORT BY:	Tony Warnock Head of Finance (Children's and Specialist Services)
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IS REPORT CONFIDENTIAL?	No

SUMMARY

The purpose of this report is to advise the Schools Forum that on 2nd August 2013, the DfE published a consultation on the School and Early Years Finance Regulations for 2013 and additional grant conditions for the Dedicated Schools Grant.

DISCUSSION

The main purpose of the proposed changes is to give effect to the changes to the funding system that the government intends to introduce in 2014/15. A copy of the consultation can be found at:

<https://www.gov.uk/government/publications/consultation-letter-on-school-and-early-years-finance-regulations-2013>

A summary of the proposed changes is attached at Appendix 1.

The consultation closes on 11th October 2013. The LA will seek to provide a response to the DfE regarding any key concerns.

The regulations are expected to come in to force on 1 January 2014 (i.e. the same implementation date that was used for this year's regulations).

LA officers will ensure compliance with the regulations as the new funding arrangements for 2014/15 are developed and become operational.

RECOMMENDATIONS

The Schools Forum is asked to note the content of the report.

APPENDICES (If applicable) - these are listed below and attached at the back of the report.

Appendix 1: Summary of the proposed changes to school and early years finance regulations and additional grant conditions for the Dedicated Schools Grant

BACKGROUND PAPERS			
PAPER TYPE	TITLE	DATE	ACCESSIBILITY
DfE consultation document	School and Early Years Finance regulations and additional grant conditions for the Dedicated Schools Grant	2 August 2013	https://www.gov.uk/government/publications/consultation-letter-on-school-and-early-years-finance-regulations-2013

Proposed changes to school and early years finance regulations

Changes that were not included in the 2014-15 announcement and operational information are in italics, with a brief explanation of the policy. For an explanation of the policy for the other changes, please refer to the documents published on 4 June.

Regulation 3 includes an amendment to the Order that transfers responsibility for school meals to schools to make it clear that this transfer applies to schools whether or not the local authority provides a specific amount of funding to the school for lunches. This is a clarification of existing policy. Schools already fund lunches from their mainstream budgets rather than a specific grant.

Regulation 4 includes an amendment to the Schools Forums (England) Regulations 2012 to require the election of a representative of providers of 16 to 19 education to the schools forum, and to remove the inclusion of a representative of the local authority's 14 to 19 partnership on the forum. We are proposing that eligible institutions should be those in the FE sector (FE and sixth form colleges) and other institutions that specialise in SEN and LDD provision (ISPs), where 20% or more of their students reside in the authority's area.

Regulation 6 and regulation 12 require local authorities to make an initial determination of their 2014-15 schools budget, individual schools budget and the amount of each school's budget share by 28th February 2014 (except in relation to special schools, pupil referral units, etc). In the previous regulations the date for doing so was 15th March. The date for informing schools of their budget shares also moves from 15th March to 28th February.

Another change is that the determination of amounts included in budget shares in relation to sixth form funding is excluded from these determinations. Sixth form funding calculations will have to be done within a reasonable period after the Secretary of State has informed the authority of the allocation of Sixth Form Grant.

Under regulation 12(7) the deadline for informing special schools and pupil referral units of their budgets moves from 15th March to 31st March.

Regulation 9(7) requires local authorities to put any unspent money from the 2013-14 growth and infant class size funds into the 2014-15 individual schools budget, so that it is recycled to schools.

Regulation 9(8) allows local authorities to carry over to 2014-15 unspent de-delegated central expenditure to be used for the same purpose as it was used in 2013-14. In other words, it can be used for de-delegated services without having to allocate through the formula again. This responds to representations that money that maintained schools de-delegate should continue to be available for the use of maintained schools.

Regulation 12(3) has been amended to require local authorities, in identifying funding for SEN pupils in individual primary and secondary school budgets (the notional SEN budget), to calculate that sum with reference to a threshold of £6,000. Schools are expected to meet the costs of the additional support required by pupils with SEN up to that cost threshold.

Regulation 12(8) prevents local authorities from redetermining a school's or early years provider's 2014-15 budget once it has been set, except in specific circumstances. This provision was introduced for 2013-14 but there has been some confusion about it so we are clarifying the position.

The definition of "pupils" for **regulation 14 and elsewhere (other than regulation 17 on early years)** has been amended to clarify that pupils only count if they are single registered or dual main registered at the school.

Regulation 14(2)(a) provides that SEN places, whether filled or unfilled, do not count towards a school's pupil numbers for the purpose of calculating its budget through the mainstream local funding formula. For 2013-14 the regulation provided that pupils in SEN places did not count. The change is to avoid double funding.

Regulation 14(5) provides that the basic per pupil amount (the age-weighted pupil unit) in a local authority's formula must be at least £2000 for primary and £3000 for secondary pupils.

Regulation 15 has been amended to ensure that, for maintained special schools, the separate calculation of funding for sixth form places ceases with effect from 1st August 2014, and all places (including sixth form places) other than hospital education places will then attract £10,000 per annum. We would welcome specific comments on the change to regulation 15 as we did not consult on this policy change earlier in the year. The intention is that special schools will receive the flat rate £10,000 for all their places, including sixth form places for students aged 16-19, other than hospital education places. In the academic year from August 2013 to July 2014 special schools are receiving their place-led funding for the 16-19 year olds through the sixth form grant calculation which allocates an amount derived from the national funding formula for this age group plus £6,000 for identified high needs places. This will normally provide an amount in excess of £11,000.

The change to a flat rate £10,000 for all pre- and post-16 places will take effect from 1st August 2014. The regulations will apply this to maintained special schools. The Education Funding Agency (EFA) will also apply this to the funding of special academies and free schools and of non-maintained special schools. We will keep under review whether to

2014-15 DSG: additional conditions of grant

- (a) the authority must maintain a single formula for funding both maintained schools and Academies in its area;
- (b) in constructing the formula, the authority must take account of the circumstances of all Academies and maintained schools in its area;
- (c) the formula must allocate at least 80% of funding through pupil-led factors (single per pupil amount, social deprivation, prior attainment, English as an additional language, pupil mobility, looked after children, differential salaries of teachers near London);
- (d) any limiting or scaling back of the funding of schools and Academies that gain from the formula must not exceed in total the cost of funding the minimum funding guarantee for schools and Academies entitled to the MFG;
- (e) in using funding held centrally within DSG, other than funding that has been de-delegated by maintained schools, the authority must treat maintained schools and Academies to which recoupment applies on an equivalent basis;
- (f) in making arrangements for funding young people with high needs, the authority must treat those placed in maintained provision, in Academies and Free Schools, in the FE sector, and in non-maintained and independent provision on a fair and equivalent basis;
- (g) in deciding on top-up funding rates for the pupils it will place in special schools maintained by the Authority and Special Academies formerly maintained by the authority, the authority must ensure that the rates for each school are set no lower than at such a rate or rates that, if all the pupils in the school or Academy were placed by the authority, and the total number and type of places remained the same in the two financial years, the school or Academy's budget would reduce by no more than 1.5% in cash between 2013-14 and 2014-15;
- (h) when a pupil who requires top-up funding has already been placed in an institution and is in receipt of top-up funding from the authority at 31 March 2014, the authority must continue the agreement with the institution to make such top-up payments until such time as the pupil has left the institution, or the contract is replaced by another. When such a pupil is placed by the authority in an institution at a later date, the authority must likewise enter into such an agreement;
- (i) when making top-up payments to institutions for high needs pupils, the authority must make the payments in a timely fashion on a basis agreed with the institution, which must be monthly unless otherwise agreed. 9