



## Wirral Schools Forum

<b>Date:</b>	Tuesday, 24 January 2012
<b>Time:</b>	6.00 pm
<b>Venue:</b>	Council Chamber, Wallasey Town Hall

**Contact Officer:** Sue Ashley  
**Tel:** 0151 666 4579  
**e-mail:** SueAshley@wirral.gov.uk  
**Website:** <http://www.wirral.gov.uk>

---

## AGENDA

1. MINUTES OF PREVIOUS MEETING (Pages 1 - 6)
2. MATTERS ARISING
3. OUTCOME OF LOCAL FORMULA CONSULTATION (Pages 7 - 14)
4. SCHOOLS BUDGET 2012-13 (Pages 15 - 26)
5. MFG EXCEPTIONS (Pages 27 - 28)
6. PUPIL PREMIUM (Pages 29 - 30)
7. SCHOOLS BUDGET MONITORING 2011-12 (Pages 31 - 32)
8. SCHEME FOR FINANCING SCHOOLS UPDATE (Pages 33 - 68)
9. EARLY YEARS FORMULA REVIEW (Pages 69 - 82)
10. MUSIC HUB REPORT FOR SCHOOLS (Pages 83 - 84)
11. ACADEMY CONSULTATION (Pages 85 - 88)
12. FINANCE REGULATIONS 2012 (Pages 89 - 128)
13. WORKPLAN UPDATE (Pages 129 - 130)
14. DATE OF NEXT MEETING



# Agenda Item 1

**WIRRAL SCHOOLS FORUM**  
**27<sup>th</sup> SEPTEMBER 2011**  
**MINUTES**

**Present:** R. Longster (Chair)

Schools Group

A. Baird	M. Kophamel
E. Cogan	C. Mann
I. Cubbin	J. Owens
B. Cummings	S. Peach
S. Dainty	C. Penn
P. Dixon	S. Wall
N. Greathead	J. Weise
L. Ireland	G. Zsapka

Non-Schools Group

J. Kenny	S. McNamara
D. McDonald	N. Reilly
B. McGregor	

**In Attendance:** D. Armstrong Cllr. A. McLachlan  
P. Ashcroft M. Parkinson  
S. Ashley A. Roberts  
Cllr. S. Clarke C. Warburton

**Apologies:** K. Frost M. Potter  
M. Mitchell P. Sheridan

**1. ELECTION OF CHAIR AND VICE CHAIR**

Richard Longster was re-elected as Chair of the Schools' Forum and Steve Dainty was re-elected as vice chair to serve for the coming 12 months.

**2. MINUTES FROM THE PREVIOUS MEETING**

The minutes from the meeting were accepted as a true record (Dr Cubbin confirmed he attended the meeting.)

The Forum noted the resignation of 2 governor representatives, Betty Renshaw and Margaret Bevan, and wished to record their thanks for the contribution they have made.

**3. MATTERS ARISING**

Minute 6: The DfE has recently confirmed that Hospital Schools are entitled to the Pupil Premium. This means that the amount of £9,890 for the Wirral Hospitals School will be paid directly from the DfE rather than from the contingency budget.

Minute 10: The DfE have indicated that the delegation of budgets for Pupil Referral Units should be postponed to 2013/14, in line with the School Funding Review.

**4. CONSULTATION ON SCHOOL FUNDING REFORM**

Andrew Roberts summarised his report, noting that the DfE have moved away from a national formula for all schools to a national formula with local flexibility. Andrew highlighted some of the questions and issues from the current consultation on school funding reform and suggested responses, as follows:-

### Section 1: National Funding System

There are two options for indicative school funding allocations, a notional amount for each school or a per pupil amount for each authority. A per pupil amount is preferred since a notional amount for each school may be misleading.

### Section 2: The Schools Block - System

This section deals with how the schools block is allocated to schools.

There will be a reduction in the number of permitted formula elements, in local funding formulae (Questions 2 & 3). This will impact the distribution of former standards fund grants (£34m) and may cause some turbulence in the formula.

Question 6 provides options for the Schools Forum to have greater decision making powers, which is supported.

### Section 3: The Schools Block – Formula

The allocation of schools funding to Local Authorities will be made up of 4 blocks. The main one will be the schools block, consisting of a per pupil amount, additional funding for deprived pupils, protection for small schools and an area cost adjustment. Question 9 asks if these are the correct factors.

Currently the Minimum Funding Guarantee is set at -1.5%. If this remains at -1.5% the move to the new funding formula will be slow. If it is reduced further this will cause greater uncertainty for school budgets (question 18).

### Section 4: Central Services

This section questions if some of the central services should be delegated to maintained schools so that schools and academies are dealt with in the same manner. The Schools Forum would be able to decide to hold funding centrally for maintained schools in certain areas (question 19).

### Section 6: Children Requiring High levels of Support

Mainstream schools will continue to meet some of the costs of SEN. The consultation provides four options for funding Special Schools (question 30):-

- Place led funding (as most are presently).
- Pupil led funding
- Place led funding reduced for surplus places
- Base funding of £10k per place with extra pupil led funding

### Section 7: Early Years

As the new funding formula has only been in place since April the local formula should be reviewed before further changes are considered.

### Section 8: Pupil Premium

The Pupil Premium is based on the number of free school meals recorded at January Census. This measure will be broadened to those children who have received free school meals in the last three years (Ever 3) or the last 6 years (Ever 6). The broader the measure, the broader the distribution of resources across authorities. Ever 6 is also likely to benefit secondary schools over primary schools.

### Section 9: Timing for Implementation

The new funding formula will be implemented in 2013-14 or 2015-16.

The Consultation finishes on 11<sup>th</sup> October 2011. A response will be submitted to the DfE on behalf of the School's Forum.

### Resolved:

That the Forum notes the report

## **5. ACADEMIES UPDATE**

Andrew Roberts outlined his report. As at 1<sup>st</sup> September 2011 there are 8 academies in Wirral, with 5 in the process of converting. Approximately £53m of delegated budget, (half of the secondary budget) and £272k of the central budget will transfer to Academies. The local authority's central budget will be top sliced, with a deduction of £800k in 2011-12 and £900k for 2012-13 regardless of the number of academies that convert. Those schools who have become academies are continuing to work with the LA. Mark Parkinson confirmed the importance of establishing what services academies would like and the cost of buying them back. PFI schools will continue to have a relationship with the authority until at least 2031.

Neville Reilly highlighted the issue of possible staffing reductions if the central budgets were cut further.

Resolved:

That the Forum notes the report

**6. TRANSFER OF SEN POST 16 FUNDING**

Paul Ashcroft summarised his report on the transfer of responsibility and funding from the Young Peoples Learning Agency (YPLA) for those aged between 16 and 25 with special educational needs (SEN). There are currently three funding streams for 16-25 SEN, these are:-

- Additional learner support
- Post 16 SEN allocation for LA's
- Central YPLA high cost provision

There are cost pressures in each area. The YPLA is working towards one funding stream for all high needs learners up to the age of 25.

Resolved:

The Forum notes the government's intention to create a single funding framework and budget for the local authority for post 16 learners up to the age of 25 with SEN/LLDD

The Forum notes the budgetary pressures that are likely to remain.

**7. COMMISSIONING SPECIALIST PLACES FOR PUPILS WITH STATEMENTS**

Paul Ashcroft informed the group that this paper seeks agreement to consult with all secondary schools about commissioning specialist SCD/ASD places at Clare Mount using funding identified in the July meeting of £120,000 from surplus places in special schools. These places can cost up to 3 times as much in the non-maintained sector. If agreed this funding will be included in the budget for Clare Mount from April 2012.

Andre Baird asked if the funding would be met from the place changes at other special schools, which was confirmed.

Resolved:

The Forum agreed unanimously to consult all secondary schools on the proposal that £120,000 be placed in Clare Mount School's budget in April 2012 to secure 8 further places in its resourced provision for SCD/ASD, bringing its total number in the provision to 38.

**8. CHANGES TO LOOKED AFTER CHILDREN'S EDUCATION SERVICE (LACES)**

Mark Parkinson summarised the service provided by the Looked After Children's Education Service and the new arrangements due to be in place by January 2012. The service will:-

- Track, monitor and challenge outcomes
- Assist personal education planning
- Provide training

David Armstrong highlighted the importance of feedback concerning the revised service as the LA is the corporate parent of looked after children.

Resolved:

That Forum notes the changes to the Looked after Children's Education Service.

**9. PROVISION OF INSURANCE SERVICES TO SCHOOLS**

David Armstrong outlined the provision of insurance services to schools. Schools have worked hard to lower risk, which has resulted in reduced claims and reduced insurance premiums. As Schools convert to academies insurance cover is outside in the authority's insurance scheme, which may place upward pressure on charges for the remaining schools. The Risk and Insurance Team continue to support academies through the provision of a brokerage service.

Resolved:

That Forum notes the report.

**10. HARMONISATION AND £250 PAY AWARD UPDATE**

A document on harmonisation and the £250 pay award were included on the agenda for information. This has also been sent out to all governing bodies. Letters have been sent to schools, asking governing bodies to confirm they agree with both proposals.

Shaun McNamara asked about job evaluation, as there are still many jobs with the same titles doing very different tasks. David Armstrong confirmed the department was happy to share what information they had.

Harmonisation back pay will be paid by the department up to 31<sup>st</sup> March 2011, but schools will pick up salary increases thereafter. Funding has been included within school budgets which will part fund these costs going forward.

**11. SCHOOL REDUNDANCIES UPDATE**

Andrew Roberts updated the current redundancy position to include the music service. The Department of Communities and Local Government has approved the application for capitalisation of statutory redundancy costs. A redeployment scheme is currently being finalised which will enable school vacancies to be advertised in schools downsizing before external adverts are placed.

Sandra Wall highlighted that the cost of harmonisation may increase the number of redundancies as the total amount is greater than the £1.1m allocated to school budgets. David Armstrong clarified that equal pay claims would cost more in the long run if harmonisation was not implemented.

Resolved:

That Forum notes the report and will review in 12 months time.

**12. EARLY YEARS FORMULA REVIEW**

Carolyn Warburton highlighted the need to review the Early Year's Single Funding Formula and its impact on providers. The review will take place this term so that any adjustment can be made in time for the new financial year. The working party will be re-formed.

Resolved:

The Forum agreed to support the review.

**13. DSG FINAL GRANT NOTIFICATION AND CENTRAL LIMIT**

Andrew Roberts summarised the report highlighting that the amount of DSG to be carried forward into 2012/13 was £165,000, and that the central limit was breached in the 2011-12 mainly due to technical changes in the accounting treatment of grants, PFI and PPM.

Resolved:

The Forum agreed that the additional DSG of £165,000 should be carried forward and included in the budget for 2012-13

**14. FORUM MEMBERSHIP**

Sue Ashley summarised the current make up of the schools forum, highlighting:-

- 2 governor vacancies for which nominations have been requested
- Secondary and academy representation which will be referred to WASH.

Resolved:

The Forum notes the report.

**15. FORUM WORKPLAN**

A workplan for the Forum was provided in the meeting papers. The Forum noted the areas of work for future meetings.

**16. DATES OF NEXT MEETINGS**

Tuesday 24<sup>th</sup> January 2012

Wednesday 28<sup>th</sup> March 2012

Tuesday 3<sup>rd</sup> July 2012

Tuesday 25<sup>th</sup> September 2012

This page is intentionally left blank



## WIRRAL COUNCIL

### SCHOOLS FORUM 24<sup>th</sup> JANUARY 2012

#### REPORT OF ACTING DIRECTOR OF CHILDREN'S SERVICES

#### CONSULTATION OF THE SCHOOLS FUNDING FORMULA 2012-13

---

### EXECUTIVE SUMMARY

Schools have responded to a consultation on proposed changes to the funding formula used by Wirral to fund Schools in 2012-13. The Forum are asked for their views on the changes recommended.

### Background

The DfE are continuing to develop proposals for a new funding formula for all schools and academies and to move away from the current "spend plus" methodology used to distribute DSG. The DfE indicated over the summer that changes would not be introduced before 2013-14 at the earliest (and may be delayed further). With this in mind the views of schools have been sought on any interim changes that may be needed.

Responses were received from schools as follows:

		%
Nursery	-	0
Primary	36	39
Secondary	9	39
Special	7	53
<b>Total</b>	<b>52</b>	<b>40</b>

### Questions asked

Q1. *Do you agree that grants (mainstreamed in 2011-12) should continue to be allocated within the formula as previously?*

In 2011-12 many grant funded areas (totaling £34M) such as SSG, Specialist Schools and SDG were consolidated within the overall schools formula, at the rate equivalent to the previous grant distribution. This methodology, agreed for 1 year, maintained some stability in the formula and funding for schools at a time when there was much uncertainty.

46 out of 52 responses indicated that this arrangement should continue in 2012-13. Funding stability continues to be a priority for schools. The decision will be reviewed again when the governments intentions for funding reform are clearer.

Q2. *Should Formula Elements such as free school meals and prior attainment be updated?*

44 out of 52 schools support the recommendation to update formula elements, and agree with the view that data should be regularly updated to better reflect the mix and needs of schools.

Q3. *Should the free school meal deprivation element within the local funding formula be amended and replaced with a measure taking account of FSM Eligibility over the last 3 or 6 years?*

Schools supported this change. However, having considered the responses this change is no longer recommended because:

- Resources are not as focused on the highest levels of deprivation.
- A broader entitlement will move resources from Primary to Secondary totaling £700,000, such a shift is not the intended outcome of this change.
- Ever 3 or Ever 6 introduce a further level of funding protection over and above that provided through the Minimum Funding Guarantee.

Q4. *Do you agree with the proposal to increase 8 SCD/ASD places from April 2012 and to find this from surplus special school places?*

Within Special Schools 4 schools supported this change and 2 did not; most secondary and primary schools agreed to the increase in places. The change was agreed in principle by the Forum in September and is the majority view of schools. It will now be included within the budget for 2012-13. Funding has initially been found within the SEN Plan until final decisions are taken regarding Special School places in March.

Q5. *Do you agree that the Hospital School should be funded by a broader AWPU deduction as described?*

Funding is needed to meet the new statutory requirement for appropriate full time provision in Hospital Schools. This will be met in part from growth within the Schools Budget (£130,000) and also from an increased pupil funding transfer from schools. These transfers will in future take account of all pupil funding, not just AWPU, and will apply across all years where pupils are on the rolls of both schools (not just year 11).

Q6. *Do you have any comments on the funding arrangements for WASP?*

Many schools chose not to comment on this question. The views of those who did were:

- Funding should be delegated to schools.
- Excluding schools should fund some or all of the costs.
- There should be more primary provision in PRU's.
- Pupil funding should follow the student.

- Secondary Schools should not contribute £60,000.

Since the introduction of a delegated budget for PRU's has been deferred until 2013 a specific consultation seems preferable in the summer term to consider more detailed funding proposals.

Q7. *Do you support the proposal to retain funding for City Learning Centres within the centrally managed schools budget?*

42 out of 52 supported this proposal and this has been included within the proposed budget for 2012-13. All schools (including academies) will continue to have free access to CLC's with charges levied only for additional services or costs incurred.

The facilities will be reviewed in 2012-13 with a view to reducing costs and making more sustainable.

### **Recommendation**

1. That the Forum notes the responses from schools.
2. With the exception of Q3 implement the views of the majority of schools as described.

**David Armstrong**  
**Acting Director of Children's Services**

David Armstrong  
*Acting Director*Hamilton Building,  
Conway Street,  
Birkenhead,  
Wirral  
CH41 4FDto **All Headteachers**date **19 January 2012**your ref  
my ref  
service  
tel  
fax  
email

AR776/JAM

**Planning and Resources**

0151-666 4249

Please ask for

**Mr A Roberts****0151-666 4338**[andrewroberts@wirral.gov.uk](mailto:andrewroberts@wirral.gov.uk)

Dear Headteacher

**School Funding 2012-13**

I am writing to seek your views on proposals for school funding for the next financial year 2012-13. Over the summer the Department for Education issued a detailed consultation around the introduction of a new funding formula for all schools and academies. This will, when introduced, bring about changes in the overall distribution of school funding between authorities, adjustments in the funding of High Cost Pupils and changes in the Pupil Premium. At this stage it seems unlikely that changes will include a national funding formula for schools, instead budgets will continue to be set locally. The proposals will not be introduced before 2013-14, at the earliest; therefore the current system will continue next year.

With this in mind there are some specific questions with regard to Wirral's School Funding Formula.

**1. Mainstreaming Grants**

In 2011-12 many grant funded areas within the budget (totalling £34m) such as School Standards Grant, Specialist Schools, and Extended Schools, were consolidated within the overall formula in line with the wishes of almost all schools. In the current year school budget allocations have included this funding at a rate equivalent to the previous grant

distribution. This methodology was agreed for 1 year and maintained some stability at a time when there was much uncertainty in school funding and no overall increase in resources. It is proposed that this arrangement continues for a further year or until the national position is determined.

Q1 Do you agree that these grants should continue to be allocated within the formula as previously?

## **2. Formula Factors**

Last year factors within the formula such as Free School Meals and prior attainment were updated with new data, having previously been fixed for 3 years. A decision is needed as to whether to update data for next year or to leave it unchanged. The evidence from last year suggests that fixing data over the funding period led to significant changes and larger shifts in funding than would otherwise have been the case, creating challenges for schools. Data that is regularly updated will better reflect the mix and needs of schools and will cause less turbulence.

Q2. Should formula elements such as Free School Meals and Prior Attainment be updated?

## **3. Free School Meals**

Schools will be aware that there is likely to be significant reduction in the overall number of eligible free school meal numbers next year, compared to previous years. This is the result of clarification following recent access to a national DfE on-line checker system and the continuing fall in school rolls. Overall a reduction in numbers of between 10 and 20% is anticipated. Free School Meal eligibility is a significant element within the local funding formula for deprivation funding and also the Pupil Premium. In the case of the latter entitlement is likely to be based on a new measure taking account of all children who have been eligible for free school meals over the last 3 or 6 years (this change is subject to confirmation by the DfE). If this were also applied to the local funding formula from 2012-13 it would be a means of phasing in the impact of fewer FSM and also being consistent with other grant funding.

Q3 Should the FSM deprivation element within the local funding formula be amended and replaced with a measure taking account of FSM eligibility over the last 3 (or 6 years)?

## **4. Special School Places for Social Communication Difficulties/Autistic Spectrum Disorders (SCD/ASD)**

The demand for specialist SCD/ ASD places continues to grow nationally and locally and since the cost of places in the non-maintained sector is 2 to 3 times higher, it makes sense to continue to develop local provision. Clare Mount School currently provides 30 such places, 10 from historic funding and a further 20 created over the last 2 years. This process has been in parallel to the development of Resourced Provision in mainstream secondary schools for pupils with MLD.

It has been proposed that provision should be increased by a further 8 places at Clare Mount from April 2012 at a cost of £120,000. Funding proposals have been outlined to the Schools Forum and are likely to be from a reduction in the number of surplus school places at some other special schools where there has been a sustained reduction in demand.

Q4. Do you agree with the proposal to increase 8 SCD/ASD places from April 2012 and to fund this proposal from surplus special school places?

#### **5. Wirral Hospital School Full Time Provision.**

There is a new statutory requirement for all Hospital Schools to make appropriate full-time provision for the education of children (subject to the degree and nature of their current medical needs, physical, emotional and mental health). This came into force on 1st September 2011.

Currently the school, which is funded for 80 places, makes part time provision for most children, with some full time teaching having recently been implemented in Year 11, achieved through cost savings and efficiencies. The school roll rises during the year, starting from a position in September of around 70 students and increasing by the summer term to over 100; there being six admissions periods through the year.

In addition the school provides teaching at Adcote House (CAMHS), teaching and support for pregnant schoolgirls and school-age mothers in the Seedlings Unit at Joseph Paxton and teaching on the Children's Ward at Arrowe Park Hospital, whilst liaising with families of Wirral children in Alder Hey and other hospitals.

The Headteacher, on behalf of the Local Authority, also manages the Wirral LA Home Education Service, moving young people from Home Teaching to full or part-time return to school, often through Wirral Hospitals' School Joseph Paxton provision.

Taking account of the medical needs of students it is unlikely that it will be appropriate for all to receive full time tuition. An initial estimate is that this change will affect about 50% of students and additional teaching and support staff of 4.2 FTE and resources would be required. This would cost between £200,000 and £250,000 pa.

The Hospital School is funded partly from core DSG and partly from a Secondary School AWPU transfer for year 11 students. It is proposed to broaden this transfer. In future it would take account of all pupil-led funding and all year groups of children who are on the roll of both schools. This would generate additional income for the Hospital School of between £100,000 and £150,000 pa. The remaining sum required, £50,000 - £100,000, would need to be considered as part of the Schools Budget for 2012-13 alongside other cost pressures.

Q5 Do you agree that the Hospital School should be funded by a broader AWPU deduction as described.

#### **6. WASP**

Initial guidance from the DfE suggested that local authorities would be required to give Management Boards of Pupil Referral Units a delegated budget from April 2012. Although this has now been deferred for 12 months to fit in with plans for future school funding,

authorities are being encouraged to devolve funding from next April. This change would effectively confirm the existing practice in Wirral.

WASP is funded partly from a core budget (£1,050,000), partly from AWPU funding (£150,000) and partly from secondary school budgets (£60,000). Your views on the balance of funding would be useful in the light of comments by the DfE regarding a 3 year pilot project to give schools the continuing financial responsibility for the schools they exclude.

Q6 Do you have any comments on the current arrangements for the funding of WASP?

## **7. City Learning Centres**

Wirral has 3 City Learning Centres with a combined revenue budget of £814,700. Previously the CLC's were funded by a separate grant and this has now been consolidated into DSG. The centres support all schools and academies across all sectors, although take up is greatest in the primary sector. Currently as part of reviewing provision, business plans are being drawn up which will look to secure both revenue and capital funding in the future. This will take some time to develop. It is proposed to make no changes in the funding for CLC's in 2012-13.

Q7. Do you support the proposal to retain funding for City Learning Centres within the Centrally Managed Schools Budget?

## **8. School Funding**

A number of references have been made in this letter to the DfE's proposals for reforming school funding. A recent consultation paper by the DfE has been responded to by the Schools Forum. Some of the key points appear to be:

- Changes will not introduce a nationally determined formula for schools
- There may be some shadow funding issued to schools by the DfE in 2012-13. This will be indicative only.
- In future local funding formulae will have to be simplified and contain fewer factors
- Transitional protection may result in the move to a new funding formula over a number of years
- The Pupil Premium will increase significantly in 2012-13 (nationally resources will double). The calculation will change and be based on either a measure called Ever 3 (Eligible Free School Meals in then last 3 years) or Ever 6.
- There is a discussion about place and pupil funding for high cost provision in special schools.
- Using the Disability Living Allowance as a proxy to determine overall High Cost Allocations.

Thank you for considering the issues raised. I hope you have sufficient information on which to base a response. Please let me know if you think not. I would be grateful for your views on or before Friday 18<sup>th</sup> November. These will be collated and reported to your headteacher groups and the Schools Forum and Cabinet as part of the budget process.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'D Armstrong', with a stylized flourish at the end.

David Armstrong  
Acting Director of Children's Services



## WIRRAL COUNCIL

### WIRRAL SCHOOLS FORUM - 24th JANUARY, 2012

#### REPORT OF THE ACTING DIRECTOR OF CHILDREN'S SERVICES

#### SCHOOLS BUDGET 2012-2013

---

### EXECUTIVE SUMMARY

This report outlines the Schools Budget for 2012-13 and describes the financial changes to be considered by the Forum and Cabinet. The Forum are asked for their views on the proposed budget of £179,089,400 for maintained schools and £49,335,300 for the anticipated number of academies.

#### 1.0 Background

The schools funding allocations were issued by the Department for Education on 13<sup>th</sup> December. The allocations are for a further year and continue the current grant methodology. School funding is maintained at "flat cash" per pupil. This means that overall budgets per pupil are unchanged in cash terms and are without any inflationary increases.

#### 2.0 Pupil Premium

The Pupil Premium provides additional funding for deprived pupils. In 2012-13 it will be set at £600 for each pupil that has been eligible for Free School Meals at any point in the last 6 years. A premium is also payable in respect of Looked After Children and Service Children (although the latter group will be funded at £250). The Pupil Premium is a separate report on this agenda.

#### 2.1 Dedicated Schools Grant

The DfE have consulted during the year on plans to reform school funding (Schools Forum Report 27<sup>th</sup> September) and in the light of responses they are continuing to develop their proposals. For 2012-13 the current distribution methodology for the Dedicated Schools Grant (DSG) has been maintained. This includes the grants that were mainstreamed in 2011-12 such as School Standards Grant and School Development Grant.

The estimated level of DSG for Wirral is:

Guaranteed Unit of Funding (GUF)	Guaranteed Unit of Funding (GUF)	Estimate of all Pupil Numbers	<b>DSG</b>
2011-12	2012-13		2012-13
£	£		£
5,028.39	5028.39	45,426.7	228,424,700

Estimated pupil numbers are based on October census data where available and include academies. Final allocations will be issued in June 2012, based on January 2012 pupil numbers.

## 2.2 Mainstreamed Grants

The grants that have been included within DSG are estimated to be £34,517,000

Most funding is included within the individual budgets delegated to schools. However the following amounts continue to be retained centrally for:

	£
City Learning Centres	814,700
Advanced Skills Teachers	317,100
Ethnic Minority Achievement	199,300
School Intervention	674,500
	<b>2,005,600</b>

## 2.3 Academies

During the year a number of Secondary Schools have become academies. Currently there are 9 academies, with another 4 anticipated before the end of 2011-12. Academies are independent from the local authority and are funded separately from maintained schools, through the YPLA (Education Funding Agency from 1<sup>st</sup> April 2012). However regulations require Wirral to continue to calculate their budgets. The overall budget sum, together with a proportion of central schools budgets including Maternity, Behaviour, Contingency, will be deducted from the DSG grant received by Wirral and paid by the YPLA to academies.

The grant reduction for Wirral is estimated to be as follows:

	£
Delegated Schools Budget	48,810,400
Central School Budgets for:	
Special Staff Costs (Maternity etc)	265,100
Contingency including termination of employment costs	102,800
MEAS	93,400
Behaviour Support	27,500
Licences and Subscriptions	24,900
Miscellaneous	11,200
	<b>524,900</b>
<b>Total</b>	<b>49,335,300</b>

The total budgets throughout this report exclude indicative amounts for academies.

## 2.4 Minimum Funding Guarantee (MFG)

The Secretary of State confirmed that the MFG would continue in 2012-13, protecting schools from changes in funding resulting from fewer pupils and formula changes. The MFG remains at minus 1.5% per pupil. Authorities can choose to set a higher guarantee, however this would increase costs at a time when "headroom" or growth opportunities are limited to achieving efficiencies/reductions in other budget areas.

## **2.5 Individual Schools Budget (ISB)**

Changes within the ISB are:

- Transfer of funding for the Education Inclusion Bases at Oldershaw, Woodchurch and Hilbre (£510,700). These services will be commissioned from the respective academies on the same basis as the Sanderling Unit at UAB.
- Net falling rolls £1,201,300 – the estimated secondary numbers (11-15) will reduce from 18,101 to 17,679 (a 2% reduction), this will be matched by a similar reduction in grant. There is a small increase in primary numbers from 23,687 to 23,944 (a 1% increase).
- Rates. Having allowed for a 5.2% increase in rates payable by schools next year, there is an overall net reduction of £58,500. This is because the academy schools receive 80% mandatory rate relief.
- 6<sup>th</sup> Form Funding. To date no allocations have been received from the YPLA, these are unlikely to be received before the end of March. Indications are that amounts will reduce as previously indicated for the Teachers Pay Grant and for transitional protection to bring school sixth form allocations in line with other colleges. There has also been a 6% reduction in student numbers. Taking all factors into account the overall allocations may reduce by about £1.6m (8%).
- 8 places for Social Communication Difficulties / Autistic Spectrum Disorder (SCD / ASD) at Claremount Special School. Part year cost £68,300 funding initially from the SEN plan.
- Full time provision at Wirral Hospital school for 50% of students £130,000.

## **2.6 Early Years Single Funding Formula**

In 2011-12 there has been a significant underspend in the Early Years budget of £1.1m. This is reported elsewhere on the agenda. Most has arisen from the use of final Standards Fund grant allocations for Early Years Extension of Free Entitlement.

In 2012-13 it is anticipated that the main changes required are to take account of a small reduction in the estimated attended hours. There are likely to be more providers claiming flexibility and quality supplements which will reduce the underspend in this area.

The overall costs and take up will be kept under review.

## **3.0 Projected Central Budget 2011-12**

The projected budget is detailed at Appendix 1 and includes the items detailed in the following paragraphs.

### **3.1 Inflation**

No direct provision is included in the budget for pay awards, since none are anticipated in 2012, with the exception of £250 for non-teaching staff earning less than £21,000.

There is no general provision for price inflation.

### 3.3 **SEN £50,000 increase**

The changes in central SEN costs are as follows:

#### Statements

It is expected that the overall demand will reduce in 2012-13 by £83,000. The total units are estimated to be 3,584 (last year 3,678). The unit value will also be reviewed to take some account of Pay Harmonisation costs. There is provision within the estimates to increase the rate payable by 6% from £1,071 to £1,135.

#### Independent Special Schools and OLEA.

The number of Independent Placements has increased in 2011-12. Taking account of reduced cost pressures within other LA placements there is estimated to be a net increase of £83,000.

#### 16-19 SEN costs

These costs are supported by a grant from the YPLA. The grant is not needs-led and has in recent years been cut based on overall population projections. The budget makes provision for a similar cut to last year of £50,000. The actual amount is still to be confirmed.

#### Education Inclusion Bases

Transfer of Academy Education Inclusion Bases £510,700. Increase places at Wallasey and Oldershaw, reduce places at Bebington. The net increase of £39,200 is funded from the SEN plan.

### 3.4 **School Meals Service.**

The school meals budget has been updated to take account of a labour review following EVR earlier in 2011-12 and the transfer of a number of schools to an in-house provision. Meal take up and paid meal income has increased during the year in those schools remaining with METRO.

### 3.5 **Carbon Reduction Commitment**

The budget provision for this area has been retained centrally for all schools and academies in accordance with School Finance Regulations. The provision identified in 2011-12 of £189,400 has been increased to £259,400. This reflects the anticipated costs for 2011-12 which are estimated to be £240,000 and a small additional provision if further charges are received or if the scheme changes.

### 3.6 **WASP**

No changes have been made in respect of the WASP budget for 2012-13. The DfE have indicated that PRU's will receive a delegated budget in line with all other maintained schools and academies from 2013-14. The development of a funding formula will be the subject of further reports. It is expected that WASP and the Management Committee will operate with a shadow budget in 2012-13.

### 3.7 **Schools Budget elements funded by the Local Authority**

The Schools Budget report includes the transfer of two areas from the Children and Young People's budget on the advice of the DfE. The initial transfer has been made with matching LA resources and therefore has no impact on overall schools funding. These budgets are in respect of the following:

PFI – the funding Gap for the Councils 9 school PFI scheme. £1,973,400  
This budget - known as the “PFI Affordability Gap” - is the shortfall between the cost of PFI (£10.3m), and the combined government grant (£5.5m) and school contributions received (£2.8m). The gap increases each year in line with the contract inflation clause.

Schools PPM £649,000

This resource is intended to support the health and safety and maintenance of schools buildings, grounds and equipment. It also pays for minor repairs, emergencies and costs associated with the security and utilities of closed buildings.

In the Council’s budget for 2012-13 a proposal will be made to transfer the budget saving arising from the closure of Cole Street (estimated at £200,000). The saving represents lump sums and other costs that are no longer payable through the schools funding formula now that the school has closed. The Forum has not previously committed these funds.

The saving is a Schools Budget item and is only made possible by the Schools Budget funding a matching element within the Councils’ PPM programme.

### 3.8 Contribution to Combined Budgets

School Funding Regulations allow contributions to support services that would otherwise fall outside the Schools Budget. Funding combines with other Council resources for the educational benefit of children.

The existing budgets in this category are as follows:

#### **Repayment of the loan for School Harmonisation costs £450,000**

As part of the Council’s budget for 2011-12 a £2m loan was agreed to cover the shortfall in the estimated back pay for job evaluation and harmonisation in schools. The loan is to be repaid before 31<sup>st</sup> March 2015. The budget makes a continuing provision for a second instalment of £450,000.

#### **Discretionary Rate Relief £270,000**

Agreement was reached in 2011-12 for the Schools Budget to meet the cost of Discretionary Rate Relief for schools.

#### **Advanced Skills Teachers £317,100**

The AST programme supports teachers who have achieved high standards of classroom practice and are prepared to share this with other schools. The budget is not delegated but held centrally and allocated to cover teaching costs and costs associated with the release of teachers to work with partner schools.

#### **School Improvement £359,900**

This sum is the former match funding for the Primary and Secondary Strategy Coordination programme. It supports the funding of a number of consultant teachers who work with schools, together with training and the resourcing of equipment and facilities at Acre Lane.

#### **Local Safeguarding Children’s Board £30,000**

The LSCB provides governance of child protection arrangements, undertakes serious case reviews, training and employs a designated Officer for allegations. The Board is funded from partner organisations including Social Care, Schools, Police, Health and

Probation. The £30,000 contribution from the Central Schools Budget, matches the amount received from Health.

### **School Sports Partnerships Coordination £25,000**

The government indicated that funding to maintain School Sports Partnerships will continue until August 2013. This funding provides a contribution to a 0.5 fixed term post.

### **School Intervention £674,500**

This budget is mainly made up of remaining balances within the former primary (£405,900) and secondary (£98,700) strategy programmes in addition it includes some smaller sums for diploma and 121 tuition support. These amounts were not delegated to schools along with other grants last year. Funding is devolved to meet priorities and targeted schools during the year, in addition it funds the "100 Club".

### **City Learning Centres £814,700**

The 3 City Learning Centres have a combined budget of £814,700. CLC's support a range of Primary, Secondary and Special Schools across a range of activities such as technology, multi media and computer aided design.

Funding identified is for a further 12 months, whilst business plans are developed that will result in more running costs being covered from charges to schools and other users.

### **Combined Budgets – Summary**

	<b>£</b>
Repayment of Pay Harmonisation costs	450,000
Discretionary Rate relief top up	270,000
Advanced School Teachers	317,100
School Improvement	359,900
LSCB contribution	30,000
School Sports Coordinator	25,000
School Intervention	674,500
City Learning Centres	814,700
<b>Total</b>	<b>2,941,200</b>

There are no increases proposed in this area of the budget.

## **3.9 Insurances**

School insurance charges for 2012-13 will be approximately £60,000 less than in 2011-12 (a reduction of 8%). This is the result of better management of insured risks by schools, reduced claims and sustained improvements in claims handling.

## **3.10 Headroom £250,700**

Although there is no overall growth in the Schools Budget over the current funding period, there remains an uncommitted balance of £250,700.

This arises because:

- DSG received in 2011-12 was in addition to the amount estimated £164,800
- DSG received in 2012-13 for additional primary pupils is in excess of amounts allocated through the funding formula £261,700
- Budget changes for the Hospital School, SEN, Carbon Reduction and Rates etc (£175,800).

Options for the Headroom include:

- Allocating within the formula to all schools
- Making an additional harmonisation loan repayment
- Allocating to a reserve to meet future rounds of pay harmonisation costs
- Increasing SEN unit values

#### 4.0 Central Limit Calculation

There was a breach in the central limit in 2011-12 which has previously been reported. This resulted from the transfer of grants referred to in Para 3.5 and the centrally retained grants in Para 2.2.

The percentage changes at that time were:

Increase in ISB	minus 1.5%
Increase in Schools Budget	plus 27.5%

A similar breach is not anticipated in 2012-13 as there are no significant changes proposed to the level of delegated or retained budgets. However the Forums approval is requested if a breach is triggered which would be the subject of a further report.

#### 5.0 Budget Timetable

The Schools Budget will be considered by Cabinet on 20th February 2012, taking account of advice from the Schools Forum.

#### 6.0 Financial Implications

The budget for 2012-13 is compiled from the base budget for 2011-12 approved by Council on 1<sup>st</sup> March 2011 updated for issues outlined in this report. The projected budget is shown at Appendix 1.

The key figures at the date of preparing this report are:

	£
DSG Estimate 2011-12	222,387,300
DSG Revised Estimate 2011-12	205,535,100
DSG Estimate 2012-13	179,089,400

#### 7.0 RECOMMENDATIONS

- i) That the views of the Schools Forum are sought on the Schools Budget for 2012-13 and the level of central costs
- ii) That the contributions to combined budgets are agreed
- iii) That the proposal for funding £200,000 of PPM from the Schools Budget is agreed.
- iv) That the Forum's views are sought on the use of Headroom totalling £250,700.
- v) The Schools Budget and views of the Schools Forum be referred to the budget meeting of Cabinet on 20<sup>th</sup> February 2012.

**David Armstrong**

**Acting Director of Children's Services**

AR735/Schools Forum

## SCHOOLS OBJECTIVE BUDGET SUMMARY

	<b>Current Estimate 2011/12</b>	<b>Base Estimate 2012/13</b>
Schools		
Primary Schools	88,981,900	90,068,600
Secondary Schools	88,453,700	43,587,900
Special Schools	16,004,800	16,231,100
Early Years	10,263,900	10,162,600
Schools Total	<b>203,704,300</b>	<b>160,050,200</b>
Non Delegated School Costs		
Milk & Meals	236,400	233,800
Carbon Reduction	189,400	259,400
M E A S	292,800	199,300
Advanced Skills Teachers	317,100	317,100
Statements	5,208,200	5,617,400
Support For SEN	2,423,300	2,395,400
Wirral Alternative Schools Programme	1,047,400	1,047,400
Education Out Of School	246,200	246,100
OLEA	204,900	133,400
Early Years	562,000	561,600
Indep Special School Fees	2,474,000	2,628,500
Library Service	204,900	204,900
Licences & Subs	72,000	47,100
Insurances	65,400	65,400
Admissions	412,900	412,900
School Specific Contingencies	1,107,400	886,600
Special Staff Costs	938,500	673,200
Schools Forum	10,600	10,600
Miscellaneous	177,300	166,100
Contributions to Combined Budgets	1,193,100	1,193,100
School Intervention	674,500	674,500
City Learning Centres	814,700	814,700
Non Delegated School Costs Total	<b>18,873,000</b>	<b>18,788,500</b>
PFI and Schools PPM		<b>2,622,400</b>
Non Devolved Grant/Funded Expenditure	<b>0</b>	<b>0</b>
Other Specific Grants		
Dedicated School Grant	(222,387,300)	(179,089,400)
Headroom	0	250,700
Total	<b>(222,387,300)</b>	<b>(178,838,700)</b>
<b>Grand Total</b>	<b>190,000</b>	<b>2,622,400</b>



## SCHOOLS BUDGET SUMMARY - DETAILS

	<b>2011-12 Current Estimate</b>	<b>2012-13 Original Estimate</b>
<b>Schools</b>		
1 <b>Early Years</b>		
2 Third Party Payments	10,263,900	10,162,600
3		
4 <b>Primary Schools</b>		
5 Premises	835,100	884,500
6 Third Party Payments	88,146,800	89,184,100
7 Transfer Payments	2,970,500	4,253,400
8 Government Grants	-2,970,500	(4,253,400)
9		
10 <b>Secondary Schools</b>		
11 Premises	692,300	476,300
12 Third Party Payments	108,297,600	50,862,600
13 Transfer Payments	1,758,200	1,803,600
14 Government Grants	-1,758,200	(1,803,600)
15 Other Grants and Reimbursements	-20,536,200	(7,751,000)
16		
17 <b>Special Schools</b>		
18 Third Party Payments	16,004,800	16,231,100
19 Transfer Payments	173,600	272,400
20 Government Grants	-173,600	(272,400)
21		
22 <b>Non Delegated School Costs</b>		
23 <b>Admissions</b>		
24 Transfer Payments	40,000	40,000
25 Support Services	372,900	372,900
26		
27 <b>Early Years</b>		
28 Employees	273,600	273,200
29 Supplies and Services	100	100
30 Support Services	288,300	288,300
31		
32 <b>Education Out Of School</b>		
33 Employees	246,200	246,100
34		
35 <b>Indep Special School Fees</b>		
36 Employees	3,217,200	3,376,700
37 Support Services	17,400	17,400
38 Government Grants	-12,400	(17,400)
39 Other Grants and Reimbursements	-748,200	(748,200)
40		
41 <b>Insurances</b>		
42 Premises	65,400	65,400
43		
44 <b>Library Service</b>		

45	Employees	118,600	118,600
46	Transport	500	500
47	Supplies and Services	72,500	72,500
48	Support Services	59,700	59,700
49	Recharge to Other Revenue Accounts	-46,400	(46,400)
50			
51	<b>Licences &amp; Subs</b>		
52	Supplies and Services	72,000	72,000
53	Recharge to Other Revenue Accounts	0	(24,900)
54			
55	<b>Milk &amp; Meals</b>		
56	Employees	2,597,000	2,298,100
57	Premises	174,300	174,400
58	Transport	7,700	7,700
59	Supplies and Services	1,758,700	1,559,400
60	Support Services	412,000	412,000
61	Government Grants	-105,000	(105,000)
62	Customer and Client Receipts	-1,529,100	(1,444,900)
63	Recharge to Other Revenue Accounts	-3,079,200	(2,667,900)
64			
65	<b>Miscellaneous</b>		
66	Supplies and Services	65,600	65,600
67	Third Party Payments	11,600	11,600
68	Transfer Payments	1,000	1,000
69	Support Services	99,100	99,100
70	Recharge to Other Revenue Accounts	0	(11,200)
71			
72	<b>OLEA</b>		
73	Supplies and Services	458,500	419,700
74	Other Grants and Reimbursements	-253,600	(286,300)
75			
76	<b>School Specific Contingencies</b>		
77	Premises	51,100	51,100
78	Transfer Payments	1,048,500	930,500
79	Support Services	7,800	7,800
80	Recharge to Other Revenue Accounts	0	(102,800)
81			
82	<b>Schools Forum</b>		
83	Supplies and Services	10,600	10,600
84			
85	<b>Special Staff Costs</b>		
86	Employees	935,000	934,800
87	Support Services	3,500	3,500
88	Recharge to Other Revenue Accounts	0	(265,100)
89			
90	<b>Statements</b>		
91	Employees	947,300	816,400
92	Supplies and Services	100,300	115,000
93	Third Party Payments	4,744,600	5,220,000
94	Transfer Payments	70,000	70,000

95	Support Services	32,700	32,700
96	Other Grants and Reimbursements	-686,700	(636,700)
97			
98	<b>Support For SEN</b>		
99	Employees	2,006,500	1,877,100
100	Transport	20,000	20,000
101	Supplies and Services	41,500	41,500
102	Third Party Payments	37,100	126,100
103	Transfer Payments	26,600	26,600
104	Support Services	329,100	369,100
105	Recharge to Other Revenue Accounts	-37,500	(65,000)
106			
107	<b>Wirral Alternative Schools Programme</b>		
108	Employees	697,220	720,600
109	Premises	93,030	91,400
110	Transport	18,800	18,800
111	Supplies and Services	243,650	221,900
112	Third Party Payments	73,400	73,400
113	Support Services	146,400	146,400
114	Government Grants	0	(18,100)
115	Customer and Client Receipts	-150,000	(150,000)
116	Recharge to Other Revenue Accounts	-75,100	(57,000)
117			
118	<b>M E A S</b>		
119	Employees	269,700	269,600
120	Transport	6,400	6,400
121	Supplies and Services	1,700	1,700
122	Transfer Payments	15,000	15,000
123	Recharge to Other Revenue Accounts	0	(93,400)
124			
125	<b>Contributions to Combined Budgets</b>		
126	Transfer Payments	1,193,100	1,193,100
127			
128	<b>City Learning Centres</b>		
129	Employees	517,200	593,800
130	Premises	50,000	93,300
131	Transport	19,000	19,200
132	Supplies and Services	157,200	156,900
133	Third Party Payments	71,300	100
134	Support Services	0	3,500
135	Customer and Client Receipts	0	(52,100)
136			
137	<b>Advanced Skills Teachers</b>		
138	Employees	317,100	317,100
139			
140	<b>School Intervention</b>		
141	Transfer Payments	674,500	674,500
142			
143	<b>Carbon Reduction</b>		
144	Third Party Payments	189,400	259,400

145			
146	<b>Cap Exp From Revenue</b>		
147	Premises		649,000
148	Supplies and Services		10,320,900
149	Government Grants		(5,471,500)
150	Customer and Client Receipts		(1,680,100)
151	Recharge to Other Revenue Accounts		(1,195,900)
152			
	<b>Non Devolved Grant/Funded</b>		
153	<b>Expenditure</b>		
154	<b>Other Specific Grants</b>		
155	Employees	218,700	-
156	Supplies and Services	39,700	-
157	Other Grants and Reimbursements	-258,400	-
158			
159	<b>Dedicated School Grant</b>		
		-	
160	Government Grants	222,387,300	(228,424,700)
161	Recharge to Other Revenue Accounts	0	49,335,300
162			
163	<b>Headroom</b>		
164	Transfer Payments	0	250,700
165			
166	<b>Grand Total</b>	<b>190,000</b>	<b>2,622,400</b>

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 24 JANUARY 2012

REPORT OF ACTING DIRECTOR OF CHILDREN'S SERVICES

REQUESTED CHANGES TO MFG BASELINES FOR SCHOOLS WITH CHANGED CIRCUMSTANCES

If schools have changed circumstances within the year, such as new Education Inclusion Base provision or a change in the number of places, a report is taken to the Schools' Forum to request changing the baseline for the calculation of the Minimum Funding Guarantee.

Under new DfE regulations, any changes to MFG baselines must be approved by the Secretary of State. An application to the Secretary of State must include evidence of the support of the Schools Forum.

If the baseline is not changed, this will distort the calculation of the Minimum Funding Guarantee and the budget allocations.

### CALCULATION OF THE MINIMUM FUNDING GUARANTEE 2012/13

SCHOOL	REASON FOR CHANGE	REQUESTED NEW MFG BASELINE £
Devonshire Park Primary School	Change to places in EIB provision	1,372,868
Brookdale Primary School	Removal of EIB provision	809,308
Bebington High School	Change to places in EIB provision	4,270,495
Wallasey High School	Change to places in EIB provision	5,061,705
Woodchurch High School	Change to Academy status - EIB centrally commissioned	6,781,343
Hilbre High School	Change to Academy status - EIB centrally commissioned	4,319,374
Oldershaw Academy	Change to Academy status - EIB centrally commissioned	3,766,264
Clare Mount	Place Change	2,411,734
Gilbrook	Place Change - pilot scheme	1,016,213

Additional changes to MFG baselines will be required for those Special schools whose places are reduced as part of the agreed surplus places mechanism. The outcome of the review of surplus places will not be known until the end of February. However, if the review confirms the decisions taken last July, this will impact on the following schools:

SCHOOL	REASON FOR CHANGE	REQUESTED NEW MFG BASELINE £
Foxfield	Place reduction - surplus places	2,335,800
Hayfield	Place reduction - surplus places	1,522,000
Lyndale	Place reduction - surplus places	798,919
Stanley	Place reduction - surplus places	1,501,511

### CALCULATION OF THE MINIMUM FUNDING GUARANTEE 2013/14

MFG baselines can only be calculated when allocations for 2012 have been finalised.

SCHOOL	REASON FOR CHANGE
Clare Mount	Place Change
Foxfield	Place reduction - surplus places
Hayfield	Place reduction - surplus places
Lyndale	Place reduction - surplus places
Stanley	Place reduction - surplus places

### RECOMMENDATIONS

That the Forum agrees the changes to the MFG baselines

That the Forum agrees to support an application to the Secretary of State for MFG baseline changes

This page is intentionally left blank

## WIRRAL COUNCIL

### WIRRAL SCHOOLS FORUM – 24<sup>th</sup> JANUARY 2012

#### REPORT OF ACTING DIRECTOR OF CHILDREN'S SERVICES

#### **PUPIL PREMIUM ALLOCATION 2012-13**

---

#### **EXECUTIVE SUMMARY**

The Pupil Premium was distributed to schools for the first time in April 2011 for children eligible for Free School Meals, Looked After Children and Service Children. For 2012, the DfE have increased the amount of the Premium and widened eligibility for the FSM element. This report details the changes to the Pupil Premium for 2012-13.

#### **BACKGROUND**

The Pupil Premium for 2011-12 was set at £430 for each child eligible for Free School Meals (FSM), £430 for each Looked After child (LAC) and £200 for each Service child. The DfE increased the Premium for FSM and LAC to £488 half way through the year to ensure that all the allocated resources were used.

For 2012-13, the amount distributed by the Premium will increase in all areas, and the measure for FSM will change. The DfE have also announced that from September 2012 schools will be required to publish online information about how they have used their Pupil Premium allocations.

#### **FREE SCHOOL MEAL PUPIL PREMIUM**

Eligibility for the Pupil Premium in 2012-13 will be extended to pupils on roll in January 2012 who have been eligible for FSM at any point in the last 6 years (known as Ever6), paid at £600 per eligible pupil.

This change in methodology will reduce the impact on Wirral schools of the recent drop in FSM eligibility as it takes into account previous years' data when numbers were higher. However, schools should still actively encourage eligible parents to apply for FSM to maximise the available funding.

Based on data from the October 2011 School Census and Census returns from the last 6 years, the following amounts will be allocated to schools:

<b>School Type</b>	<b>FSM Allocation</b>
Primary	£4,253,400
Secondary (excl academies)	£1,803,600
Special (incl PRU)	£272,400
Alternative Provision	£17,400
<b>TOTAL</b>	<b>£6,346,800</b>

The Pupil Premium amounts issued with the school budget allocations in March will be estimates only. Final allocations will be issued by the DfE as they have access to the full national School Census data required for the calculation.

## LOOKED AFTER CHILDREN PUPIL PREMIUM

The Pupil Premium will continue to be provided to children who have been looked after continuously for 6 months as at 1<sup>st</sup> April 2012 at £600 per eligible pupil, with a pro rata allocation for those children who become continuously looked after for 6 months during the year.

The LAC Pupil Premium is paid termly for all children who are looked after by Wirral LA. For children looked after by other local authorities attending Wirral schools, schools will receive the Premium from the responsible LA.

Estimated amounts to be allocated to schools for 2012-13 are:

School Type	Wirral LAC in Wirral Schools	Wirral LAC in All Schools
Primary	£103,200	
Secondary (incl academies)	£65,400	
Special (incl PRU)	£25,200	
<b>TOTAL</b>	<b>£193,800</b>	<b>£246,000</b>

## SERVICE CHILDREN PUPIL PREMIUM

The Pupil Premium will continue to be provided for children of parents in the armed services at £250 per eligible pupils. Data will be taken from the January 2012 School Census – if numbers eligible are the same as in 2011, the following amounts will be allocated to schools:

School Type	Service Child Allocation
Primary	£15,250
Secondary (excl academies)	£1,250
Special (incl PRU)	0
Alternative Provision	0
<b>TOTAL</b>	<b>£16,500</b>

## PUBLISHING INFORMATION ONLINE

School will have to publish details of their Pupil Premium allocation and spending plans for the current year. For the previous year, schools will be required to publish a statement confirming the allocation, how the money was spent and the impact that this had on educational attainment.

## RECOMMENDATIONS

That the Forum notes the report.

**David Armstrong**  
Acting Director of Children's Services



## WIRRAL COUNCIL

### SCHOOLS FORUM - 24 JANUARY 2012

#### REPORT OF THE ACTING DIRECTOR OF CHILDREN'S SERVICES

#### SCHOOLS BUDGET MONITORING REPORT 2011-12

---

### EXECUTIVE SUMMARY

This report briefly describes an anticipated underspend for the financial year 2011-12 in centrally held schools budgets of £2.0 m. It proposes funding schools PPM of £649,000 from DSG, the accelerated repayment of the School Harmonisation Loan of £2m and the creation of a reserve to fund any future harmonisation costs.

### Anticipated Budgets Variations

#### **Schools Delegated Budgets £23.6m reduction**

Schools delegated budgets will be reduced to take account of academy transfer. There will be a matching reduction in DSG.

#### **Early Years £1.1m reduction.**

The underspend arises mainly from the use of final Standards Fund balances for the Extension of Early Years Entitlement, together with reductions in the anticipated hours and flexibility supplements claimed by providers.

#### **School Meals £0.2m reduction**

Although a number of schools have taken their meals service in house during the year, the METRO service is performing well. A labour review has been implemented post EVR which has reduced staff costs, in addition meal take up and paid meal income has increased and exceeds targets.

#### **Rates £0.1m reduction**

This arises from mandatory rate relief for academy schools.

#### **SEN £0.6m reduction**

There is an underspend in Statementing costs this year, which more than offsets the cost and number of Out of Borough Placements. No new commitments have been agreed in other SEN initiative areas and in this year the budget is not required to meet additional SEN demands, resulting in a £400,000 budget reduction. There is a small underspend in the behaviour programme whilst the service is restructured. This area will be the subject of future reports to strengthen priority programmes.

#### **Special Staff Costs and Contingency**

There are a number of small underspends in this area. However the contingency budget has also been used to meet academy recoupment costs for central services totaling £230,000. In 2012-13 this is likely to increase to £530,000 and therefore the relevant budgets will be reduced.

## **Schools PPM and PFI**

These costs are included within the Schools Budget at the request of the DfE, having previously been included within Children's Services budget for Asset Management. The transfer is made with matching LA resources.

### **Schools PPM £649,000**

This supports the health and safety and maintenance costs of school buildings, grounds and equipment. It also pays for minor repairs, emergencies and costs associated with the security and utilities for school buildings.

### **PFI Affordability GAP £1,973,400**

This is the shortfall between the cost of PFI for the Council's 8 schools PFI scheme and the combined government grant and school contributions received.

Taking account of the current financial position within the Council's Children and Young People's Budget (overspend £1.6m) and the Schools Budget (Underspend £2.0m) a change is suggested in the funding of school maintenance. It is recommended that in 2011-12 the Schools Budget should fund PPM expenditure in full up to £649,000. At this stage the commitments are £500,000 and an underspend of £149,000 is likely since no new schemes are planned. The change would reduce the overall estimated underspend in the Schools Budget to £1.5m. No changes are proposed for the funding of PFI until the position with academies is resolved.

## **Job Evaluation and Pay Harmonisation**

The Forum has previously received reports describing the level of backdated JE and Harmonisation costs which are estimated to be £5.5m. There are Schools Budget reserves totaling £2.9m to cover this, in addition there is a grant of £1m from the Council. The shortfall of £1.7m is funded by a council loan to be repaid by March 2015. Payment of JE arrears are being made this month, following which the total liability should become clearer.

It is suggested the remaining underspend in the Schools Budget, together with the budgeted loan instalment of £450,000 is used to repay the loan in full at the year end. Finally if this is the case that any remaining sum is transferred to a reserve to cover any costs arising from the final phases of JE and Harmonisation in Schools.

## **Recommendation**

That the Forum comment on the proposed use of any Schools Budget underspends in 2011-12.

## WIRRAL COUNCIL

### WIRRAL SCHOOLS FORUM 24<sup>th</sup> JANUARY 2012

#### REPORT OF THE ACTING DIRECTOR OF CHILDREN'S SERVICES

##### Changes to the Scheme for Financing Schools

---

##### **Executive Summary**

This report outlines the main changes required to the Scheme for Financing Schools since March 2007. Schools will be consulted on changes this term.

##### **Background**

The Scheme for Financing Schools is a document that sets out the financial relationship and responsibilities of the Local Authority (LA) and maintained Schools. LAs are required to amend the scheme in line with the School Finance Regulations and consult on changes with schools.

##### **Main Changes**

1. Removal of the Surplus Balance Mechanism with effect from 2011/12 as agreed at the Schools Forum Meeting on 12<sup>th</sup> April 2011.
2. Removal of Financial Management Standard in Schools which is no longer a statutory requirement.
3. Removal of the Best Value Statement, which is no longer a statutory requirement.
4. The scheme does not apply to Academy schools (section 1.2.2)
5. Inclusion of Schools Financial Value Standard (Section 2.15.1)
6. Inclusion of a section outlining the treatment of school redundancy costs (section 11.13.1)

Attached is the draft scheme with proposed changes underlined.

##### **RECOMMENDATIONS**

Schools Forum agrees the changes for consultation with schools.

**David Armstrong**  
Acting Director of Children's Services

This page is intentionally left blank



**DRAFT  
SCHEME FOR FINANCING  
SCHOOLS**

**March ~~2007~~ 2012**

**Children and Young  
People's Department**

**Approved by Schools Forum  
March 2012**



**2002-2003**  
*Community Legal Services*  
**2003-2004**  
*Transforming Secondary Education  
Child & Adolescent Mental Health Services*  
**2006-2007**  
*Positive Youth Engagement*

# SCHEME FOR FINANCING SCHOOLS

## SECTION 1 - INTRODUCTION

### 1.1.0 The Funding Framework

1.1.1 This scheme is based on legislative provisions in Sections 45 - 53 of The Schools Standards and Framework Act 1998.

1.1.2 Wirral LA will each year, determine the Schools Budget and the Children's Services Budget - although at a minimum this must appropriate the entire Dedicated Schools Grant to the Schools Budget. It will include all expenditure, direct and indirect on all maintained schools in Wirral except for capital and certain miscellaneous items. The Schools Budget will contain funds held centrally under Section 45a of the Act. The amounts to be retained centrally are decided by the Authority subject to any limits or conditions (including giving the approval of the Schools Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the Schools Budget left after the deduction of centrally held funds will form the Individual Schools Budgets (ISB). Expenditure items in the LA budget must be retained centrally (although earmarked allocations may be made to schools).

1.1.3 The ISB will be distributed among all maintained schools in Wirral using a formula which accords with regulations made by the Secretary of State. This formula will enable the calculation of the budget share for each maintained school. This budget share is then delegated to the Governing Body of the school concerned, unless the school is a new school which has not yet received delegated budget, or the right to a delegated budget has been suspended in accordance with Section 51 of the Act. The financial controls within which delegation works are set out in this scheme in accordance with Section 48 of the Act. ~~The scheme itself is subject to the approval of the Secretary of State who may modify the scheme or impose one.~~

1.1.4 Subject to the provisions of this scheme, Governing Bodies of schools may spend their budget shares for the purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in regulations made under Section 50.

1.1.5 The LA may suspend a school's right to a delegated budget if the provisions of this scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily in the judgement of Director of Children's Services. There is a right of appeal to the Secretary of State where a decision has been made by the Director of Children's Services to suspend the delegated budget share. It may also be suspended for other reasons (Section 17 of the Schools Standards and Framework Act 1998) but in that case there is no right of appeal.

1.1.6 Wirral LA will publish each year, under Section ~~52~~ 251 of the ~~School Standards and Framework Act 1998~~ Apprenticeships, Skills, Children and Learning Act 2009, a statement which sets out details of its planned Schools Budget and LA Budget,

showing the amounts to be centrally retained, the budget share for each school, the formula used to calculate those budget shares, and the detailed calculation for each school. The Authority will publish after each financial year, a statement showing outturn expenditure at both central level and for each school and the balances held in respect of each school. The information in them may be collated and published by the Secretary of State.

1.1.7 Copies of financial statements will be ~~provided~~ made available to each school annually and will be available for inspection by the public at the LA's Education offices. Further copies will be provided as prescribed by regulations.

## 1.2.0 **The Role of the Scheme**

1.2.1 This scheme establishes and describes the financial relationship between the Authority and the maintained schools which it funds. The scheme contains requirements relating to financial management and associated issues which are binding on both the Authority and its schools. The DfE and LA have also provided guidance which is advisory and although not binding, represents, good practice which will satisfy the requirements of the scheme. The Scheme indicates in a number of places where additional guidance is provided.

## 1.2.2 **Application of the Scheme to the Authority and Maintained Schools**

The scheme will apply to all maintained schools, community, voluntary, foundation, nursery, community special or foundation special schools. All schools affected are listed in *Annex A* of the scheme. The scheme does not apply to the pupil referral unit or academy schools. New schools will be covered by the provisions of the scheme.

## 1.3.0 **Publication of the Scheme**

1.3.1 ~~The scheme, when approved by the Secretary of State, will be supplied to the Headteacher and to the Governing Body of each school covered by the scheme or placed on the Wirral Learning Grid website. Any approved revisions will be notified to each school as and when they are made. The scheme will also be published according to regulations made by the Secretary of State from time to time.~~  
*The current Scheme for Financing Schools is publically available on the Wirral Website. Schools will be sent a new version of the scheme electronically whenever it is updated. Paper Copies will be made available upon request.*

## 1.4.0 **Revisions to the Scheme**

1.4.1 ~~Any proposed revisions to the approved scheme will require approval by the Schools Forum.~~ *Revisions to the scheme will be subject to consultation with the governing body and head teacher of every maintained school before submission to the Schools' Forum for their approval. Where the Schools' Forum does not approve them the authority may apply to the Secretary of State for approval.*

## 1.5.0 **Delegation of Powers to the Headteacher**

1.5.1 All Governing Bodies are required to consider the extent to which they wish to delegate their financial powers to the Headteacher. Such decisions are subject to requirements of regulations under Section 38 of the Schools Standards and

Framework Act and Schedule 11 of that Act. Where a decision has been made by a Governing Body, such a decision should be recorded in the Minutes of the Governing Body. Any amendment to the delegated authority of the Headteacher, should similarly be recorded. The Authority will provide good practice advice on a desirable level of delegation. Decisions on this are however, are a matter for the Governing Body. The first formal budget plan of each financial year must be approved by the Governing Body or a Committee of the Governing Body.

#### 1.6.0 **Maintenance of Schools**

1.6.1 The LA is responsible for maintaining schools covered by the Scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of the Voluntary Aided school where some of the expenses are, by statute, payable by the Governing Body). Part of the way an Authority maintains schools is through the funding system put in place under Sections 45 – 53 of the Schools Standards and Framework Act 1998.

## **SECTION 2 - FINANCIAL REQUIREMENTS AND AUDIT**

#### 2.1.0 **Application of Financial Controls to Schools**

2.1.1 All schools covered by the scheme are subject in the management of their delegated budgets to the Authority's requirement on financial controls and monitoring. ~~These requirements are described in detail in separate guidance. The following paragraphs contain a number of principles which are dealt with in more detail within that guidance.~~

#### 2.1.2 **Provision of Financial Information and Reports**

All schools covered by the scheme shall provide to the Authority, details of anticipated and actual expenditure and income in a form and at times determined by the Authority. These details will not be required more often than once every three months except for those connected with tax or banking reconciliation or unless the LA has notified the school in writing that in its view, the school's financial position requires more frequent submission or the school is in its first year of operation. This restriction to a minimum 3 month interval does not apply to schools which are part of an on line financial accounting system operated by the LA.

#### 2.1.3 **Payment of Salaries and Bills**

Schools must ~~should~~ have agreed procedures for payment of salaries and the payment of bills. ~~, in accordance with the Financial Management Standards in Schools (FMSiS).~~

#### 2.1.4 **Control of Assets**

All schools covered by the scheme are required to maintain an inventory of their moveable non-capital assets in a form determined by the Authority. The form for this and the procedures for disposal are set out in separate guidance. Schools are free



to determine their own arrangements for keeping a register of assets worth less than £1,000. They must keep a register in some form.

#### 2.1.5 **Accounting Policies (Including Year End Procedures)**

All schools covered by the scheme are required to abide by procedures issued by the LA from time to time.

#### 2.1.6 **Writing Off Debts**

Where a Governing Body deems that a debt to it is irrecoverable, it shall follow the procedures set out by the Authority ~~in separate guidance~~.

#### 2.2.0 **Basis of Accounting**

Schools covered by the scheme shall furnish accounts to the LA on an accruals basis. Schools are, however, free to use whatever internal systems ~~they wish~~. ~~Schools therefore may use whatever~~ and financial software they wish, providing they meet any cost of modification to provide output required by the LA.

#### 2.3.0 **Submission of Budget Plans**

2.3.1 Each school covered by the scheme shall submit a plan to the Authority each year, not later than the 30<sup>th</sup> June, setting out its expenditure plans for the current financial year and the assumptions underpinning the budget plan. This plan must be signed by the Headteacher and the Chair of Governors and should have been approved by the Governing Body or a Committee of the Governing Body. Revised plans reflecting any known changes in circumstances and adjustments should be provided to the Authority by 30<sup>th</sup> November and 28<sup>th</sup> February

2.3.2 The LA will supply schools with all relevant school income and expenditure data which it holds and which would assist schools in efficient planning and supply schools with an annual statement showing when this information will be available at times through the year.

2.3.3 When submitting their budget plans, schools must take full account of estimated deficits/surpluses at the previous 31<sup>st</sup> March.

#### 2.3.4 **Multi year budget forecasts**

The LA requires schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year.

#### 2.4.0 **Best Value For Money**

2.4.1 ~~Each school when submitting its annual budget plan, shall submit a statement setting out what steps will be taken in the course of the year to ensure that its activities reflect the principles of the Best Value regime. This is particularly important in respect of any large service contracts.~~

*Each school should seek to achieve value for money when procuring goods and services; taking account of purchasing, tendering and contracting requirements in section 2.10 below.*

The principles of Best Value are set out in Annex B.

#### 2.5.0 **Virement**

2.5.1 All schools covered by the scheme are free to vire between Budget Heads in the expenditure of their budget shares.

#### 2.6.0 **Audit**

2.6.1 All schools covered by the scheme are subject to both internal and external the audit. ~~regime determined by the Local Education Authority as regards internal audit and the LA external audit regime as determined by the Audit Commission.~~ All schools are required to co-operate both with internal and external audit, and to provide full access to school records.

#### 2.6.2 **Financial irregularities and Fraud**

The responsibility for the prevention and detection of fraud rests with the Governors who should institute an adequate system of internal control to discharge their responsibility and take steps to provide reasonable assurance that activities are conducted honestly and assets are safeguarded,

If fraud or other financial irregularities occur, or are suspected, the Governing Body must report the matter immediately to Internal Audit. Any evidence should be secured and preserved.

If a criminal offence has been committed or suspected to have been committed, the matter will be discussed by the Director of Finance with the Director of Childrens Services and other appropriate parties to consider if the matter should be reported to the Police.

Where corruption is suspected this will always be reported to the police.

#### 2.7.0 **Separate External Audits**

2.7.1 Governing Bodies of schools covered by the scheme are free, if they so wish to spend funds from their budget share to obtain external audit certification of their accounts separate from any LA internal or external audit process. This would not however, substitute or replace the LA audit or the requirement of the school to co-operate with it. It could however, provide schools with additional guidance. Any such external audit will have to take into account the status of the school as a spender of LA funds.

#### 2.8.0 **Audit of Voluntary and Private Funds**

2.8.1 All schools covered by the scheme are required to provide audit certificates in respect of voluntary and private funds held by schools. These provisions do not extend to a requirement that the LA audits such funds themselves.. Similarly, the accounts of any trading organisations controlled by the schools, including Community Use (see section 14), shall be provided to the LA. Schools should make provision to disclose financial information in their accounts where this is

required as part of Consistent Financial Reporting (CFR) or as part of a return to the Charity Commission.

## 2.9.0 **Register of Business Interests**

2.9.1 The Governing Body of each school covered by the scheme must establish a register which lists for each member of the Governing Body, the Headteacher and any staff with financial responsibility or duties, any business interest they, or any member of their immediate family have. This register must be kept up to date with notification of changes and through annual review of entries. The register should be available for inspection by officers of the Authority, Governors, Staff and Parents. More detailed guidance on this is provided separately.

## 2.10.0 **Purchasing, Tendering and Contracting Requirements**

2.10.1 All schools covered by the scheme must abide by the Authority's Constitution (the Financial and Contract Procedure Rules previously known as financial regulations and Standing Orders) as they apply to schools in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the LA's policies and procedures. These procedure rules ~~will not~~ require schools:

- a) ~~to do anything incompatible with any of the provisions of the scheme,~~ or comply with any statutory provision, or any EU procurement directive;
- b) to seek LA officer counter signature for any contracts for goods or services ~~for a value below~~ in excess of £60,000 in any one year;
- c) ~~to select suppliers only from an approved list;~~
- ~~d)~~ c) to seek ~~fewer than~~ three tenders in respect of any contract with a value exceeding £10,000 in any one year.

## 2.11.0 **Application of Contracts to Schools**

2.11.1 Subject to 2.11.2 below, schools covered by the scheme are not bound by, and are free to opt out of LA arranged contracts other than where through agreed and written procedures, they have chosen to be bound into the contract for its length.

2.11.2 Governing Bodies are empowered under Paragraph 3 of Schedule 10 to the Schools Standard and Framework Act 1998 to enter into contracts. However in most cases they do so on behalf of the LA as maintainer of the school and the owner of the funds in the budget share. Other contracts may be made solely on behalf of the Governing Body when the Governing Body has clear statutory obligations – for example contracts made by aided or foundation schools for the employment of staff.

## 2.12.0 **Central Funds and Ear Marking**

2.12.1 The LA may from time to time make sums available to schools from central funds in the form of allocations additional to and separate from schools' budget shares. ~~Any~~

Such allocations ~~will~~ may be subject to conditions setting out the purpose or purposes for which the funds may be used. ~~Such allocations may or may not preclude virement but where virement is permitted, this should not be carried to the point of assimilating the allocations into the schools budget share. Schools will be required to account separately for any such allocations.~~ The LA may require earmarked funds to be accounted for separately and returned if not spent within the period which schools are allowed to use the funding.

~~2.12.2 The LA may not make any deduction, in respect of interest costs to the LA from payments to schools of devolved specific or special grant.~~

### 2.13.0 **Spending for the Purposes of the School**

2.13.1 Governing Bodies are free to spend budget shares for the purpose of the school subject to the provisions of this scheme. The Secretary of State, under Section 50 (3b) of the Standards and Framework Act may prescribe additional purposes for which expenditure of the budget share may occur. The LA may offer guidance from time to time as to what expenditure may suitably be regarded as for the purposes of the school. Governing Bodies should have regard to this guidance.

### 2.14.0 **Capital Spending from Budget Shares**

2.14.1 Governing Bodies are free to use funds from within their budget shares and formula capital allocations to meet the cost of capital expenditure on school premises. The decision to incur capital expenditure should take into account condition and suitability surveys carried out as part of the Authority's Asset Management Plan. In addition if the expected capital expenditure from the budget share in any one year will exceed £15,000, the Governing Body must notify the LA and take into account any advice from the Director of Children's Services as to the merits of the proposed expenditure. If the premises are owned by the LA or the school has voluntary controlled status, then the Governing Body should seek the consent of the LA to the proposed works. Such consent can only be withheld on Health and Safety grounds.

### ~~2.15.0 **Financial Management Standard**~~

~~All maintained schools must demonstrate compliance with the DfE' Financial Management Standard in Schools in line with the timetable determined by the authority, and at any time thereafter.~~

~~The authority requires schools to demonstrate compliance through the submission of evidence showing that the school has undergone an external assessment. External assessment must be carried out by the authority or by a third party that has been approved to carry out such assessment by either the DfE or the local authority.~~

### **2.15.0 Schools Financial Value Standard**

**2.15.1 Schools Financial Value Standard is an annual requirement for local authority maintained schools. A signed copy of the questionnaire must be returned to the LAs Internal Audit by 30<sup>th</sup> June each year.**

### 2.16.0 **Notice of concern**

2.16.1 The LA may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Director of Finance and the Director of

Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

Such a notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it.

These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- insisting that any appropriately trained/qualified person chairs the finance committee of the governing body;
- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the local authority;
- insisting on regular financial monitoring meetings at the school attended by local authority officers;
- requiring a governing body to buy into a local authority's financial management systems; and
- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with in order for the notice to be withdrawn. It will also state the actions that the authority may take where the governing body does not comply with the notice.

## **SECTION 3 INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS**

### **3.1.0 Frequency of Instalments**

3.1.1 Where schools have chosen to have their budget shares provided to them in cash, the instalment will be provided on a monthly basis.

### **3.2.0 Proportion of Budget Share Payable at each Instalment**

3.2.1 Budget shares will be paid in twelve equal monthly instalments preceded by an instalment paid on the first working day of the financial year of 1/36<sup>th</sup> of the budget share. This amount will be deducted from the final budget instalment paid in March.

Schools may opt for payment of the total budget share or budget shares net of estimated pay costs. Estimated pay costs will take account of budget information supplied by individual schools.

### **3.3.0 Interest Clawback**

3.3.1 The LA will deduct from budget share instalments an amount equal to the estimated interest lost by the LA in making available the budget share in advance. The calculation for interest clawback will take account of budget share payments and the payment of salaries, wages and statutory deductions. The interest rate charged will be Base Rate +1%. ~~More detailed guidance will be provided on this separately.~~

3.3.2 The LA will add interest to late payments of budget share instalments where such late payment is a result of LA error. The interest rate used will be the same as for interest clawback described in 3.3.1 above.

### **3.4.0 Budget Shares for Closing Schools**

3.4.1 Where approval for the discontinuation of a school has been secured, the LA may provide budget shares on a monthly basis net of estimated pay costs.

### **3.5.0 Bank and Building Society Accounts**

3.5.1 All schools covered by the scheme may nominate an external bank account into which their budget share instalments are paid. The account may be either in the name of the school or in the Authority's name but specific to each school. Schools may retain all interest payable on the bank account unless they chose to have an account with an LA contract which makes other provision.

3.5.2 Schools wishing to opt for a bank account for the first time must give notice in writing to the Director of Children's Services and Director of Finance of their intention to do so at least four months before the commencement of such an arrangement. When the account opens the LA will, if the school desires, transfer immediately to the account an amount agreed by the school and the LA as the estimated surplus balance held by the LA in respect of the schools budget share, on the basis that there is then a subsequent correction when accounts for the relevant year are closed.

- 3.5.3 Schools will be required to demonstrate that staff have the skills and experience to undertake those responsibilities.
- 3.5.4 The bank accounts referred to in this paragraph do not include imprest accounts. ~~Guidance on these is included separately.~~
- 3.5.5 The Authority will maintain a list of banks or building societies where accounts may be held for the purpose of receiving budget share payments. ~~These lists will be issued from time to time but will include at least ten banks or building societies.~~ The Approved Investment Counterparty List will be provided by the LA from time to time.
- 3.5.6 While schools may have accounts for budget share purposes which are in the name of the school rather than the LA, where a school has such an account, the account mandate should provide that the LA is the owner of the funds in the account; that it is entitled to receive statements, and that it can take control of the account if the school's right to a delegated budget is suspended by the LA.
- 3.6.0 **Borrowing by Schools**
- 3.6.1 Governing Bodies may borrow money including bank overdrafts only with the written permission of the Secretary of State. (This clause does not refer to internal loan schemes operated by the LA. See para. 4.10 below).
- 3.6.2 Credit cards/Procurement Cards should be used in accordance with ~~following~~ agreed procedures. Balances must be paid in full after each month/statement.

## **SECTION 4 -THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES**

### **4.1.0 Carrying Forward of Surplus Balances**

Schools will carry forward from one financial year to the next any difference in expenditure relative to the school's budget share, plus/minus any balance brought forward from the previous year.

Schools will carry forward from one financial year to the next any difference in formula capital expenditure relative to the schools allocation plus any balance brought forward from the previous year (subject to any limitations stated by the DfE).

Any balance transferring to a school's bank account in accordance with para. 3.5 will be based initially on an assessment of the school's financial position by the Director of Finance and later adjusted if necessary, following reconciliation at the end of that financial year. The date of transfer will be within one month from the date of notification to the LA by the school that the bank account was to be opened.

At the same time as issuing its budget statement as required by Section ~~52~~ 251 of the ~~School Standards and Framework Act 1998~~ Apprenticeships, Skills, Children and Learning Act 2009, the Authority will inform each maintained school of its estimate of the school's budget share and central government grant income paid via the LA for the two financial years following the year for which the statement is being issued. The estimate will be provided in a format determined by the Authority and this format may include provision of information within an electronic budget modelling system.

The estimate will use information available to the Authority at the date of preparation and will necessarily be provisional in nature, implying no commitment on the part of the Authority to fund the school at the level shown in the estimate. The Authority may issue additional budget estimates from time to time.

#### 4.2.0 Restrictions on Surplus Balances

~~Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2007:~~

- ~~a) the Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be recurrent balance as defined in the Consistent Financial Reporting Framework.~~
- ~~b) the Authority shall deduct from the calculated balance any amounts for which the school has prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year;~~
- ~~c) the Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority and which the authority is satisfied are properly assigned such as:
  - ~~– contribution to capital schemes (from revenue)~~
  - ~~– planning for falling rolls~~
  - ~~– IGT replacement~~
  - ~~– other costs agreed by the school and the LA~~~~
- ~~To count as properly assigned amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority;~~
- ~~This is intended to ensure schools can build up reserves towards particular projects but cannot defer implementation indefinitely~~
- ~~d) if the result of steps a c is a sum greater than whichever is the greater of 5% of the current year's budget share (secondary schools) or 8% (primary, special and nursery schools) or £1,000 (where that is greater than either percentage or the threshold), then the Authority shall deduct from the current year's budget share an amount equal to the excess.~~
- ~~Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.~~
- ~~Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.~~
- ~~The total of any amounts deducted from schools' budget shares by the Authority under this provision are to be applied to the Schools Budget of the Authority.~~



4.2.1 *There is currently no clawback mechanism for excess surplus balances. The LA, however, through Wirral Schools Forum, may reconsider this where schools have consistently high balances.*

#### 4.3.0 **Interest on Surplus Balances**

Balances held by the Authority on behalf of schools will attract interest ~~according to the provisions set out in separate guidance.~~ *as determined by the Director of Finance.*

#### 4.4.0 **Obligation to Carry Forward Deficit Balances**

4.4.1 Any deficit balance at a school will be carried forward to the following financial year. Such a deficit will be deducted from the following year's budget share and can not be written off by the LA.

#### 4.5.0 **Planning for Deficit Budgets**

4.5.1 Schools may only plan for deficits in certain approved circumstances. (See "Licensed Deficits" para 4.8 below). The Authority cannot write off the deficit of any school.

#### 4.6.0 **Charges of Interest on Deficit Balances**

4.6.1 There is no proposal to introduce a charge on deficit balances ~~at present~~. The Authority reserves the right, following appropriate consultation, to introduce such charges in the future.

#### 4.7.0 **Balances of Closing and Replacement Schools**

4.7.1 When a school closes, any balance (whether surplus or deficit) reverts to the central schools budget. It cannot be transferred as a balance to any other school, even where the school is a successor to the closing school. Closing schools should not enter into contracts or agree commitments in excess of £1,000 unless prior approval is given by the Authority.

#### 4.8.0 **Licensed Deficits**

4.8.1 In certain circumstances, a school may plan a deficit budget. Such a plan may only be made with the express written approval of the Director of Children's Services and agreed through a set of procedures approved by the Director of Children's Services and Director of Finance.

a) The maximum length over which schools must repay the deficit (that is to balance the budget) will normally be 3 years. *An additional year may be agreed in exceptional circumstances where a school is contributing to redundancy/severance costs.*

b) Deficit budgets will only be agreed where plans demonstrating how the budget position will be resolved are accepted by the Director of Children's Services as satisfactory.

- c) The school must work closely with the Authority's staffing officers to manage any staff redeployment or redundancy processes.
- d) The school must provide evidence at specified times during the financial year that demonstrates that the targets set within the Plan are being achieved. The school should not exceed the target expenditure as outlined within the Plan without the express agreement of a designated LA officer.
- e) Schools will be required to obtain financial support either from the LA or an approved provider.
- f) Costs associated with the monitoring of the deficit may be charged to the school. This will be made clear at the commencement of the agreement.
- g) Deficit budgets should not be sought for minor predicted shortfalls which could be managed in-year. Neither should they be allowed to become too large to be practicably manageable within the three year timescale. The minimum amount for which a licensed deficit may be sought is for 0.5% of a school's budget share. The maximum licensed deficit which may be considered is 5% of a school's budget share, or the maximum gross cost of one main scale teacher (whichever is the greater).
- h) The total sum of deficit budgets agreed at schools covered by the scheme in any one year may not exceed 40% of the collective balances held by the LA on behalf of schools.

~~4.8.2 Where a school has a licensed deficit and the school proposes to spend amounts received by it in respect of Schools Standards Grant on purposes other than reducing licensed deficit the LA will agree to such a proposal unless it considers the proposed expenditure is unreasonable in the school's financial circumstances.~~

#### 4.9.0 **Loan Scheme**

4.9.1 The LA will operate a loan scheme whereby funds may be advanced to schools to pay for specific projects. Separate guidance to the scheme will be provided but the same parameters governing licensed deficits set out in 4.9.1 above will apply.

## **SECTION 5 - INCOME**

### **5.1.0 Income from Lettings**

5.1.1 Schools may retain all income from lettings of the school premises. The only exception to this is where a PFI agreement or some other such agreement is in operation and the provisions of that agreement make other arrangements for the use of lettings income. It is permissible for schools to cross subsidise lettings for community and voluntary use with income from other lettings provided there is no net cost to the budget share. The LA may from time to time issue directions as to the use of school premises, as permitted under the Schools Standards and Framework Act 1998 for various categories of schools. Schools should have regard to these directions. Lettings of school premises not owned by the LA are not affected by this provision. Income from Lettings should be paid into the schools budget not into private or voluntary funds held by the school. There are separate requirements in respect of Community Facilities (Section 14).

5.1.2 Where the LA requires the use of school premises (e.g. for use as Polling Stations) schools will be reimbursed for the costs according to arrangements made by the LA from time to time.

### **5.2.0 Income from Fees and Charges**

5.2.1 Schools may retain income from fees and charges except where a service is provided by the LA from centrally retained funds. Schools must have regard to any policy statements on charging produced by the LA from time to time.

### **5.3.0 Income from Fund Raising Activities**

5.3.1 Schools may retain any income generated from fund raising activities on behalf of the school.

### **5.4.0 Income from the Sale of Assets**

5.4.1 Schools may retain the proceeds of sale of assets held at the school except in cases where the asset was purchased with non-delegated funds. Where the asset has been purchased with non-delegated funds, the LA will decide whether the school will retain part or the whole of the proceeds involved. Where the asset concerned is land or buildings forming part of the school premises, and is owned by the LA, the proceeds will be retained by the LA.

### **5.5.0 Administrative Procedures for the Collection of Income**

5.5.1 Schools must follow guidance on the procedures for the collection of income accruing to the LA (for example, income in respect of the centrally provided meals service).

### **5.6.0 Purposes for which Income may be used**

5.6.1 Income derived from the sale of assets purchased with delegated funds may only be spent for the purposes of the school.

## SECTION 6 – THE CHARGING OF SCHOOL BUDGET SHARES

### 6.0 General Provisions

6.1 The LA may charge the budget share of a school without the consent of the Governing Body of that school only in the circumstances set out below. The LA will consult any school prior to making a decision to charge a school's budget share other than with the consent of the school and following any such decision the school will be notified of the decision and the reasons for it. Any such action will be reported and the Governing Body would have an opportunity to appeal to the Authority against such a decision.

6.1.2 All salary costs of school based staff will be charged to school budget shares at actual cost.

### 6.2.0 Circumstances in which Charges may be made

6.2.1 Where premature retirement costs have been incurred without or in addition to the prior written agreement of the LA to bear such costs (the amount chargeable being only the excess over any amount agreed by the LA).

6.2.2 Other expenditure incurred to secure resignations where the school has not followed LA advice.

6.2.3 Awards by courts and industrial tribunals against the LA, or out of court settlements, arising from action or inaction by the Governing Body contrary to the LA's advice.

6.2.4 Expenditure by the LA in carrying out health and safety work or capital expenditure for which the LA is liable where funds have been delegated to the Governing Body for such work, and the Governing Body has failed to carry out the required work.

6.2.5 Expenditure by the LA incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by the LA or the school has Voluntary Controlled status.

6.2.6 Expenditure incurred by the LA in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by the LA.

6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to the LA.

6.2.8 Recovery of penalties imposed on the LA by the Boards of Inland Revenue, the Contributions Agency or HM Customs and Excise, Teachers' Pensions or the Environment Agency as a result of school negligence.

6.2.9 Correction of LA errors in calculating charges to a budget share (e.g. pension deductions). Such charging would only be applied where the LA considered it reasonable to do so.

- 6.2.10 Additional transport costs incurred by the LA arising from decisions by the Governing Body on the length of the school day and failure to notify the LA of non-pupil days resulting in unnecessary transport costs.
- 6.2.11 Legal costs which are incurred by the LA because the Governing Body did not accept the advice of the LA.
- 6.2.12 Costs of necessary health and safety training for staff employed by the LA where funding for training has been delegated but the necessary training has not been carried out.
- 6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- 6.2.14 Cost of work done in respect of teacher pension remittance and records for schools using non LA payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations.
- 6.2.15 Costs incurred by the LA in securing provisions specified in a Statement of SEN where the Governing Body of a school fails to secure such provision despite the delegation of funds in respect of that Statement.
- 6.2.16 Costs incurred by the LA due to submission by the school of incorrect data.
- 6.2.17 Recovery of amounts spent from specific grants on ineligible purposes.
- 6.2.18 Costs incurred by the LA as a result of the Governing Body being in breach of the terms of a contract.
- 6.2.19 *Costs incurred by school clusters resulting from the withdrawal of a school without an agreed period of notice.*
- 6.3.0 **Fees to be deducted from teachers' salaries and remitted to the General Teaching Council for England**
- 6.3.1 The General Teaching Council for England (Deduction of Fees) Regulations 2001 ("the Regulations", S.I. 2001 No. 3995) come into force on 10 January 2002. The Regulations apply to teachers at maintained schools registered with the General Teaching Council for England ("the GTC") or required to be so registered by the Teachers (Compulsory Registration) Regulations 2001 (S.I. 2001 No.1266). The Regulations place a duty on the employer of such teachers to deduct and remit the GTC fee in respect of a teacher who has not already paid the fee to the GTC where the GTC has notified the employer to deduct and remit the fee of that teacher. This includes teachers who have indicated to the GTC that they wish to pay the fee by a salary deduction as well as teachers who have not indicated how they wish to pay the fee.
- 6.3.2 In order to ensure the performance of the duties to deduct and remit the fee imposed on employers by the Regulations the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares and come into effect on [date]:

- (i) By virtue of section 46 of the School Standards and Framework Act 1998 and the regulations made under that section (at present the Financing of Maintained Schools (England) Regulations 2001 (S.I. 2001 No.475, Part II and Schedule 1) the costs of payroll administration for teachers in the Authority's maintained schools fall to be met from the budget shares which are allocated to governing bodies pursuant to section 47 of the Act, and which are delegated to them pursuant to sections 49-50. Accordingly, by virtue of Chapter IV of Part II of that Act and this Scheme, governing bodies of maintained schools are responsible for making suitable arrangements (or ensuring that such arrangements are made) for the administration of payroll services in respect of their teachers.
  
- (ii) A governing body of a community school, community special school or a voluntary controlled school, though not the employer of the teachers at such a school, shall:-
  - (a) where the governing body has entered into any arrangement or agreement with the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of fees by the Authority to the GTC. The governing body shall meet any consequential costs from the school's budget share;
  - (b) where the governing body has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of fees by that person to the Authority or directly to the GTC where this has been agreed between the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget share; and
  - (c) where the governing body directly administers the payroll, deduct and remit the fees to the Authority or directly to the GTC where this has been agreed between the GTC and the Authority. The governing body shall meet any consequential costs from the school's budget share.
  
- (iii) A governing body of a foundation school, a foundation special school or a voluntary aided school, as the employer of its teachers, is by virtue of the Regulations under a duty to deduct (or arrange for the deduction of) the fee and to remit the fee to the GTC. Accordingly, a governing body shall:-
  - (a) where the governing body has entered into any arrangement or agreement with the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of the fees by the Authority to the GTC on the governing body's behalf. The Authority shall agree to any such amendment. The governing body shall meet any consequential costs from the school's budget share;

- (b) where the governing body has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, ensure that any such arrangement or agreement is amended to allow for the deduction and remittance of the fees by that person to the GTC or to the governing body for onward transmission to GTC. The governing body shall meet any consequential costs from the school's budget share; and
- (c) where the governing body directly administers the payroll, deduct and remit the fees to the GTC. The governing body shall meet any consequential costs from the school's budget share.
- (iv) All this shall be done whether the funding for the salary payments is paid to the Authority by the school from budget share instalments which have been held by the school in an independent bank account, or the salary costs are directly charged by the Authority to the school's budget share account.

## **SECTION 7 - TAXATION**

### **7.1.0 Value Added Tax**

7.1.1 Schools will be able to reclaim VAT on expenditure (and must account for VAT on income) relating to their non-business activity via the Director of Finance under the Council's VAT Registration. Reclaimed tax for schools using delegated cash management will be passed back to them. More detailed guidance and procedures will be provided separately.

### **7.2.0 Construction Industry Taxation Scheme**

7.2.1 Payments for building construction or repairs may be subject to deductions in respect of Income Tax. The responsible person should administer the rules and regulations which relate to these payments. More detailed guidance and procedures are available separately.

## **SECTION 8 – THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY**

### **8.0 Provision of Services from Centrally Retained Budgets**

The LA will determine the basis on which services from centrally retained funds in the Schools and LA Budget will be provided to schools. For the purposes for this section, the costs of PRC and redundancy payments are included as services.

8.1.2 The Authority will treat all schools covered by the Scheme on the same basis irrespective of the category of school except where a) funding has been delegated to

some schools only or b) such discrimination is justified by differences in statutory duties.

8.1.3 Where a service is provided for which expenditure is not retainable centrally by the LA under the Regulations made under Section 46 of the Act, the prices charged for the service must be intended to generate income no less than the cost of providing the service. The total cost of the service must be met by the total income even if the schools are charged differentially.

#### 8.2.0 **Timescales for the Provision of Services Bought Back from the LA using Delegated Budgets**

The terms of any arrangement with a school to buy services or facilities from the LA will be described within each service agreement. However the length of such agreements will not exceed 3-years from the inception of the Scheme or the date of the agreement, whichever is the later and subsequent agreements will not exceed 5-years. Contracts for supply of catering services may be extended to 5 years at inception and 7 years for subsequent contracts.

#### 8.2.1 **Packaging**

Services which the LA is providing on a buy back basis will be offered in such a way as not to unreasonably restrict schools' freedom of choice among services available. Within the constraints of practicability and sound financial management, service agreements will seek to maximise choice available to schools.

The LA may offer discounts to schools which purchase packages of services.

#### 8.3.0 **Service Level Agreements**

8.3.1 The terms of any service level agreement starting on or after the inception of the Scheme will be reviewed at least every 3-years if the agreement lasts for longer than 3-years.

8.3.2 All services offered by the LA through service level agreements will be available to schools for the term of the agreement irrespective of whether extended agreements are offered. The LA may offer extended agreements and where it does so, may charge at a different rate. Schools wishing to end an agreement must give a terms notice.

#### 8.4.0 **Teachers' Pensions**

8.4.1 In order to ensure that the performance of the duty on the Authority to supply Teachers' Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the Authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.

8.4.2 The conditions only apply to governing bodies of maintained schools who have not entered into an arrangement with the Authority to provide payroll services.

A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, shall ensure that



any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

- 8.4.3 A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required from each school. A governing body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

## **SECTION 9 – PFI/PPP**

- 9.1 Where a school forms part of PFI/PPP arrangements and the Governing Body of the school has formally agreed to participate in that arrangement, the Authority will make appropriate provision for the charging of a school's budget share according to the agreed arrangement and the treatment of monies withheld from contractors due to poor performance.
- 9.2 Other arrangements regarding the use of premises may arise through the establishment of a PFI/PPP scheme. Where the Governing Body of a school has formally agreed to such arrangements, these should not be impeded or constrained by any part of this Scheme.

## **SECTION 10 - INSURANCE**

- 10.1 If funds for insurance are delegated to any school, the LA may require the school to demonstrate that the cover relevant to the LA's insurable interest, under the policy arranged by the Governing Body, is at least as good as the relevant minimum cover arranged by the LA and paid for from central funds or from contributions from schools' delegated budgets. The LA will have regard to the actual risks which might reasonably be expected to arise at the school in question in operating such a requirement.

## **SECTION 11 - MISCELLANEOUS**

- 11.0 **Right of Access To Information**

11.1 Governing Bodies are required to supply all financial and other information which is required to enable the Authority to satisfy itself as to the school's management of its budget share, or the use made of any central expenditure by the Authority (e.g. Earmarked Funds) at the school.

## 11.2 **Liability of Governors**

11.2.1 The Governing Body of each school is a corporate body. Because of this and the terms of Section 50(7) of the Schools Standards and Framework Act, Governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith.

## 11.3.0 **Governors' Expenses**

11.3.1 Where a school has yet to receive a delegated budget, the LA may delegate to a Governing Body of such a school, funds to meet Governors' expenses.

11.3.2 Schedule 11 of the Schools Standard and Framework Act 1998 provides that only allowances in respect of purposes specified in regulations may be paid to Governors from a school's delegated budget share. No other payment of any allowance may be made from a school's budget share to Governors. No additional payment of expenses may be made from the budget share to additional Governors appointed by the Secretary of State to schools under special measures beyond those expenses paid by the Secretary of State.

## 11.4.0 **Responsibility for Legal Costs**

11.4.1 Legal costs incurred by a Governing Body where these are the responsibility of the LA as part of the cost of maintaining the school, may be charged to the school's budget share, unless the Governing Body acts in accordance with the advice of the Authority (see also Section 6).

The Borough Solicitor will advise on procedure for schools obtaining legal advice where there is a conflict of interest between the LA and the Governing Body.

## 11.5.0 **Health and Safety**

11.5.1 Governing Bodies should have due regard to duties placed on the LA in relation to health and safety. Governing Bodies, in expending the school's budget share, should also have regard to the Authority's policy on health and safety matters in the management of the budget share.

## 11.6.0 **Right of Attendance of Director of Finance**

11.6.1 The Director of Finance of the Authority, or any officer of the Authority nominated by the Director of Finance is entitled to attend any meeting of a school's Governing Body at which any agenda items are relevant to the exercise of the responsibilities of the Director of Finance. Prior notice of such attendance will normally be given unless it is impractical to do so.

## 11.7.0 **Delegation To New Schools**

11.7.1 The Authority may delegate selectively and optionally to Governing Bodies of schools which have yet to receive delegated budgets.

#### 11.8.0 **Optional Delegation**

11.8.1 Where a school exercises an option to receive delegated funding for an item, that option may only be exercised once a year at a stipulated date prior to the financial year in question.

#### 11.9.0 **Special Education Needs**

11.9.1 Governing Bodies should use their best endeavours in spending the budget share to secure appropriate provision for children with special educational needs.

#### ~~11.10.0 **School Meals**~~

~~11.10.1 Schools are required to have regard to the Authority's policy statement on school meals.~~

#### 11.11.0 **Whistleblowing**

11.11.1 Schools should have a written whistleblowing procedure in accordance with FMSiS. This sets out the procedures to be followed by persons working at a school or school governors who wish to complain about financial management or financial propriety at the school and how such complaints will be dealt with.

#### 11.12.0 **Child Protection**

11.12.1 Schools are expected to co-operate in releasing staff to attend Child Protection Case Conferences and other related events. The Authority may help to meet costs.

#### 11.13.0 **School Redundancy Costs**

11.13.1 *Schools will be required to pay a 25% contribution towards redundancy costs from April 2012. Where necessary, repayment of licenced deficits can be extended to allow for extra costs, see 4.8.1.*

11.13.2 *A voluntary staff redeployment scheme is also available from September 2011*

## **SECTION 12 – FORMER GRANT MAINTAINED SCHOOLS OUTSTANDING ISSUES**

#### ~~12.1 **Outstanding Loans**~~

~~12.1.1 Any outstanding loans from former Grant Maintained schools may be charged by the LA against the school's budget share where payments are not made direct to the Secretary of State or other lender.~~

## **SECTION 13 – RESPONSIBILITY FOR REPAIRS AND MAINTENANCE**

13.1 All revenue funding for repairs and maintenance has been delegated to schools. Capital expenditure, other than formula capital will be retained by the Local Authority.

The definition of what expenditure may be treated as capital will be that used by the Local Authority for financial accounting purposes. This may change from time to time. At present, the Authority will treat individual items of repair and maintenance expenditure at schools costing in excess of £6,000 as capital expenditure (£2,000 Formula Capital). Individual items costing below that level will be met from schools' delegated budget shares. Governors of Voluntary Aided schools will continue to be eligible for capital grants from the DfE in respect of their statutory responsibilities and in addition they will have responsibility for other repair and maintenance items on the same basis as community and foundation schools. The "Voluntary Aided and Special Agreement Schools : Financial Liabilities" list will be used to formally establish responsibility for payment of liabilities.

## **SECTION 14 – COMMUNITY FACILITIES**

### **14.1.0 Introduction**

14.1.1 Schools which choose to exercise the power conferred by s.27(1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28(2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its LA and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that.

14.1.2 However, under s.28(1) the main limitations and restrictions on the power will be (a) those contained in schools' own instruments of government if any, and (b) in the maintaining LA's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

14.1.3 Schools are therefore subject to prohibitions, restrictions and limitations as set out in this section.

14.1.4 This section of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the Authority and Schools to secure the provision of adult and community learning.

### **14.2.0 Consultation with the LA – Financial Aspects**

14.2.1 Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult the Local Education Authority, and have regard to advice given to them by their LA.

14.2.2 When consulting the LA, governors will need to provide in writing :

- Details of the proposal and all parties to it.
- An outline business plan.
- Income and expenditure projections for at least three years.
- Proposals for accounting and audit arrangements.
- A draft funding agreement.

- ~~Assurance that the budget share of the school will not be used to fund community facilities either as start-up costs, ongoing expenditure or to meet deficits.~~

14.2.3 The LA will respond to the consultation in less than six weeks from the date of receipt, providing written comments or advice.

14.2.4 Schools must inform the LA, before proceeding, what action has been taken following the LA advice.

#### 14.3.0 Funding Agreements – LA Powers

14.3.1 The provision of community facilities may be dependent on the conclusion of a funding agreement with a third party. This could either entail supplying funding or supplying funding and taking part in the provision. A very wide range of bodies and organisations are potentially involved.

14.3.2 As part of the consultation (in 14.2) any funding agreement must be submitted to the LA before it is accepted.

14.3.3 It should be pointed out that the LA has no power to veto funding arrangements. However if an agreement has been or is to be conducted against the wishes of the LA, or has been concluded without informing the LA, and in the view of the Authority is seriously prejudicial to the interests of the school or the Authority, that may constitute grounds for suspension of the right to a delegated budget.

#### 14.4.0 Other Prohibitions, Restrictions and Limitations

14.4.1 The scheme does not give the LA a right of veto either to funding agreements with third parties, or for other proposed uses of the community facilities power.

However, the Authority may, in a specific instance of the use of the community facilities power by a governing body seek to protect the financial interests of the Authority. They may do this by

- a) requiring the governing body to carry out the activity through the vehicle of a limited company formed for the purpose, or
- b) by requiring the governing body to obtain and pay for indemnity insurance for risks associated with the project in question. Specification to be agreed with the LA.

14.4.2 Section 26 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools. The Authority may if it wishes propose other scheme provisions of that nature which they believe necessary. In considering whether to approve any such provisions for inclusion in the Authority's scheme, the Secretary of State will adopt as the principal criterion that restrictions should only be in existence if they are necessary to safeguard the financial position of the Authority or school, or to protect pupil welfare or education.

#### 14.5.0 Supply of Financial Information

- 14.5.1 Financial information relating to community facilities will be included in returns made by schools under the Consistent Financial Reporting Framework. These will be the main source of information. Separate accounts must be kept by the school.
- 14.5.2 However, the LA may require schools which exercise the community facilities power to provide the Authority every six months with a summary statement, in a form to be determined by the Authority, showing income and expenditure for the school arising from the facilities in question for the previous six months and, on an estimated basis, for the next six months.
- 14.5.3 On giving notice to the school that it believes there to be a cause for concern as to the school's management of the financial consequences of the exercise of the community facilities power, the Authority, may require such financial statements to be supplied every three months. In addition, if the Authority sees fit, it may require the submission of a recovery plan for the activity in question.
- 14.5.4 Mismanagement of funds received for community facilities is a basis for suspension of the right to delegation of the budget share.
- 14.6.0 Audit
- 14.6.1 The school must give access to the school's records connected with the exercise of the community facilities power to facilitate internal and external audit requirements.
- 14.6.2 The LA requires schools, in concluding funding agreements with other persons pursuant to the exercise of the community facilities power, to ensure that such agreements contain adequate provision for access by the Authority to the records and other property of those persons held on the school premises in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.
- 14.7.0 Treatment of Income and Surpluses
- 14.7.1 Schools may retain all income derived from community facilities except where otherwise agreed with a funding provider, whether that be the LA or some other person. Schools may carry such net retained income over from one financial year to the next as a separate community facilities surplus. With the agreement of the Authority it may be transferred in part or in whole to the budget share balance.
- 14.7.2 If the school is a community or community special school, and the Authority ceases to maintain the school, any accumulated retained income obtained from exercise of the community facilities power reverts to the Authority unless otherwise agreed with a funding provider.
- 14.7.3 If there is a deficit on community facilities and the LA needs to recover funds to meet third party liabilities it may ~~only~~ do so from any accumulated community facilities surplus. ~~If this is insufficient the LA will have to meet the liabilities from its own resources. This arises from the provision of s.51A of the School Standards and Framework Act 1998 (inserted by paragraph 4 of Schedule 3 to the Education Act 2002), which provides that such liabilities are part of the expenses of maintaining the school; may be recovered from the governing body but the expenditure incurred by the governing body in the exercise of the community facilities power may not be met~~

~~from the budget share unless such a purpose is prescribed by regulations made under s.50(3)(b) of the 1998 Act.~~

#### 14.11.2 Health and Safety Matters

14.8.1 The Health and Safety provisions contained in 11.6 of the Scheme extend to cover activity in this section as well.

14.8.2 The governing body is responsible for the costs of securing Criminal Records Bureau clearance for all adults involved in community activities taking place during the school day. Governing bodies are free to pass on such costs to a funding partner as part of an agreement with that partner.

#### 14.9.0 Insurance

14.9.1 It is the responsibility of the governing body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities power. ~~Such insurance should not be funded from the school budget share.~~ The school must seek the Authority's advice before finalising any insurance arrangement for community facilities.

14.9.2 The LA may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, may make arrangements itself and charge the resultant cost to the school (~~not to the school's budget share~~).

#### 14.10.0 Taxation

14.11.2 Schools may only make use of the LA's VAT reclaim facility for expenditure on community facilities when this is from LA funds and not expenditure from other funds. Schools should account for VAT on income arising from community facilities as appropriate.

14.10.2 If any member of staff employed by the school or LA in connection with community facilities at the school is paid from funds held in the school's own bank account, the school is likely to be held liable for payment of income tax and National Insurance, in line with Inland Revenue rules. A declaration must be made to the Payroll Section in the Finance Department.

14.10.3 Schools must follow LA advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

#### 14.11.0 Banking

14.11.1 Monies from budget shares and community facilities must be kept separate. Separate bank accounts must be maintained. (See Part 5 of the Manual of Financial Guidance for Schools "Cash Management"). Where a bank account is set up specifically for community facilities, the account mandate should not imply that the LA is the owner of the funds in the account except insofar as those funds have been provided through the LA itself.

14.11.2 Schools are reminded that they may not borrow money (except from the LA) without the written consent of the Secretary of State.



**WIRRAL MAINTAINED SCHOOLS****DfE No.**

<b>DfE No.</b>	<b>Secondary Schools</b>
4070	Bebington High Sports College
4060	Hilbre High School
4066	Mosslands School
<del>4067</del>	<del>Oldershaw School</del>
<del>4017</del>	<del>Park High School</del>
4057	Pensby High School for Boys
4058	Pensby High School for Girls(Specialist College)
<del>4010</del>	<del>Prenton High School for Girls</del>
4018	Ridgeway High School
<del>4011</del>	<del>Rock Ferry High School</del>
4071	South Wirral High School
4073	Wallasey School
<del>4069</del>	<del>Weatherhead High School Media Art College</del>
<del>4056</del>	<del>West Kirby Grammar School for Girls</del>
<del>4052</del>	<del>Wirral Grammar School for Girls</del>
4012	Woodchurch High School Engineering College
4605	St John Plessington Catholic College – a Specialist Humanities and Technology College
4611	St Mary's Catholic Aided College
5400	Calday Grange Grammar School
<del>5401</del>	<del>Wirral Grammar School for Boys</del>
5901	Upton Hall School (FCJ)
<del>5900</del>	<del>St Anselm's College</del>

**DfE No.**

<b>DfE No.</b>	<b>Special Schools</b>
7001	Clare Mount School
7014	The Lyndale School
7005	Elleray Park School
7004	Foxfield School
7010	Gilbrook School
7000	Hayfield School
7003	Kilgarth School
7007	Meadowside School
7020	Orrets Meadow School
7017	Stanley School
7019	Wirral Hospitals' School
<del>7215</del>	<del>New Solar School <u>Observatory School</u></del>
1101	Wirral Alternative School Programme

**DfE No.**

<b>DfE No.</b>	<b>Nursery Schools</b>
1001	Leasowe Early Years and Adult Learning
1000	Brentwood Early Years Centre
1002	Ganneys Meadow Early Years Centre

**DfE No.**

<b>DfE No.</b>	<b>Primary Schools</b>
<del>2265</del>	<del>Arrove Hill Primary School</del>
2229	Barnston Primary School
2000	Bedford Drive Primary School
2275	Bidston Av Primary School
2001	Bidston Village CE Primary School
2226	Black Horse Infants School

2232	Black Horse Junior School
2218	Brackenwood Infants School
2210	Brackenwood Junior School
<del>2209</del>	<del>Bromborough Pool Primary School</del>
2227	Brookdale Primary School
2215	Brookhurst Primary School
2115	Castleway Primary School
2261	Cathcart Street Primary School
2266	Church Drive Primary School
<del>2262</del>	<del>Cole Street Primary School</del>
2048	Devonshire Park Primary School
2112	Eastway Primary School
2244	Egremont Primary School
2252	Fender Primary School
2238	Gayton Primary School
2220	Greasby Infant School
2225	Greasby Junior School
2234	Great Meols Primary School
2117	Greenleas Primary School
2205	Grove Street Primary School
2250	Heswall Primary School
2274	Heygarth Primary School
2203	Higher Beb Junior School
2279	Hillside Primary School
2224	Irby Primary School
2108	Kingsway Primary School
2268	Leasowe Primary School
2118	Lingham Primary School
2102	Liscard Primary School
2254	Manor Primary School
2214	Mendell Primary School
2255	Mersey Park Primary School
<del>2276-3375</del>	<del>Millfields <i>C of E</i> Primary School</del>
2101	Mount Primary School
2100	New Brighton Primary School
2270	Overchurch Junior School
2256	Overchurch Infant School
2110	Park Primary School
<del>2228</del>	<del>Pensby Infant School</del>
<del>2223</del>	<del>Pensby Junior School</del>
<u>3376</u>	<u><i>Pensby Primary Schoool</i></u>
2249	Portland Primary School
<del>2267</del>	<del>Pensby Park Primary School</del>

2231	Poulton Lancelyn Primary School
<del>2109</del>	<del>Poulton Primary School</del>
3374	Prenton Primary School
2217	Raeburn Primary School
2107	Riverside Primary School
2258	Rock Ferry Primary School
2116	Sandbrook Primary School
2111	Somerville Primary School
2200	Stanton Road Primary School
2104	St George's Primary School
2021	Woodlands Primary School
2264	Thingwall Primary School
2212	Thornton Hough Primary School
2204	Town Lane Infant School
2278	Townfield Primary School
2263	Well Lane Primary School
2221	West Kirby Primary School
2260	Woodchurch Rd Primary School
2201	Woodslee Primary School
3011	Christchurch Primary School Birkenhead
3337	Christ Church Primary School Moreton
3361	Christ the King Primary School
3351	Dawpool Primary School
<del>3006</del>	<del>St Mary's CE Primary School</del>
3368	Holy Cross Primary School
<u>3363</u>	<u>Holy Spirit Catholic and C of E Primary School</u>
3010	Holy Trinity Primary School
3365	Ladymount Primary School
<del>3336</del>	<del>O Lady Lourdes Primary School</del>
3364	Our Lady of Pity Primary School
3367	Our Lady & St Edward's Primary School
3335	Sacred Heart Primary School
3331	St Alban's Primary School
3350	St Andrew's Primary School
3369	St Anne's Primary School
3009	St Bridget's Primary School
3362	St John's Infant School
3360	St John's Junior School
3373	St Joseph's Primary School Birkenhead
3321	St Joseph's Primary School Upton
3333	St Joseph's Primary School Wallasey
<del>3370</del>	<del>St Laurence's Primary School</del>

3371	St Michael & All Angels Primary School
3324	St Paul's Primary School
3352	-St Peter's CE Primary School
3322	St Peter's RC Primary School
3330	Ss Peter&Paul Primary School
3300	St Saviour's Primary School
3372	St Werburgh's Primary School
3366	The Priory Primary School
3304	Woodchurch CE Primary School

## **ANNEX B: BEST VALUE**

- ~~1. This statement is intended to assist schools in considering the relevance of best value principles to the expenditure of funds from their delegated budget share. When submitting annual budget plans, schools are required to say how best value principles are being followed.~~
- ~~2. Best value is a statutory duty to deliver services to clear standards, covering both cost and quality, the most effective, economic and efficient means available. Legislation places a duty on local authorities to secure best value in respect of the way in which they exercise their functions. This is not intended to apply to those functions which are exercised by the governing bodies of LA maintained schools. However, schools will be encouraged to adopt the best value performance management framework.~~
- ~~3. In relation to schools and expenditure from delegated budgets, the main features of best value can be summarised as a need for the governing body of a school to ensure:~~
  - ~~a. the existence of a programme of performance review which will aim for continual improvement. Existing mechanisms such as school development plans and post-OFSTED inspection plans can be developed to satisfy the requirements for review. The reviews should include:
    - ~~challenging how and why a service is provided (including consideration of alternative providers);~~
    - ~~comparison of performance against other schools taking into account the views of parents and pupils;~~
    - ~~mechanisms to consult stakeholders, especially parents and pupils;~~
    - ~~embracing competition as a means of securing efficient and effective services;~~~~
  - ~~b. the development of a framework of performance indicators and targets which will provide a clear practical expression of a school's performance, taking national requirements into account;~~
  - ~~c. that the following are included in school development plans—
    - ~~a summary of objectives and strategy for the future;~~
    - ~~forward targets on an annual and longer term basis;~~
    - ~~description of the means by which performance targets will be achieved;~~
    - ~~a report on current performance;~~~~
  - ~~d. that internal and external audit takes place ensuring that performance information is scrutinised. LA oversight of school finances provides external review.~~
- ~~4. The independent inspection and intervention elements of the best value framework will be the responsibility of other bodies not relevant to demonstration by a governing body of adherence to best value principles.~~

This page is intentionally left blank

## WIRRAL COUNCIL

### SCHOOLS FORUM - 24 JANUARY 2012

#### REPORT OF THE ACTING DIRECTOR OF CHILDREN'S SERVICES

#### EARLY YEARS SINGLE FORMULA REVIEW

---

##### 1. EXECUTIVE SUMMARY

This report summarises an initial review of the Early Years Single Funding Formula. No changes are proposed to the structure of the formula, although this will be re-examined in 12 months time. An adjustment to the payment mechanism will be considered for 2012-13. Members are asked for their views on these changes.

##### 2. BACKGROUND

A new Early Years Formula was introduced in April 2011 to fund the Free Entitlement for early years provision for all 3 and 4 year olds in nursery schools, nursery classes, day nurseries and pre-school playgroups. This was the outcome of a lengthy exercise, consulting representatives from all sectors to agree an approach that reflected costs, promoted quality and encouraged take up in a fair and transparent way.

DFE Good practice guidance suggests that Local Authorities should review the new formula 6 months after implementation.

##### 3. THE EARLY YEARS SINGLE FUNDING FORMULA

The formula implemented uses a single base rate for all providers, together with a number of specific supplements for deprivation, quality, flexibility and a Headteacher supplement (for nursery schools only). The hourly rates are as follows:

	<b>2011-12</b>
	<b>£</b>
Base Rate	3.19
Deprivation	0.14
Quality	<u>0.16</u>
	3.49
Flexibility in school hours	0.18
Flexibility outside school hours	<u>0.18</u>
	3.85

The deprivation supplement is banded high, medium and low (£0.23, £0.14 and £0.05).

The resources identified for the formula are:

	£
Existing 3 and 4 year funding	4,175,800
Nursery and nursery class budgets	3,575,000
Extension and flexibility costs	2,030,200
Deprivation growth	200,000
Additional Places	262,000
Consolidation of grants – SSG, Extended Schools etc.	96,000
Other	<u>(75,100)</u>
	<b>10,263,900</b>

#### 4. REVIEW OF FORMULA

All providers received a letter explaining the formula. The review process and a short questionnaire.(Appendix A)

Responses were received as follows:

Provider	Number of Responses	Out of	Response Rate (%)
Nursery School	2	3	
Nursery Classes	9	47	
Private/Voluntary/ Independent	<u>41</u>	<u>123</u>	
Total	52	173	<b>30</b>

The low response rate is not untypical and perhaps indicates that generally providers are able to work with the new formula.

The answers to the questions asked are summarised in Appendix B.

#### Questions asked

##### i. Is the formula understood?

45 out of 52 answered yes to this question; although comments in later questions indicate that some areas are not understood in the detail they should be.

##### ii. Comments on base rates and supplements

A number of providers commented that the Base Rate used (£3.19) is too low and should be increased - particularly those settings that do not qualify for other supplements. There were suggestions that the rate should increase to the levels paid by parents for childcare. A 10% increase for example would cost in the region of £800,000. The funding settlement for 2012-13 makes no provision for growth or inflation. Without changes to other supplements (which are not recommended at this time) an increase could not be implemented.



There was no consensus on the question “Does the base rate need to reflect the differences between settings?” It seems unlikely that this question was understood. The question was looking for views on using different base rates for nursery schools, nursery classes and PVI’s. We may need to re-examine this over the next twelve months depending on the position of nursery school finances.

Responses to deprivation funding were as expected. Generally those who were critical were those receiving the lowest rate. Those receiving additional funding identified uses such as additional staffing and extra activities.

Just over half respondents supported a quality incentive. In the current formula about 50% of providers claim this supplement, with a cost of £250,000. It may be useful if the supplement was reviewed over the coming years (it is the equivalent of about 10p on the Base Rate).

The flexibility supplement is supported, although some providers comment that the requirement to state their intention to be flexible before the start of the year is not possible (about 40% of providers currently deliver a flexible offer).

## **5. Comments on the Payment Mechanism**

The Funding Formula makes payments to providers on the basis of head count data in the Summer, Autumn and Spring Terms. Previously provider payments were adjusted at each half term for changes in attendance. This no longer happens. Providers receive funding for all children attending in a term based on the numbers counted on each census date. If numbers reduce later in the term (because children have left) or increase (because there are new starters) no adjustment is made to payments. There are however some exceptions for example children not counted because they are sick. A number of providers comment that they would prefer the half term adjustment to be re-instated, whilst a few comment that the reduction in forms to be returned and administration is welcome.

A review seems advisable, with consideration of a trigger mechanism whereby providers could claim when a certain number of additional hours has been exceeded. A threshold of 120 hours per term i.e. 1 place for 8 weeks could be suggested, with claims for additional funding evidenced by additional costs incurred.

## **6. Affordability**

The funding available for the EYSFF in 2011-12 is £10.3 m. The anticipated spend for the year is £9.2m, which would result in an underspend at the year end of £1.1m.

The reasons for this are:

1. Costs in summer 2011 were offset by a carry forward from 2010-11 of Standards Fund Grant to extend Early Years Entitlement £665,000
2. Fewer providers registered for flexibility than were expected, (the numbers are expected to increase in 2012-13) a reduction of £100,000.
3. There are fewer hours than anticipated – a reduction of £400,000. The budget for 2012-13 takes some account of this.

## **7. Early Education Funding Agreement**

Good practice requires Councils to have a funding agreement with Early Years Providers. A draft agreement is attached setting out the responsibilities of the Council and providers. This covers areas such as:

Provision of data and documentation.

Quality improvement.

Funding.

Agreements between parents and settings.

Removal from the register.

Appeals.

Complaints.

## **8. Conclusion**

The new formula is operating as intended. However it is too early to determine if the range of supplements offered provide incentives to improve quality or flexibility or target sufficient resources to deprivation. A further review should be undertaken in 12 months to include the impact of the formula on Nursery Schools.

A trigger mechanism for unfunded hours in settings should be introduced to avoid penalising providers who accept children after headcount dates.

## **9 Recommendations:**

1. There is no change to the structure of the EYSFF.
2. That a trigger mechanism is introduced to fund pupils arriving after head count dates.
3. That a further review is undertaken in 12 months time.
4. A funding agreement is issued to all providers.

David Armstrong  
*Acting Director*  
Hamilton Building,  
Conway Street,  
Birkenhead,  
Wirral  
CH41 4FD

to All Early Years Providers

date 19 January 2012

tel 0151-666 4249 Please ask for Mr A Roberts  
email [andrewroberts@wirral.gov.uk](mailto:andrewroberts@wirral.gov.uk)

Dear Colleague

REVIEW OF EARLY YEARS FUNDING FORMULA

A new Early Years Formula was introduced in April 2011 to fund the Free Entitlement for early years provision for all 3 and 4 year olds in nursery schools, nursery classes, day nurseries and pre-school playgroups. This was the outcome of a lengthy exercise, consulting representatives from all sectors to agree an approach that reflected costs, promoted quality and encouraged take up in a fair and transparent way.

This letter starts an initial review of the formula. Whilst this is still quite soon after the changes were implemented, your views will help us to consider if any adjustments are necessary before the start of the 2012-13 financial year.

Attached is a sheet with a number of questions, together with space for any other comments you may like to add. It is intended to discuss feedback with representatives from Early Years providers following which the Schools Forum will consider any changes recommended.

I would be grateful if you would discuss this with your Management Committees / Governors and respond by Friday 18<sup>th</sup> November.

I look forward to hearing from you and will write again with an up-date on any decisions taken.

Yours sincerely



David Armstrong  
Acting Director of Children's Services



- Does the quality supplement provide an incentive to recruit and train qualified staff?
  
  - Do you support the idea of a flexibility supplement? What additional costs are incurred as a result of offering flexible provision?
  
  - What demand is made by parents for flexibility?
3. Is the Funding Formula overly complex?
4. Do you have any comments on the revised payments procedures?
5. How useful is the indicative budget you receive in March?
6. What other comments do you have?

NAME: \_\_\_\_\_

ESTABLISHMENT: \_\_\_\_\_

**PLEASE RETURN TO:**

Andrew Roberts  
Children and Young People's Department  
Hamilton Building  
Conway St, Birkenhead, CH41 4FD

## **EARLY EDUCATION FUNDING AGREEMENT 2011-12**

### **Introduction**

This document serves as a binding contract between Wirral Council and all Early Years settings registered in the Directory of Providers to offer the free funded early years entitlement for all eligible children.

The agreement addresses issues relating to the child's free entitlement, the responsibilities of both Wirral Council and providers in managing funding and support for providers for both financial and the quality of provision.

This agreement will be renewed annually and is subject to amendment in accordance with changes required by the Secretary of State for Education.

### **TERMS AND CONDITIONS OF EARLY YEARS ENTITLEMENT**

Wirral guarantees a free, good quality early education place for all eligible 3 and 4 year olds, whose parents want a place. A child becomes eligible for a free early education place the term after their 3<sup>rd</sup> birthday. An early education place is provided for a maximum of 15 hours per week which can be delivered flexibly over a minimum of 38 weeks. Parents can take fewer hours if they wish.

The regulations prescribe that children become eligible for free early years provision on the dates set out below:

<b>A child born in the period:</b>	<b>Will become eligible for a free place:</b>
1 <sup>st</sup> April to 31 <sup>st</sup> August	1 <sup>st</sup> Sept following child's 3 <sup>rd</sup> birthday (Autumn school term)
1 <sup>st</sup> Sept to 31 <sup>st</sup> Dec	1 <sup>st</sup> Jan following child's 3 <sup>rd</sup> birthday (Spring school term)
1 <sup>st</sup> Jan to 31 <sup>st</sup> March	1 <sup>st</sup> April following child's 3 <sup>rd</sup> birthday (Summer school term)

All children entitled to free early years provision who are attending your setting will be paid by Wirral.

Cross-border arrangements are in place with neighbouring Local Authorities, which mean that children of Wirral residents will be funded when attending a non Wirral provision, and children of non Wirral residents will be funded when attending a Wirral provision.

Wirral has a responsibility to make sure that there is a choice of provision through the various sectors and that sufficient provision will be available to meet the local demand.

Wirral is responsible for registering providers for Free Early Education. The list consists of LEA Maintained Schools and Private, Voluntary and Independent

Providers, (this includes Independent Schools and Childminders who are part of Wirral's Accredited Childminding Network).

**Early years providers claiming Early Education Funding in Wirral are required to:**

- Regularly re-register with Wirral
- Abide by the conditions and requirements as set out in DFE Code of Practice on the Provision of Free Early Education Places for Three and Four Year Olds.
- Provide early education that meets the statutory requirements of the Early Years Foundation Stage Framework. (Childcare Act 2006).
- Ensure compliance with Disability Discrimination Legislation.
- .Submit to inspection of its provision for three and four year olds by registered Ofsted Inspectors (or their agents).
- Agree to the inspection of accounts and records by Wirral's Director of Finance or his representative.
- Ensure that the date of birth information supplied to Wirral is accurate by only submitting claims for children for which a member of staff has had sight of the child's original birth certificate.
- Retain (for audit purposes) original documentation signed by the parent, that confirms the child's personal details, and confirmation by the parents that the child is accessing only one entitlement.
- Ensure that the Families Information Service is kept up to date with any changes in provision including occupancy and staffing arrangements.
- Make sure that parents are not charged for any part of the free entitlement, no cheque back system is operated and no top-up fees are applied. Free must be free at the point of delivery.
- Be clear with parents about their free offer, and how this is delivered in terms of flexibility.
- Support parents in accessing tax credits and financial support to contribute to the costs of childcare (this can be achieved through signposting parents to Wirral Families Information Service).

**Additional conditions**

- Comply with Wirral's Quality Improvement Process and cooperate with the Quality Improvement Team, their actions and recommendations
- Maintain and have available for review by the Foundation Consultant a complete staff file confirming vetting and barring arrangements have been carried out on each staff member, and when.
- Maintain and have available for review by the Foundation Consultant, the QISP Action Plan for the setting.
- Nominate a named senior staff member with responsibility for the implementation of the Early Years Foundation Stage within the setting (who

ideally should have achieved Early Years Professional Status or is working towards, or who has achieved Qualified Teacher Status).

- Nominate a SEN Coordinator/Inclusion Officer with responsibility to identify and support children with Special Education Needs and ensure inclusive practices are in place, supported with effective policies and procedures.
- Nominate a Safeguarding Coordinator with responsibility for ensuring effective Safeguarding policies and procedures
- Ensure at least one staff member is trained and competent in undertaking a Common Assessment.
- Maintain and have available for review by the Foundation Consultant, a comprehensive training plan for staff, and evidence of improved practice and outcomes as a result of any training.

## **FUNDING AND CLAIM PROCESS**

**Single Funding Funded Formula** – Wirral implemented a new Early Years Formula in April 2011 to fund the free entitlement for early years provision for all 3 and 4 year olds in nursery schools, nursery classes, day nurseries and pre-school playgroups. This was the outcome of a lengthy exercise, consulting representative from all sectors to agree an approach that reflected costs, promoted quality and encouraged take up in a fair and transparent way. Each setting receive their funding based on a calculated hourly rate which has been devised using the formula mentioned above.

The Single Funding Formula makes payments to providers on the basis of attended hours on each termly Headcount. The formula is made up of the following elements:

A single Base Rate and supplements for

Deprivation (banded high, medium and low)

Quality

Flexibility

Other including Nursery School Headteacher

In addition the formula includes some protection to providers who might otherwise lose funding. This is done through a Minimum Funding Guarantee and a Formula Floor and Ceiling.

**Indicative Early Years Budget** - Providers will be notified in advance with details of their indicative annual budget by the end of March of each year. The budget will show an estimate of the total amount to be paid termly and a breakdown of your hourly rate (calculated on the base rate plus any supplements your setting qualifies for).

**Frequency and Calculation of payments** – Each term providers will receive two payments, the first payment is an estimate payment and will be sent through automatically before the start of term. This payment will be calculated using 50% of the indicative termly budget based on the attended hours for the previous calendar year. The second payment will be made to you following the submission of any new application forms and registers and will be based on the actual children registered with your setting on the headcount date. Settings must remember that the estimate payment of 50% will be deducted from your second payment based on actual attendance levels. There is no half term adjustment. Settings are funded for a term



based on the children in the setting on the headcount day. There is no additional funding provided for children who arrive after that date. Similarly there is no deduction for any child that leaves

**Termly Returns** – Each term the Local Authority will write to providers individually with details of the forthcoming term. Attached to the letter will be a pack of application forms for any new children starting their funded place with you and also a register showing a list of children claimed for in the previous term. Any new children must be added to the register however, parents will not need to add their signature as this is covered on the application form. For any children who have left the setting the provider will then need to make any adjustments on the register. Once a child has been funded at a setting, the funding will remain in place for that term.

Staggered intake

In line with good practice for children new to a setting and to aid their transition, it should be possible to arrange a staggered intake at the start of each term. However, settings must ensure that children are attending by the headcount date, which will have been notified to you in advance. In the event that the headcount date would not normally be a day that the child attends, then the setting should ensure that the child is attending during that week.

### **Contractual agreements between settings and parents**

Parent/Provider contracts must be in place for each claimed child, and be retained by the provider for audit purposes.

Providers can make a reasonable charge for meals provided to children during the day, but this must not be a condition of access to the free entitlement and the parent must be aware and agree to this charge in advance, or be given the option to provide a packed lunch.

Providers are reminded that the Free Early Education provision must be free at the point of delivery. **You must not allow parents to pay for any part of their child's early education, and you must not provide a cheque back at the end of a funded period. Parental invoices must show the entitlement in hours and not as a monetary value**

For those early years settings whose Early Education Funding is greater than the costs of childcare, any surplus funding issued can be retained by the setting but must be spent on goods, services or training that supports the age range of children who are eligible for this funding.

**Bank Details** - Providers are required to complete a banking details form By entering into a contract with Wirral Council to offer Early Education Funded provision you agree to receive payment from the Local Authority by Banks Automated Clearing System (BACS), directly into your bank account. **Please ensure that the account**

**name is clearly entered on the bankers form, so that the funding may be paid correctly**

If you have any other queries regarding the funding payment process, please contact Children's Financial Services on 0151 666 4649.

## **CHANGE OF DETAILS**

If your details change in any way **you are obliged to inform OFSTED as a condition of your registration**. It is also important that you notify Wirral Children's Financial Services section as a condition of your contract with the Local Authority to receive early education funding.

You should complete and return the enclosed form entitled 'Change of Details Form'. You should clearly state the details of the change or amendment.

If your setting changes ownership or appoints a new nursery manager then you will be required to complete a new agreement form.

You should also use this form to notify the Local Authority if you intend to close your provision or cease to offer free early education provision, and wish to be removed from the list of Registered Early Education Providers. Please give as much notice as practical so that your details are not included in public information and childcare sufficiency assessments.

## **REMOVAL OF A PROVIDER FROM THE REGISTER**

Removing a setting from the Directory of Providers of Funded Nursery Education is a most serious action, and last resort. It is hoped that this is never necessary. This would only happen when:

- The quality of the provision was so poor that it was failing to contribute to the positive experience and well being of children.
- An OFSTED judgement of Inadequate 2 will lead to immediate withdrawal
- Where there was failure to meet the Terms and Conditions of Funding.
- Where it is apparent that a fraudulent claim has been made.

### **The process for removal from the Directory of Providers**

If removal from the Directory of Providers is being considered as necessary, it is important that the process is fair, clear and transparent

**Where poor quality or failure to comply with the Quality Improvement Process** is the reason for withdrawing funding, the setting will be given a maximum of 18 months to improve with a 3 months final notice of intended removal, and instructed to notify parents of eligible children that they may need to seek alternative provision if the setting fails to demonstrate an improvement within the final 3 month period.

Any funding paid to a setting removed from the list of registered providers, which results in an overpayment of Funding will be recovered.

**Where the judgement of OFSTED is at Inadequate 2**, then withdrawal from the Register of Providers will be immediate.

**Where failure to comply with Terms and Conditions of Funding** is the reason for withdrawing funding, the setting will be given notice of intention to remove them from the list of registered providers. Where the failure to comply is deemed as remedial and a minor breach in terms and conditions, advice will be given to the setting in order to ensure future compliance.

**Where the intention to remove is due to a fraudulent claim**, then the notice to remove would be with immediate effect and the setting advised to inform parents that free education will not longer be available at that setting, and the Families Information Service will support parents in identifying alternative provision. A fraudulent claim is a serious matter and will be referred to the Police in accordance with Local Authority procedures.

**Settings not delivering Free Early Education for more than 2 consecutive funding periods** will be asked if they wish to be removed from the register, but will be allowed to remain on the register and continue to comply with the Terms and Conditions of Early Years Entitlement

Where a setting wishes to voluntarily be removed from the register of providers, they should make appropriate arrangements for parents (and future customers) accessing the free early education entitlement to make alternative arrangements for their children. It is recommended that you provide at least 1 term's notice for parents. You can signpost parents to Wirral Families Information Service to support parents in seeking alternative free early education for their child(ren).

## **APPEALS PROCESS**

An appeal against a decision to remove a provider from the register should be made within 3 months to The Chair of the Children First Strategic Board in the form of a written report, outlining the reason(s) for appeal.

A sub-group of the Children First Strategic Board will make the decision on the appeal on the basis of the written evidence presented, or they can request a personal representation from the setting. Where a personal representation is requested, the same would also be requested from the Quality Improvement Team or the Children's Financial Services section as appropriate. The setting would be notified in writing of the decision of the appeal within a maximum of 3 months. There would be no further appeal against this decision.

In the case of an Inadequate 2 judgement by OFSTED or a fraudulent claim, there is no right of appeal.

A setting would be permitted to re-register, after a period of 6 months, but would need to demonstrate that the quality of their provision was at least rated as Amber, with a clear Action Plan for improvement, and in the case of a re-registered setting, a period of 3 months would need to elapse before any funding would commence to

allow time for the Quality Improvement Team to assess the quality of the provision and the potential for improvement.

A provider who has been de-registered for failing to comply with the Terms and Conditions of Funding or who has made a fraudulent claim would not be allowed to re-register on to the Local Authority list of providers of funded early education.

## **COMPLAINTS**

Where a parent has a complaint about the quality of provision at a setting, they should be advised to follow the setting's Complaints Procedure. The setting should ensure that their complaints procedure is clearly publicised and accessible to parents and is in accordance with their registration requirements. The setting can refer the parent to Ofsted (or their regulatory agent) where the parent remains unsatisfied after the complaint and the setting believes that it has done all it can to resolve matters.

Where a parent has a complaint that there is insufficient childcare or free early education provision for them to access, or where they believe that they have not received their free entitlement in an agreed manner according to the local definition of the offer and the national offer, then this concern is in relation to the Local Authority carrying out its' Childcare Sufficiency Duty, and parents should be signposted to the Quality Assurance Manager.

Where a setting has a complaint or concern that the Local Authority has not acted properly in discharging its duties in relation to Childcare Sufficiency or Improving Outcomes for Children through its' Quality Improvement Process, the setting should write in the first instance to the Quality Assurance Manager

If a complaint in relation to the Local Authority's actions or behaviour remains unresolved, then a complainant has the right to take this concern to the Local Ombudsman after exhausting the Local Authority complaints procedures.

## WIRRAL COUNCIL

### WIRRAL SCHOOLS FORUM – 24<sup>th</sup> JANUARY 2012

#### REPORT OF ACTING DIRECTOR OF CHILDREN'S SERVICES

#### WIRRAL SCHOOLS' MUSIC SERVICE – WIRRAL MUSIC HUB

---

### EXECUTIVE SUMMARY

Wirral Schools' Music Service is currently funded in part by the DfE Music Education Grant. From August 2012, this grant will be managed by Arts Council England and any organisation interested in running a music education hub will be required to bid for the funding. This is an open competitive bidding process and funding for Local Authorities will not be guaranteed.

### BACKGROUND

Local authority music services have previously been funded via the DfE Music Education Grant, alongside contributions from Council and charges for instrumental tuition. As both the value of the grant and the contribution from Council have decreased, it has been necessary to look at new ways of working.

Following the review of music education conducted by Darren Henley, the DfE published *The Importance of Music: A National Plan for Music Education*. A key recommendation of this plan was the establishment of a network of music education hubs. Each hub will have a lead organisation who will receive funding from Arts Council England – this will replace the Music Education Grant.

### MUSIC EDUCATION HUBS

Music education hubs will consist of partnerships of organisations working together in a local area to create joined up, high quality music education provision for children and young people both in and out of school. Core and extension roles have been identified for each music hub, including the delivery of whole-class teaching programmes, access to ensembles, progression routes and opportunities for singing.

Following the recommendations of the Wirral Task Force, Wirral Schools' Music Service was restructured last year and already carries out a significant number of these roles. As part of the hub it will be working more closely with private providers, amateur ensembles, local businesses and nationally funded organisations to deliver co-ordinated, high quality music education services to our children and young people.

### IMPACT ON WIRRAL SCHOOLS

Schools will be key partners in the hub and will be invited to sit on the strategy board to direct the activity and priorities of the hub.

We fully expect that Wirral LA will run the Wirral Music Hub. However, schools should be aware that if the LA is not the lead organisation they may be required to work with a private organisation, and may see changes to the way services are delivered and to charges for music education services.

### RECOMMENDATIONS

That the Forum notes the report.

**David Armstrong**

Acting Director of Children's Services Page 83

This page is intentionally left blank

## WIRRAL COUNCIL

### SCHOOLS FORUM – 24 JANUARY 2012

#### REPORT OF THE ACTING DIRECTOR OF CHILDREN'S SERVICES

---

#### CONSULTATION ON THE DECISION TO TRANSFER LACSEG COSTS FROM FORMULA GRANT AND THE INCLUSION OF CONTINGENCIES WITHIN LACSEG AND RECOUPMENT

##### EXECUTIVE SUMMARY

The Secretary of State for Education has issued a “minded to” decision on the calculation and recovery arrangements for the Academies Funding Transfer of Formula Grant in 2011-12 and 2012-13. The report describes the decision, together with Wirral’s response. The consultation was for 4 weeks over the Christmas period.

##### Background

Funding transfers are made between LA’s and the DFE in respect of academy budgets. Academies receive a delegated budget share and a grant – LACSEG (Local Authority Central Spend Equivalent Grant) to cover the cost of support services that are provided by LA’s to all maintained schools at no cost. These services include areas such as Education Social Workers, Behaviour Support, Asset Management and maternity costs. They are support services funded through both the Schools Budget and the department’s Children and Young People’s Budget.

The LACSEG grant paid to academies is based on Schools and CYP budgets set in the previous year.

To date DSG from Schools’ Budgets in respect of LACSEG has been recovered by the DFE; but formula grant has not, resulting in some double funding for services. This was addressed last year by a national top slice from all LA’s. Many councils argued that this was unfair, some LA’s might gain, others might lose financially depending on the number of schools converting in their area. In addition it is argued that the case for LA savings has not been proven particularly to the extent calculated.

The top slice for Wirral is:

	£M.
2011 – 12	853,000
2012 – 13	<u>672,000</u>
Total	1,525,000

In terms of the number of academies converting and the top slice Wirral appear to be fairly neutral. However the method used to calculate the transfer continues to significantly understate the cost and apportionment of retained services.

For 2011 - 12 the DfE do not intend to re-open discussions re: the Academy Top Slice. In 2012 – 13 the top slice will be limited to the maximum previously announced, however those LA's with fewer academies will receive a refund through a Specific Grant.

A permanent solution is intended for 2013-14, although this seems some way off. The solution may involve the transfer of additional budgets into DSG from the Council's Formula Grant.

### **LACSEG Changes in 2012 - 13**

It is likely that Schools Contingency budgets will be included in LACSEG in future unless it is required for Equal Pay, rates revaluations or specific school opening or closing costs.

Wirral has minimal contingency balances in the 2012-13 budget. Those held are in respect of salary protection, special trigger and school closure/redundancy. The secondary contingency budget totals £247,000 (in 2011-12 the amount held was £309,600).

### **Conclusion**

The Department's response is included in Appendix 1 .

### **Recommendations**

That the Forum note the report and the response to the DFE.



**Children and Young People's  
Department**

David Armstrong, MA

**Acting Director**Hamilton Building,  
Conway Street,  
Birkenhead,  
Wirral  
CH41 4FD

to Ms Laura Street  
Funding Policy Unit  
Department for Education  
Sanctuary Buildings  
Great Smith Street  
London  
SW1P 3BT

date 9 January 2012

your ref  
my ref AR792/JAM  
service Planning and Resources  
tel 0151 666 4249 Please ask for Mr Andrew Roberts  
fax 0151 666 4338  
email [andrewroberts@wirral.gov.uk](mailto:andrewroberts@wirral.gov.uk)

Dear Ms Street

**CONSULTATION ON THE PROPOSED DECISION ON THE CALCULATION AND  
RECOVERY ARRANGEMENTS FOR THE ACADEMIES FUNDING TRANSFER  
FOR 2011-12 AND 2012-13**

I regret the short timescale for consultation on the implications of academy funding, since this prevents consideration of these issues with schools and the Schools Forum.

The comments made are as follows:

At this time, taking into account the Council's budget cycle, proposals that provide financial stability are welcomed.

However the method chosen to determine LACSEG formula budget transfers lacks fairness and appears inequitable. It is based on a small sample (16 Authorities) of which the lowest 5 are chosen to calculate retained costs. This results in the maximum transfer from Local Authorities to Academies. Analysis on Wirral suggests that the retained functions (ESW, 15%, Asset Management 16% and Statutory 25%) are significantly greater than the consultation proposes. More detailed analysis should be undertaken in this area to prevent LA's being left with in-sufficient resources to provide equivalent services to maintained schools, or to meet its duties in respect of safeguarding and well-being of children without the need for additional funding from elsewhere in the Council's budget.

The consultation confirms that formula grant elements of LACSEG will continue to be calculated based on pupil numbers (whereas Schools Budget items reflect school phases). This will impact adversely on retained budgets for School Improvement which are heavily directed towards Early Intervention and the Primary Sector in particular. This will have a negative impact, as previously pointed out on the resources available for Wirral's primary age young people.

Arrangements propose to calculate LACSEG by adding back to Section 251 budgets the value of the national top slice; increasing the value of the LACSEG adjustment. There are assumptions that LA's have cut their Education budgets in areas supporting academies, that this is in line with the top slice, knew the academies that would transfer and that the transfer date ends all demands on the authority to facilitate the transfer. In reality this is not the case, a considerable range of issues require ongoing work, clarification and discussion post the date of transfer if the process is to be reasonably smooth. The proposed adjustment is likely to result in LACSGG transfers (and funding for academies) being higher than it should otherwise be.

Equalities Issues. The reduction in LA costs from selling, or no longer providing central services to academies, appears to be significantly less than the LACSEG transfer. Although Education costs and support for all schools has reduced in the current year, this results from the overall reductions in local government funding; rather than academy transfers. Some reductions/increased income is and will be generated in areas such as the ESW Service, Licences, admissions. However there are other significant fixed or stepped costs within IT networks, premature retirement, ongoing grouped schools PFI contract management and other statutory services that have not been recognised.

Wirral continues to support academy transfers and is committed to work with all schools in order to achieve good and improving results and improved outcomes for children.

I hope you are able to take account of the comments made in the decisions taken regarding the LACSEG.

Yours sincerely



pp David Armstrong  
Acting Director of Children's Services

## SCHOOL FINANCE REGULATIONS 2012 CONSULTATION

1. The current school finance regulations cover the 2011-12 financial year and therefore expire at 31<sup>st</sup> March 2012. This consultation sets out draft regulations which will be effective for the 2012-13 financial year only. As we are not making major changes to the funding system this year, there are few changes proposed:

### *Minimum Funding Guarantee disapplications*

2. The arrangements for the Minimum Funding Guarantee (MFG) in 2011-12 were that, with certain specified exceptions, all proposals to disapply formula factors from the calculation had to be approved by the Secretary of State. Where a factor is disappplied, then a school is not protected against any changes in the amount allocated through that factor. We set out a process whereby local authorities had to submit requests by Wednesday lunchtime and we would inform them of the outcome by the following Wednesday. We received 72 requests from 59 different local authorities.
3. Although the level of the MFG for 2012-13 has not yet been announced, we are keen to see improvements to the process for disapplication by reducing the work for local authorities, schools forums and the department. This will mean that many schools can receive their budgets earlier. To achieve this, we propose to increase the number of exceptions which can be agreed locally and dissuade authorities from submitting applications of the sort which have previously been turned down.
4. We intend that disapplications could also be agreed locally, subject to schools forum approval, where:

the Secretary of State had agreed these unconditionally in 2011-12.

they relate to factors where disapplications were consistently approved in 2011-12. These were Advanced Skills Teachers, SEN units (funded on the number of places) and site/school specific factors where the school's circumstances had changed **(regulation 25(4))**.

5. We would, nevertheless, want to introduce an additional safeguard so that the continuation of exemptions agreed in previous years could only happen where the method of calculating that formula factor had not changed. This would protect schools more effectively against the effect of formula changes. **(regulation 25(7))**

6. At the end of this note, we have published a summary for local authorities giving examples of what and what wasn't approved in 2011-12 to avoid applications which are unlikely to succeed.

*Pupil premium for excluded pupils*

7. During the debates on the Education Bill, Ministers gave a commitment that, where an excluded pupil attracts the pupil premium, this funding should move with the pupil as well as the age-weighted funding. We think the best way of doing this is to amend the existing finance regulations relating to excluded pupils rather than changing the pupil premium conditions of grant. This has been done in **regulation 23(8) to (12)**

*Remissions of boarding fees*

8. Section 458 of the Education Act 1996 provides that, in certain circumstances, registered pupils boarding at maintained schools have the right to have their boarding fees remitted by the local authority for the area in which they would ordinarily reside were they not at boarding school. The current Education Bill will replicate this right for registered pupils boarding at Academies. We have never previously advised on how this should be funded but are now introducing a specific category of allowable central expenditure within the central schools budget (**schedule 2, para 20**).

**If you have any comments on the proposals, please respond to Keith Howkins at**

Education Funding Group  
Department for Education  
Great Smith Street  
London. SW1P 3BT

Phone: 0207 227 5163  
E-mail: keith.howkins@education.gsi.gov.uk

**by Friday 11 November.**

## **MFG DISAPPLICATIONS 2011-12: SUMMARY**

1. This note summarises the outcomes of the process for MFG disapplications in 2011-12. While we cannot say what will or will not be approved because that would fetter Ministers' discretion, it might be helpful for local authorities to understand what was or was not approved last year.
2. There were four main types of application. The first related to requests to disapply MFG for the whole formula. This usually related to a major formula review. We did not approve these because the extent of losses for individual schools would have gone well beyond the MFG.
3. The second type of application related mainly to the mainstreaming of grants and focused on removing the historical anomalies of Excellence in Cities, Behaviour Improvement Partnerships and the like. In general, these were not approved because of the significant losses which individual schools in areas of deprivation would have suffered. There were some exceptions, for example if the authority had a tighter protection arrangement than the MFG would have given schools.
4. The third type of application related to factors based on actual costs and where it made sense to enable funding to move around without being protected. These were consistently approved and included Advanced Skills Teachers, SEN units (funded on the number of places) and site/school specific factors which needed to adjust where a school's circumstances changed (for example allocations for split sites where a school ceased to have a split site, new schools, closing schools etc).
5. The final type of application included factors such as one to one tuition and extended services. Approval tended to be based on whether or not the distribution was likely to change to a significant extent from previous practice, and in some cases was conditional on the LA making further changes.

This page is intentionally left blank

**2012 No. 0000**

**EDUCATION, ENGLAND**

**The School Finance (England) Regulations 2012**

*Made* - - - - *February 2012*

*Laid before Parliament* *February 2012*

*Coming into force* - - *March 2012*

**CONTENTS**

**PART 1**

Introduction

1. Citation, commencement, application and interpretation
2. Revocation of previous Regulations

**PART 2**

Action to be Taken by a Local Authority

**CHAPTER 1**

Appropriation of the Non-Schools Education Budget

3. The Non-Schools Education Budget

**CHAPTER 2**

Determination of Schools Budgets, Individual Schools Budgets, and Budget Shares

4. Initial determination of a local authority's schools budget
5. The schools budget
6. Exceptions
7. Determination of the individual schools budget for the funding period and limit on increase in central expenditure
8. Consultation
9. Formulae for determination of budget shares etc
10. Determination of allocation of budget shares etc for the funding period
11. Delegated budgets for new schools

**CHAPTER 3**

Redetermination of Schools Budgets, Individual Schools Budgets and Schools' Budget Shares

12. Redetermination of schools budgets and individual schools budgets

**CHAPTER 4**

Further Deductions and Variations to Limits Authorised by Schools Forums or the Secretary of State

13. Applications to the schools forum and the Secretary of State

**PART 3**  
Formulae for Determination of Budget Shares etc  
**CHAPTER 1**

Factors and Criteria Taken into Account

14. Pupil numbers
15. Places
16. Special arrangements for pupils in maintained nursery schools and nursery classes and for children receiving relevant early years provision
17. Differential funding
18. Additional factors or criteria
19. Minimum funding guarantee
20. Sixth form funding
21. New, reorganised and closing schools
22. Federated schools

**CHAPTER 2**

Adjustments, Correction of Errors, and Additional Arrangements Authorised by Schools Forums or the Secretary of State

23. Pupils permanently excluded from, or leaving, maintained schools
24. Correction of errors and changes in non-domestic rates
25. Additional arrangements approved by the schools forum or the Secretary of State

**PART 4**  
Schemes

26. Required content of schemes
27. Approval by the schools forum or the Secretary of State of proposals to revise schemes
28. Publication of schemes

---

SCHEDULE 1 — CLASSES OR DESCRIPTIONS OF PLANNED EXPENDITURE PRESCRIBED FOR THE PURPOSES OF THE NON-SCHOOLS EDUCATION BUDGET OF A LOCAL AUTHORITY

SCHEDULE 2 — CLASSES OR DESCRIPTIONS OF PLANNED EXPENDITURE PRESCRIBED FOR THE PURPOSES OF THE SCHOOLS BUDGET OF A LOCAL AUTHORITY WHICH MAY BE DEDUCTED FROM IT TO DETERMINE THE INDIVIDUAL SCHOOLS BUDGET

SCHEDULE 3 — ADDITIONAL FACTORS OR CRITERIA WHICH MAY BE TAKEN INTO ACCOUNT IN A LOCAL AUTHORITY'S FORMULA UNDER REGULATION 18

PART 1

PART 2 — Applicable only to budget shares for, and amounts to be allocated to, providers of prescribed early years provision

SCHEDULE 4 — MINIMUM FUNDING GUARANTEE

SCHEDULE 5 — CONTENTS OF SCHEMES



The Secretary of State for Education makes the following Regulations in exercise of powers conferred by sections 45A(a), 45AA(b), 47(c), 47ZA(d), 47A(4)(e), 48(1) and (2)(f), 49(2) and (2A)(g) and 138(7) of, and paragraph 2B(h) of Schedule 14 to, the School Standards and Framework Act 1998(i) and section 24(3) of the Education Act 2002(j).

## PART 1

### Introduction

#### **Citation, commencement, application and interpretation**

1.—(1) These Regulations may be cited as the School Finance (England) Regulations 2012 and come into force on xxx March 2012.

(2) These Regulations apply in relation to the financial year beginning on 1st April 2012.

(3) These Regulations apply only in relation to England.

(4) In these Regulations—

“the 1996 Act” means the Education Act 1996(k);

“the 1998 Act” means the School Standards and Framework Act 1998;

“the 2000 Act” means the Learning and Skills Act 2000(l);

“the 2002 Act” means the Education Act 2002;

“the 2005 Act” means the Education Act 2005(m);

“the 2006 Act” means the Education and Inspections Act 2006(n);

“the 2009 Act” means the Apprenticeships, Skills, Children and Learning Act 2009(o);

“the 2011 Regulations” means the School Finance (England) Regulations 2011(p);

“admission number” means the number of pupils in any relevant age group intended to be admitted in any school year as determined or, where the context requires, proposed to be determined by an admission authority in accordance with section 88D of the 1998 Act;

“advanced skills teacher” is defined in section 2 of the School Teachers’ Pay and Conditions Document 2011 and Guidance on School Teachers’ Pay and Conditions (referred to in S.I. 2011/1917), which document can be found at [www.education.gov.uk](http://www.education.gov.uk);

- 
- (a) Inserted by section 41(1) of the 2002 Act and amended by section 101 of, and paragraph 3 of Schedule 16 to, the 2005 Act.
  - (b) Inserted by section 101 of, and paragraph 4 of Schedule 16 to, the 2005 Act.
  - (c) Amended by section 101 of, and paragraph 6 of Schedule 16 to, the 2005 Act.
  - (d) Inserted by section 202 of the Apprenticeships, Skills, Children and Learning Act 2009 (c22).
  - (e) Section 47A was inserted by section 43 of the 2002 Act and amended by section 101 of, and paragraph 7 of Schedule 16 to, the 2002 Act, section 57 of, paragraph 2 of Schedule 5 to, the 2006 Act, section 165 of the Education and Skills Act 2008 (c.25) and section 194 of the Apprenticeships, Skills, Children and Learning Act 2009.
  - (f) Section 48 was amended by section 40 of, and paragraph 2 of Schedule 3 to, the 2002 Act, section 117 of, and paragraph 7 of Schedule 18 to, the 2005 Act, section 57 of, and paragraph 3 of Schedule 5 to, the 2006 Act.
  - (g) Subsections (2) and (2A) were substituted for subsections and (3), as originally enacted, by section 57 of, and paragraph 4 of Schedule 5 to, the 2006 Act.
  - (h) Paragraphs 2A and 2B of Schedule 14 were substituted for paragraph 2, as originally enacted, by section 57 of, and paragraph 5 of Schedule 5 to, the 2006 Act.
  - (i) 1998 c.31. For the meaning of “prescribed” and “regulations”, see section 142(1) of the 1998 Act.
  - (j) 2002 c.32. For the meaning of “prescribed” and “regulations”, see section 212 of the 2002 Act.
  - (k) 1996 c.56.
  - (l) 2000 c.21.
  - (m) 2005 c.18.
  - (n) 2006 c.40.
  - (o) 2009 c.22.
  - (p) S.I. 2011/371.

“capital expenditure” means expenditure of a local authority which falls to be capitalised in accordance with proper practices, or expenditure treated as capital expenditure by virtue of any regulations or directions made under section 16 of the Local Government Act 2003(a);

“CRC” means the CRC Energy Efficiency Scheme operated by the Environment Agency;

“central expenditure” means the total amount deducted by a local authority from their schools budget;

“CERA” means capital expenditure which an authority expect to charge to a revenue account of the authority within the meaning of section 22 of the Local Government Act 2003;

“children in need” means children in respect of whom the local authority in whose area they reside must provide a range and level of services appropriate to their needs under section 17 of the Children Act 1989(b);

“combined service” is a service funded partly from central expenditure, and partly from other budgets of the authority or contributions from other bodies;

“Dedicated Schools Grant” is a grant of that name paid to a local authority by the Secretary of State under section 14 of the 2002 Act;

a reference to a determination or redetermination of a budget share or amount to be allocated is for the funding period, unless otherwise stated;

“early years provision” has the meaning assigned to it in section 20 of the Childcare Act 2006(c);

“expenditure on the schools specific contingency” is central expenditure deducted for the purpose of ensuring that monies are available to enable increases in a school’s budget share after it has been allocated where it subsequently becomes apparent that—

- (a) a governing body have incurred expenditure which it would be unreasonable to expect them to meet from the school’s budget share,
- (b) an increase in the school’s budget share is due in accordance with the local authority’s formula,
- (c) a determination or redetermination of the school’s budget share authorised by the schools forum or the Secretary of State has led to such an increase, or
- (d) such an increase is necessary to correct errors,

and where such circumstances were unforeseen when initially determining the school’s budget share;

“funding period” means the financial year beginning on 1st April 2012;

“gifted and talented pupils” means pupils in primary or secondary schools identified as such by a local authority by virtue of the fact that they are demonstrating, or have the potential to develop, ability in one or more subjects, leadership skills or organisational skills at a level significantly ahead of other children in their year group;

“institution within the further education sector” has the meaning given in section 91(3) of the Further and Higher Education Act 1992(d);

“key stage 4” means the fourth key stage of the National Curriculum for England comprising the requirements and entitlements described in sections 85 and 85A of the 2002 Act(e);

“local authority’s formula” has the meaning in regulation 9;

a reference (however framed) to a maintained nursery school, a community, foundation or voluntary school or a community or foundation special school includes a proposed school

---

(a) 2003 c.26. Regulations made under this section in relation to England are the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (S.I. 2003/3146, as amended by S.I. 2004/534, 2004/3055 and 2007/573).

(b) 1989 c.41.

(c) 2006 c.21.

(d) 1992 c.13.

(e) Sections 85 and 85A were substituted for section 85, as originally enacted, by section 74(1) of the 2006 Act.

which, on implementation of proposals for the establishment of the school, will be such a school, and which has a temporary governing body;

a reference to a particular class or description of expenditure in relation to maintained schools and to pupils registered at such schools includes such expenditure of that class or description as the authority may incur in relation to Academies, and to pupils registered at Academies;

“non-domestic rate” has the meaning given in section 54 of the Local Government Finance Act 1988(a);

“Performance Reward Grant” is a grant of that name paid to a local authority under section 31 of the Local Government Act 2003 to reward the authority for improvements in local services;

“PFI scheme unitary payment” means a charge payable by a local authority under a private finance transaction, as defined in regulation 16 of the Local Authorities (Capital Finance) Regulations 1997(b);

“practical and applied learning” means education provided to pupils at key stage 4 in a secondary school or elsewhere which prepares them for employment or for a qualification related to a particular employment sector;

“prescribed early years provision” means early years provision prescribed for the purposes of section 7(1) of the Childcare Act 2006;

“previous funding period” means the financial year beginning on 1st April 2011;

“primary or secondary school” means a primary or secondary school which is a community, foundation, voluntary or maintained nursery school;

“proper practices” means those accounting practices which a local authority are required to follow by virtue of any enactment, or which, so far as they are consistent with any such enactment are generally regarded, whether by reference to any generally recognised published code or otherwise, as proper accounting practices to be followed in the keeping of the accounts of local authorities, either generally or of the description concerned(c);

“provider”, in relation to prescribed early years provision, may be a governing body of a school or a relevant early years provider;

“prudential borrowing” means borrowing money for the purpose of facilitating the modernisation and rationalisation of the school estate, where the revenue savings that will be achieved are equal to or more than the expenditure that will be incurred in borrowing the money;

“pupil premium” means the amount allocated by a local authority from the pupil premium grant to a school in respect of each registered pupil at that school who is entitled to it under the terms and conditions of the grant;

“pupil premium grant” is a grant of that name paid to a local authority by the Secretary of State under section 14 of the 2002 Act in respect of pupils who are entitled to a pupil premium;

“relevant early years provider” means a provider of prescribed early years provision, other than the governing body of a maintained school;

“relevant early years provision” means prescribed early years provision provided by a relevant early years provider;

“school year” has the meaning given in section 579(1) of the 1996 Act(d);

---

(a) 1988 c.41.

(b) S.I. 1997/319. These Regulations have lapsed but article 11 of the Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 (S.I. 2004/533) contains a savings provision for regulation 16 of the 1997 Regulations.

(c) This definition is taken from section 21 of the Local Government Act 2003 and regulation 31 of the Local Government (Capital Finance and Accounting) (England) Regulations 2003 (S.I. 2003/3146).

(d) Section 57(1) of, and paragraph 43 of Schedule 7 to, the Education Act 1997 (c.44) inserted this definition.

“service child” means a child whose parent or parents are service personnel, serving in a regular military unit of any of HM Forces, and who exercise parental care and responsibility for the child;

a reference to “special educational needs transport costs”, for the purposes of paragraph 38(e) of Schedule 2, is a reference to the costs of home to school transport for pupils with special educational needs in schools maintained by a local authority where the authority are meeting such costs because the revenue savings that will be achieved by placing such children in a school maintained by them are equal to, or greater than, the cost of such transport;

“sixth form grant” means a grant of that name paid to a local authority by the YPLA under section 61 of the 2009 Act or the Secretary of State under section 14 of the 2002 Act in respect of sixth form pupils, on condition that it is passed on to a particular school;

“specific grant” means any grant (other than the Dedicated Schools Grant or any sixth form grant) paid to a local authority under conditions which impose restrictions on the particular purposes for which the grant may be used;

“summer term” means the third term of the school year where a school has three terms, or the fifth and sixth terms where a school has six terms;

a reference to “termination of employment costs”, for the purposes of paragraph 38(b) of Schedule 2, is a reference to expenditure relating to the dismissal or premature retirement of, or for the purpose of securing the resignation of, any person employed in a maintained school;

“unavoidable costs” means costs which must be incurred by virtue of a statutory requirement;

“YPLA” is the Young People’s Learning Agency for England(a).

(5) In these Regulations, a reference to “a mainstreamed grant” means a specific grant which was merged into the Dedicated Schools Grant for the financial year commencing 1st April 2011 but was paid to local authorities by the Secretary of State as a separate grant under section 14 of the 2002 Act, in addition to the Dedicated Schools Grant, for the financial year commencing 1st April 2010 and includes any of the following grants—

- (a) School Standards Grant,
- (b) School Standards Grant (Personalisation),
- (c) School Development Grant (Standards Fund only),
- (d) School Lunch Grant,
- (e) Ethnic Minority Achievement Grant (EMAG),
- (f) 1-2-1 Tuition Grant,
- (g) Extended Schools – Sustainability Grant,
- (h) Extended Schools – Subsidy Grant,
- (i) Targeted Support for the Primary National Strategy allocated to schools (consisting of Universal and Targeted elements, Every Child elements, Leading Teachers element, Early Years Foundation Stage element and Modern Foreign Languages element),
- (j) Targeted Support for the Secondary National Strategy allocated to schools (consisting of Universal and Targeted elements and Leading Teachers element),
- (k) Diploma Formula Grant,
- (l) London Pay Addition Grant.

## **Revocation of previous Regulations**

**2.** The School Finance (England) Regulations 2008(b) and the School Finance (Amendment) (England) Regulations 2010(c) are revoked on 1st April 2012.

---

(a) The YPLA was abolished by section 60 of the Education Act 2011 (c.xx) on [xxx] [ Details to be inserted]  
(b) S.I. 2008/228.  
(c) S.I. 2010/210.

## PART 2

### Action to be Taken by a Local Authority

#### CHAPTER 1

##### Appropriation of the Non-Schools Education Budget

###### **The Non-Schools Education Budget**

3. The following classes or descriptions of local authority expenditure are prescribed for the purposes of section 45A(1) of the 1998 Act and the determination of a local authority's non-schools education budget, subject to the exceptions in regulation 6—

- (a) those specified in Schedule 1; and
- (b) any expenditure which falls outside the classes or descriptions of expenditure specified in regulation 5 and Schedule 2 (the schools budget).

#### CHAPTER 2

##### Determination of Schools Budgets, Individual Schools Budgets, and Budget Shares

###### **Initial determination of a local authority's schools budget**

4. A local authority must not later than 31st March 2012—

- (a) make an initial determination of their schools budget; and
- (b) give notice of that determination to the governing bodies of the schools they maintain.

###### **The schools budget**

5.—(1) The classes or descriptions of local authority expenditure specified in sub-paragraphs (a) to (d) and Schedule 2 are prescribed for the purposes of section 45A(2) of the 1998 Act and the determination of a local authority's schools budget, subject to paragraph (2) and the exceptions in regulation 6—

- (a) expenditure on the provision and maintenance of maintained schools and on the education of pupils registered at maintained schools;
- (b) expenditure on the education of pupils at independent schools, non-maintained special schools, pupil referral units, at home or in hospital, and on any other arrangements for the provision of primary and secondary education for pupils otherwise than at schools maintained by a local authority;
- (c) all other expenditure incurred in connection with the authority's functions in relation to the provision of primary and secondary education, in so far as that expenditure does not fall within sub-paragraph (a) or (b); and
- (d) expenditure on early years provision, in so far as that expenditure does not fall within sub-paragraph (a), (b) or (c).

(2) Where a local authority operates a combined service for the benefit of pupils referred to in paragraph (1), expenditure referred to in paragraph 38(c) of Schedule 2 is only expenditure prescribed for the purposes of section 45A(2) of the 1998 Act and the determination of a local authority's schools budget where that expenditure is incurred in providing an educational benefit to those pupils.

###### **Exceptions**

6. A local authority's non-schools education budget or schools budget must not include the following classes or descriptions of expenditure—

- (a) capital expenditure, other than—
  - (i) CERA,

- (ii) capital expenditure appropriated to the schools budget for the purpose of funding pay arrears due to staff whose salaries are met from the schools budget;
- (b) expenditure on capital financing, other than expenditure incurred—
  - (i) on prudential borrowing,
  - (ii) for the purpose of meeting the costs of financing the payment of pay arrears referred to in paragraph 6(a)(ii); and
- (c) expenditure for the purposes of section 26 of the Road Traffic Regulation Act 1984(a) (arrangements for patrolling school crossings).

**Determination of the individual schools budget for the funding period and limit on increase in central expenditure**

7.—(1) Subject to paragraphs (2) to (4), not later than 31st March 2012, a local authority must deduct from their schools budget such of the classes or descriptions of planned expenditure set out in Schedule 2 (“the central expenditure”) as they propose to deduct, in order to determine their individual schools budget.

(2) In deducting the central expenditure under paragraph (1), a local authority must ensure that—

- (a) where the authority’s schools budget increases from the previous funding period to the funding period, the percentage of any increase in the central expenditure does not exceed the percentage of the increase in the schools budget,
- (b) where the authority’s schools budget decreases from the previous funding period to the funding period, the central expenditure decreases and that the percentage of the decrease is not less than the percentage of the decrease in the schools budget,

unless they obtain authorisation to exceed these limits from their schools forum under regulation 13(1)(a) or the Secretary of State under regulation 13(3).

(3) In deducting the central expenditure referred to in paragraph 38 of Schedule 2, a local authority must not exceed the limit referred to in that paragraph, unless they obtain authorisation to do so from their schools forum under regulation 13(1)(c) or the Secretary of State under regulation 13(3).

(4) Where a local authority carries forward a deficit in the central expenditure from the previous funding period to the funding period, which reduces the amount of the schools budget available, the funding of this deficit from the schools budget must be authorised by their schools forum under regulation 13(1)(d) or the Secretary of State under regulation 13(3).

(5) References to planned expenditure in this regulation are references to that expenditure net of—

- (a) all related specific grants;
- (b) all related fees, charges and income; and
- (c) any funding received from the Secretary of State in respect of PFI scheme unitary payments.

**Consultation**

8.—(1) A local authority may make changes to the formulae they have used in the financial year beginning 1st April 2011.

(2) Subject to paragraph (3), a local authority must consult their schools forum about any proposed changes under paragraph (1), in relation to the factors and criteria taken into account, and the methods, principles and rules adopted.

---

(a) 1984 c.27. Section 26 was amended by section 8 of, and Schedule 5 to, the Local Government Act 1985 (c.51), sections 288 and 423 of, and Schedule 34 to, the Greater London Authority Act 1999 (c.29) and sections 270 and 274 of, and Schedule 31 to, the Transport Act 2000 (c.38).

(3) Paragraph (2) does not apply to changes made relating to matters referred to in regulation 20 (sixth form funding) or 23 (excluded pupils).

#### **Formulae for determination of budget shares etc**

9.—(1) A local authority must, before the beginning of the funding period and after consulting their schools forum about the matter, decide upon the formula which they will use to determine and redetermine the budget shares for schools maintained by them (other than nursery schools).

(2) Subject to paragraph (3), a local authority must use the formula determined under paragraph (1) in all determinations and redeterminations of school budget shares in respect of the funding period.

(3) A local authority must, before the beginning of the funding period and after consulting their schools forum about the matter, decide upon the formula they will use to determine and redetermine—

- (a) the budget shares for nursery schools maintained by them;
- (b) the amounts to be allocated in respect of nursery classes in schools maintained by them;
- (c) the amounts to be allocated to relevant early years providers in their area.

(4) A local authority may not make changes to their formulae after the funding period has commenced.

#### **Determination of allocation of budget shares etc for the funding period**

10.—(1) Not later than 31st March 2012, a local authority must determine—

- (a) the budget share for each of the schools maintained by them (other than nursery schools), using the formula referred to in regulation 9(1); and
- (b) the budget share for each of the nursery schools maintained by them, the amount to be allocated in respect of each nursery class in schools maintained by them and the amount to be allocated to each relevant early years provider in their area, using the formula referred to in regulation 9(3),

in accordance with Part 3 of these Regulations.

(2) Not later than 31st March 2012, a local authority must give notice of each budget share or amount determined under paragraph (1) to the governing body of the school or the relevant early years provider concerned.

#### **Delegated budgets for new schools**

11.—(1) A new school must have a delegated budget from the appropriate date.

(2) Subject to paragraphs (3) and (6), the appropriate date is either—

- (a) the date which is fifteen calendar months before the opening date of the new school; or
- (b) the date upon which a temporary governing body is constituted for that school,

whichever is the later.

(3) On the application of a local authority, their schools forum may—

- (a) vary the appropriate date to a date proposed by the authority;
- (b) vary the appropriate date to a different date; or
- (c) refuse to vary the appropriate date.

(4) Where—

- (a) a schools forum—
  - (i) vary the appropriate date to a different date, or
  - (ii) refuse to vary the appropriate date; or

(b) a local authority are not required to establish a schools forum for their area(a),  
the authority may make an application to the Secretary of State for variation of the appropriate date.

(5) On the application of a local authority, the Secretary of State may—

- (a) vary the appropriate date to a date proposed by the authority;
- (b) vary the appropriate date to a different date.; or
- (c) refuse to vary the appropriate date.

(6) A local authority must determine the amount of a new school's delegated budget for the period from the appropriate date to the opening date as an amount which is sufficient to fund the appointment of staff and to enable the purchase of any goods and services necessary in order to admit pupils.

(7) After the opening date, a school's delegated budget must be determined in accordance with the local authority's formula.

### CHAPTER 3

#### Redetermination of Schools Budgets, Individual Schools Budgets and Schools' Budget Shares

##### **Redetermination of schools budgets and individual schools budgets**

**12.—**(1) Subject to paragraph (2), a local authority may redetermine their schools budget and individual schools budget at any time before or during the funding period.

(2) In making any redetermination under paragraph (1), a local authority—

- (a) may only reduce the amount of their schools budget where they receive an amount of Dedicated Schools Grant which is lower than the amount on which they based their determination under regulation 7;
- (b) must not reduce their individual schools budget by making further deductions of central expenditure from their schools budget unless they obtain authorisation to do so from their schools forum under regulation 13(1)(b) or the Secretary of State under regulation 13(3);
- (c) must comply with the limits referred to in paragraph 38 of Schedule 2 and imposed by regulation 7(2) unless they obtain authorisation to vary those limits from their schools forum under regulation 13(1)(c) or the Secretary of State under regulation 13(3).

(3) Before the beginning of the funding period, a local authority must advise schools of any circumstances they are aware of which make it likely that a redetermination will be made in respect of the funding period, and the nature of any redetermination likely to be made in particular circumstances.

(4) Where a local authority makes a redetermination under paragraph (1), they must give notice of that redetermination to the governing bodies of the schools maintained by them within 28 days of making the redetermination.

### CHAPTER 4

#### Further Deductions and Variations to Limits Authorised by Schools Forums or the Secretary of State

##### **Applications to the schools forum and the Secretary of State**

**13.—**(1) Subject to paragraph (2), on the application of a local authority, their schools forum may authorise—

- (a) the making of further deductions from their schools budget of any central expenditure under regulation 7(1), in excess of the limit imposed by regulation 7(2);

---

(a) Section 47A(2) of the 1998 Act provides that the requirement in section 47A(1) of that Act to establish a schools forum for their area does not apply to the Common Council of the City of London or the Council of the Isles of Scilly.



- (b) the reduction of their individual schools budget by making further deductions of central expenditure from their schools budget under regulation 12(1), pursuant to regulation 12(2)(b);
- (c) the varying of any limit referred to in paragraph 38 of Schedule 2; or
- (d) the funding of any deficit in their central expenditure from the schools budget under regulation 7(4).

(2) Where—

- (a) a schools forum does not authorise any of the matters referred to in paragraph (1); or
- (b) a local authority are not required to establish a schools forum for their area,

the authority may make an application to the Secretary of State for such authorisation.

(3) On the application of a local authority under paragraph (2), the Secretary of State may authorise the matters referred to in paragraph (1).

## PART 3

### Formulae for Determination of Budget Shares etc

#### CHAPTER 1

##### Factors and Criteria Taken into Account

#### **Pupil numbers**

14.—(1) Subject to regulation 16 (special arrangements for pupils in maintained nursery schools and nursery classes and children receiving relevant early years provision) and paragraph (2), in determining and redetermining budget shares for primary and secondary schools, a local authority must ascertain and take into account in their formula the number of registered pupils at those schools on the date specified in paragraph (5), weighted, if the authority consider it appropriate, in accordance with paragraph (4).

(2) For the purposes of paragraph (1), the number of registered pupils does not include pupils—

- (a) in places—
  - (i) in primary or secondary schools which the authority have reserved for children with special educational needs, and
  - (ii) in boarding accommodation at boarding schools other than special schools, where the authority exercise their discretion to take these places into account under regulation 15(1)(b) or (c);
- (b) in respect of whom a sixth form grant is payable; or
- (c) in infant classes where the authority choose to take the class into account as an additional factor under paragraph 33 of Schedule 3.

(3) Where a local authority exercise their discretion under regulation 15(1) to take into account places, they may also take into account in their formula the number of registered pupils in special schools or schools with boarding accommodation, or in reserved places at primary or secondary schools, as referred to in that paragraph, on the date specified in paragraph (5).

(4) A local authority may weight pupil numbers according to any or all of the following factors—

- (a) age, including weighting according to key stage or year group;
- (b) in the case of pupils aged under five, their exact age when admitted to the school;
- (c) in the case of pupils aged under five, hours of attendance;
- (d) whether a pupil has special educational needs;
- (e) whether the pupil is attending a middle school;

- (f) whether the pupil is at key stage 4, and is accessing practical and applied learning;
- (g) whether the pupil, although registered at a school, is also attending an institution within the further education sector or a course delivered by any training provider;
- (h) whether the pupil is in an infant class (in cases where an infant class is not taken into account as an additional factor under paragraph 33 of Schedule 3);
- (i) whether the pupil is registered at more than one maintained school.

(5) The date for ascertaining pupil numbers is 19th January 2012.

(6) A local authority may adjust the number of registered pupils used to determine or redetermine a school's budget share where it is appropriate to do so in order to take into account, wholly or partly, the permanent exclusion of a pupil from the school or the admission of a pupil to the school following permanent exclusion from another school.

## Places

**15.—**(1) In determining and redetermining budget shares, a local authority may take into account the number of places they wish to fund in—

- (a) special schools;
- (b) primary or secondary schools with places which the authority have reserved for children with special educational needs; and
- (c) schools with boarding accommodation.

(2) In determining and redetermining budget shares a local authority may take into account the nature of any special educational needs when funding places under paragraph (1)(a) or (b).

(3) If a local authority take into account any places in accordance with paragraph (1)(a), the number must be no fewer than the number of registered pupils at the school on the relevant date in regulation 14(5).

## Special arrangements for pupils in maintained nursery schools and nursery classes and for children receiving relevant early years provision

**16.—**(1) Subject to paragraphs (5) and (6), in determining—

- (a) budget shares for nursery schools maintained by them,
- (b) amounts to be allocated in respect of nursery classes in schools maintained by them and
- (c) amounts to be allocated to relevant early years providers in their area,

a local authority must take into account in their formula the predicted total number of hours of attendance of registered pupils in the nursery school or nursery class or of children receiving prescribed early years provision from the relevant early years provider, as the case may be, using as a basis for the calculation the most recent data available about the actual numbers of registered pupils or children.

(2) A local authority must review the budget share for each maintained nursery school and the amount allocated in respect of each nursery class when further information about the hours of attendance becomes available, taking into account—

- (a) in the case where the local authority decide to fund only prescribed early years provision—
  - (i) the predicted total number of hours of attendance of registered pupils in the nursery school or nursery class who will receive prescribed early years provision during the period (using as a basis for the calculation the actual hours of such attendance in each of at least three sample weeks); or
  - (ii) the actual total number of hours of such attendance for the period;
- (b) in the case where the local authority decide to fund early years provision in excess of that which is prescribed—

(i) the predicted total number of hours of attendance of registered pupils in the nursery school or nursery class who will receive early years provision during the period (using as a basis for the calculation the actual hours of such attendance in each of at least three sample weeks); or

(ii) the actual total number of hours of such attendance for the period; and

redetermine that budget share or amount allocated, as the case may be.

(3) A local authority must review the amount allocated to each relevant early years provider, when further information about hours of attendance becomes available, taking into account—

(a) the predicted total number of hours of attendance of children who will receive prescribed early years provision from the relevant early years provider during the period (using as a basis for the calculation the actual hours of such attendance in at least three sample weeks); or

(b) the actual total numbers of hours of such attendance for the period; and

redetermine the amount allocated.

(4) Where a local authority make any redetermination pursuant to paragraph (2) or (3) they must give notice to the governing body of the school or the relevant early years provider concerned of the redetermination and the date on which it will be implemented, within 28 days of the redetermination.

(5) When determining budget shares for maintained nursery schools, amounts to be allocated in respect of nursery classes and amounts to be allocated to relevant early years providers in their area, a local authority may weight the predicted total number of hours of attendance of registered pupils in the nursery school or nursery class or of children receiving prescribed early years provision from the relevant early years provider, according to the special educational needs of any such pupils or children.

(6) When determining budget shares for amounts to be allocated to relevant early years providers in their area, a local authority may weight the predicted total number of hours of attendance of children receiving prescribed early years provision from the relevant early years provider, according to whether any children have been admitted to the relevant early years provider in excess of the number agreed with the authority.

(7) When determining—

(a) budget shares for maintained nursery schools,

(b) amounts to be allocated in respect of nursery classes maintained by them and

(c) amounts to be allocated to relevant early years providers,

a local authority may take into account in their formula the number of places they wish to fund in the school, class or provider (instead of the predicted total number of hours of attendance), where those places have been reserved by the authority for children with special educational needs or children in need.

(8) When determining budget shares for schools maintained by them which provide nursery classes, a local authority may reduce the amount payable to each such school under the formula referred to in regulation 9(1) by a sum representing the amount to be allocated in respect of the nursery class in that school under the formula referred to in regulation 9(3).

### **Differential funding**

17.—(1) For the purpose of determining budget shares, a local authority must use factors or criteria which differentiate between different categories or descriptions of school in so far as the functions of the governing bodies of those schools justify such differentiation, but may not otherwise do so except as required or expressly permitted by these Regulations.

(2) A local authority must use factors or criteria which differentiate between a school and other schools of the same category or description if such differentiation is justified by reference to the choice made by that school's governing body as to the inclusion in their school's budget share of

funding in respect of expenditure of the kinds referred to in paragraphs 14 (admissions), 16(a) and (b) (meals), 29 (insurance) and 31 (library services) of Schedule 2.

(3) A local authority may use factors or criteria in their formula which differentiate between maintained nursery schools, primary schools, secondary schools and special schools, or between schools whose pupils are in different age ranges.

(4) For the purpose of determining or redetermining—

- (a) budget shares for maintained nursery schools,
- (b) amounts to be allocated in respect of nursery classes in schools maintained by them and
- (c) amounts to be allocated to relevant early years providers in their area,

a local authority may use factors or criteria which differentiate between different categories or descriptions of school or provider on the basis of unavoidable costs.

### **Additional factors or criteria**

**18.**—(1) Subject to paragraph (2) and regulation 17 (differential funding), in determining budget shares, a local authority may take into account in their formula any or all of the factors or criteria set out in Part 1 of Schedule 3.

(2) In determining budget shares for nursery schools maintained by them, amounts to be allocated in respect of nursery classes in schools maintained by them and amounts to be allocated to relevant early years providers in their area, a local authority—

- (a) must not take into account in their formula any of the factors or criteria set out in paragraphs 23 and 33 in Part 1 of Schedule 3; but
- (b) may take into account in their formula any or all of the factors or criteria set out in Part 2 of Schedule 3.

(3) In determining—

- (a) budget shares for maintained nursery schools,
- (b) amounts to be allocated in respect of nursery classes in schools maintained by them and
- (c) amounts to be allocated to relevant early years providers in their area,

a local authority must take into account in their formula a factor or factors based on the incidence of social deprivation among pupils registered at the nursery school or in the nursery class or among children receiving relevant early years provision from the provider, if they have no factor elsewhere in their formula which is based on such incidence.

(4) In determining budget shares for primary and secondary schools, a local authority must take into account in their formula a factor or factors based on the incidence of social deprivation among pupils registered at each school if they have no factor elsewhere in their formula which is based on such incidence.

(5) A factor included in a local authority's formula pursuant to paragraph 17 of Schedule 3 (school milk, meals and refreshment) is not, for the purposes of paragraphs (3) and (4), a factor based on the incidence of social deprivation among pupils registered at schools or children receiving relevant early years provision.

(6) The factors and criteria set out in Schedule 3 may not be taken into account by a local authority on the basis of actual or estimated cost unless otherwise stated in that Schedule.

(7) Where a local authority make changes to the factors or criteria taken into account in any of their formulae from the previous funding period for the funding period, they may make such transitional provision as they consider reasonable.

### **Minimum funding guarantee**

**19.**—(1) Subject to paragraph (3), in determining and redetermining budget shares for schools maintained by them, a local authority must ensure—

- (a) in respect of primary and secondary schools, that an amount equal to the guaranteed funding level is included, calculated in accordance with paragraphs 1–4 of Schedule 4;
  - (b) in respect of special schools, that the formula must provide for a minimum amount of funding, calculated in accordance with paragraph 5 of Schedule 4.
- (2) For the purposes of determining budget shares, paragraph (1) does not apply to any school—
- (a) opening during the funding period, except in the circumstances set out in paragraph 4 of Schedule 4;
  - (b) closing during the funding period in circumstances where a local authority have redetermined that school’s budget share during that period.
- (3) A local authority may make changes to the operation of this regulation and to the operation of Schedule 4 in determining and redetermining budget shares where authorised to do so by the Secretary of State or their schools forum under regulation 25 (additional arrangements).

### **Sixth form funding**

- 20.**—(1) A local authority must include in a secondary school’s budget share an amount equal to any sum notified to the local authority by the YPLA or the Secretary of State as being the allocation in respect of that school’s sixth form grant..
- (2) A local authority may, in determining budget shares, use a factor which allocates funding in respect of sixth forms.
- (3) A local authority may, in determining budget shares for schools with sixth forms, reduce the amount payable to each such school under their formula by a sum representing any element which has been duplicated in any sixth form grant.
- (4) A local authority must redetermine the budget share of a secondary school before the end of the funding period where the authority receive a written notification from the YPLA or the Secretary of State of a revised allocation in respect of the sum referred to in paragraph (1).

### **New, reorganised and closing schools**

- 21.**—(1) A local authority must include factors or criteria in their formula which enable them to determine, or redetermine, a school’s budget share so as to take into account the particular needs of that school in the cases of—
- (a) a proposed school;
  - (b) a school, proposals for the establishment of which have not been fully implemented;
  - (c) a school which is the subject of a prescribed alteration within the meaning of regulations made under section 18 of the 2006 Act;
  - (d) a school which is to be discontinued; and
  - (e) a school which is to be the subject of a significant change, as determined by the authority.
- (2) In the case of schools falling within paragraph (1)(c), such factors or criteria may not be used for a period of more than seven years after the date of implementation of the prescribed alteration.
- (3) For the purposes of these Regulations, proposals for the establishment of a school have been fully implemented when the number of pupils admitted to the school in each age group has, in the opinion of the local authority, reached either—
- (a) the number of pupils indicated, when proposals for the establishment of the school were published, as the number of pupils to be admitted to each age group when the proposals would be fully implemented; or
  - (b) if no such number was indicated, such number as the authority may determine.

### **Federated schools**

- 22.**—(1) Subject to paragraph (2), where two or more schools are federated under section 24 of the 2002 Act, the local authority may treat them as a single school for the purposes of these

Regulations and, accordingly, allocate a single budget share to the governing body of the federation.

(2) Where the local authority decide to allocate a single budget share to the governing body of a federation under paragraph (1) and the amount of that share ('X') would be less than would have been allocated to the governing body had the authority allocated a budget share for each school within the federation ('Y'), the authority must adjust X by adding to it an amount which equates to the difference between Y minus X.

## CHAPTER 2

### Adjustments, Correction of Errors, and Additional Arrangements Authorised by Schools Forums or the Secretary of State

#### **Pupils permanently excluded from, or leaving, maintained schools**

**23.**—(1) Where a pupil is permanently excluded from a school maintained by a local authority ("the excluding school"), the authority must redetermine the excluding school's budget share in accordance with paragraph (2).

(2) The excluding school's budget share must be reduced by the amount  $A \times (B / 52)$  where—

- (a) A is the amount determined by the authority in accordance with this Part, that would be attributable to a registered pupil of the same age and personal circumstances as the pupil in question at primary or secondary schools maintained by the authority for the full funding period; and
- (b) B is the number of complete weeks remaining in the funding period calculated from the relevant date, except that where the permanent exclusion takes effect on or after 1st April in a school year at the end of which pupils of the same age, or age group, as the pupil in question normally leave that school before being admitted to another school with a different pupil age range, B is the number of complete weeks remaining in that school year calculated from the relevant date.

(3) Where a pupil who has been permanently excluded from a school maintained by a local authority is admitted to another school maintained by a local authority ("the admitting school") in the funding period, the authority must redetermine the admitting school's budget share in accordance with paragraph (4).

(4) The admitting school's budget share must be increased by an amount which may not be less than the amount  $D \times (E / F)$  where—

- (a) D is the amount by which the authority reduce the budget share of the excluding school or would have reduced had that school been maintained by the authority;
- (b) E is the number of complete weeks remaining in the funding period during which the pupil is a registered pupil at the admitting school; and
- (c) F is the number of complete weeks remaining in the funding period calculated from the relevant date.

(5) Where a permanently excluded pupil is subsequently reinstated by the governing body of the school or by an appeal panel constituted under regulations made under section 52 of the 2002 Act, the school's budget share must be increased by an amount which is no less than  $G \times (H / I)$  where—

- (a) G is the amount by which the authority has reduced the school's budget share under paragraph (2);
- (b) H is the number of complete weeks remaining in the funding period during which the pupil is reinstated; and
- (c) I is the number of complete weeks remaining in the funding period calculated from the relevant date.

(6) Paragraphs (1) and (2) also apply where a pupil leaves a maintained school for reasons other than permanent exclusion, and is receiving education funded by a local authority other than at a school which is maintained by that authority.

(7) For the purposes of paragraph (2)(a), the amount attributable to a registered pupil is the sum of the amounts determined in accordance with the authority's formula, by reference to pupil numbers rather than by reference to the number of places at the school or any other factor or criterion not dependent on pupil numbers (except that, where the registered pupil in question is a pupil in respect of whom a sixth form grant is payable, the amount attributable to that pupil is £xxxx for the funding period).

(8) Where a pupil in respect of whom a pupil premium is payable has been permanently excluded from a school maintained by a local authority ("the excluding school") the local authority must redetermine the excluding school's budget share in accordance with paragraph (9).

(9) The excluding school's budget share must be reduced by  $J \times (K/52)$  where—

- (a) J is the amount of the pupil premium allocated to the excluding school for the funding period in respect of that child;
- (b) K is the number of complete weeks remaining in the funding period calculated from the relevant date, except that where the permanent exclusion takes effect on or after 1st April in a school year at the end of which pupils of the same age, or age group, as the pupil in question normally leave that school before being admitted to another school with a different pupil age range, B is the number of complete weeks remaining in that school year calculated from the relevant date.

(10) Where a pupil in respect of whom a pupil premium is payable has been permanently excluded from a school maintained by a local authority and admitted to another school maintained by a local authority ("the admitting school") in the funding period, the authority must redetermine the budget share of the admitting school in accordance with paragraph (11).

(11) The admitting school's budget share must be increased by an amount which may not be less than  $L \times (M/N)$  where—

- (a) L is the amount by which the authority reduce the budget share of the excluding school or would have been reduced had school been maintained by the authority;
- (b) M is the number of complete weeks remaining in the funding period during which the pupil is a registered pupil at the admitting school; and
- (c) N is the number of complete weeks remaining in the funding period calculated from the relevant date.

(12) Where a permanently excluded pupil in respect of whom a pupil premium is payable is subsequently reinstated by the governing body of the school or by an appeal panel constituted under regulations made under section 52 of the 2002 Act, the school's budget share must be increased by an amount which is no less than  $O \times (P / Q)$  where—

- (a) O is the amount by which the authority has reduced the school's budget share under paragraph (9);
- (b) P is the number of complete weeks remaining in the funding period during which the pupil is reinstated; and
- (c) Q is the number of complete weeks remaining in the funding period calculated from the relevant date.

(13) For the purposes of this regulation, "the relevant date" is the sixth school day following the date on which the pupil has been permanently excluded.

#### **Correction of errors and changes in non-domestic rates**

**24.—**(1) A local authority may, at any time during the funding period, redetermine a school's budget share or any earlier funding period in order to correct an error in a determination or redetermination under these or any previous Regulations, whether arising from a mistake as to the number of registered pupils at the school or otherwise, provided the error is of a kind not provided for by any specific error correction provision in the authority's formula.

(2) A local authority may redetermine a school's budget share to take into account any changes in that school's non-domestic rate liability in relation to the funding period or any earlier funding period.

(3) In so far as any redetermination under paragraph (1) would require the amount that would otherwise have been the budget share of a school to be reduced, it may not be reduced to a figure which is lower than that which could have been allocated to that school under the regulations in force during the funding period in which the error occurred.

#### **Additional arrangements approved by the schools forum or the Secretary of State**

**25.**—(1) Subject to paragraph (2), on application by a local authority to the Secretary of State for any authorisation or authorisations to determine or redetermine budget shares, the Secretary of State may authorise the authority to determine or redetermine budget shares to such extent as the Secretary of State may specify in accordance with arrangements approved by him in place of the arrangements provided for by these Regulations.

(2) The Secretary of State may not authorise a local authority to determine or redetermine budget shares in the cases referred to in paragraph (3) unless—

- (a) the authority have first made an application to their schools forum for such authorisation which has been refused; or
- (b) the authority is not required to establish a schools forum for their area.

(3) In determining or redetermining budget shares for schools which they maintain, a local authority may, when calculating the guaranteed funding level—

(4) In determining or redetermining budget shares for schools which they maintain, a local authority may, when calculating the guaranteed funding level—

- (a) replace the figure of x.xx referred to in paragraphs 2, 4 and 5 of Schedule 4 with a higher figure;
- (b) exclude any amounts included in the budget share in respect of any of the following factors or criteria—
  - (i) advanced skills teachers employed at the school;
  - (ii) the funding of places in primary or secondary schools which the authority has reserved for children with special educational needs;
  - (iii) any site or school specific factor which is based upon circumstances at the school which have changed;
  - (iv) an amount which replicates the cash value or formulaic calculation of any sum paid to the school in the form of a Diploma Formula Grant in an earlier funding period.

from the redetermined adjusted budget share for the previous funding period,

where authorised to do so by their schools forum.

(5) In determining or redetermining budget shares for nursery schools which they maintain or the amounts to be allocated in respect of nursery classes in schools which they maintain, a local authority may disregard regulation 19, where authorised to do so by their schools forum.

(6) Subject to the approval of the schools forum, any authorisations given by the Secretary of State under the 2011 Regulations for the financial year beginning on 1st April 2011 may continue to apply in relation to the funding period.

(7) Unless the contrary intention appears in any authorisations given by the schools forum or the Secretary of State or any arrangements approved by the Secretary of State under any previous regulations, such authorisations or arrangements, as the case may be, continue to apply in relation to the funding period, provided the method of calculating the relevant factors or criteria has not changed.



## PART 4

### Schemes

#### **Required content of schemes**

**26.** A scheme prepared by a local authority under section 48(1) of the 1998 Act must deal with the matters connected with the financing of schools maintained by the authority set out in Schedule 5.

#### **Approval by the schools forum or the Secretary of State of proposals to revise schemes**

**27.—**(1) Where a local authority submit a copy of their proposals to revise their scheme to their schools forum for approval pursuant to paragraph 2A(3)(b) of Schedule 14 to the 1998 Act, the schools forum may—

- (a) approve any such proposals;
- (b) approve any such proposals subject to modifications; or
- (c) refuse to approve any such proposals.

(2) Where the schools forum approve the proposals to revise the scheme, they may specify the date upon which the revised scheme is to come into force.

(3) Where—

- (a) the schools forum refuse to approve proposals submitted under paragraph 2A(3)(b) of Schedule 14 to the 1998 Act, or approve any such proposals subject to modifications which are not acceptable to the local authority; or
- (b) the local authority are not required to establish a schools forum for their area,

the authority may apply to the Secretary of State for approval of such proposals.

(4) The Secretary of State may—

- (a) approve any such proposals;
- (b) approve any such proposals subject to modifications; or
- (c) refuse to approve any such proposals.

(5) When approving proposals to revise the scheme, the Secretary of State may specify the date upon which the revised scheme is to come into force.

(6) No revised scheme is to come into force unless approved by the schools forum or the Secretary of State in accordance with this regulation.

#### **Publication of schemes**

**28.—**(1) A local authority—

- (a) must publish their scheme on a website which is accessible to the general public; and
- (b) may publish it elsewhere, in such manner as they see fit.

(2) Whenever a local authority revise the whole or part of their scheme they must publish the scheme as revised on a website which is accessible to the general public by the date that the revisions are due to come into force, together with a statement that the revised scheme comes into force on that date.

Date

*Name*  
Parliamentary Under Secretary of State  
Department for Education

**CLASSES OR DESCRIPTIONS OF PLANNED EXPENDITURE  
PRESCRIBED FOR THE PURPOSES OF THE NON-SCHOOLS  
EDUCATION BUDGET OF A LOCAL AUTHORITY**

Expenditure of a class or description referred to in this Schedule includes expenditure on associated administrative costs and overheads.

**Special educational provision**

1. Expenditure on services provided by educational psychologists.
2. Expenditure in connection with the authority's functions under sections 321 to 331 of the 1996 Act (which functions relate to the identification and assessment of children with special educational needs and the making, maintaining and reviewing of statements for such children).
3. Expenditure on monitoring the provision for pupils in schools (whether or not maintained by the authority) for the purposes of disseminating good practice in relation to, and improving the quality of educational provision for, children with special educational needs.
4. Expenditure on collaboration with other statutory and voluntary bodies to provide support for children with special educational needs.
5. Expenditure in connection with—
  - (a) the provision of parent partnership services (that is services provided under section 332A of the 1996 Act to give advice and information to parents of children with special educational needs), or other guidance and information to such parents which, in relation to pupils at a school maintained by the authority, are in addition to the information usually provided by the governing bodies of such schools; or
  - (b) arrangements made by the authority with a view to avoiding or resolving disagreements with the parents of children with special educational needs.
6. Expenditure on carrying out the authority's child protection functions under the Children Act 1989, functions under section 175 of the 2002 Act, and other functions relating to child protection.
7. Expenditure incurred in entering into, or subsequently incurred pursuant to, an arrangement under section 31 of the Health Act 1999(a) or regulations made under section 75 of the National Health Service Act 2006(b) (arrangements between NHS bodies and local authorities).
8. Expenditure in providing special medical support for individual pupils in so far as such expenditure is not met by a Primary Care Trust, National Health Service Trust, NHS foundation trust or Local Health Board.

**School improvement**

9. Expenditure incurred by a local authority in respect of action to support the improvement of standards in the authority's schools, in particular—
  - (a) expenditure incurred in connection with functions under the following sections of the 2006 Act: sections 63 (power to require governing bodies of schools eligible for intervention to enter into arrangements), 64 (power to appoint additional governors), 65

---

(a) 1999 c.8. Section 31 was repealed by section 6 of, and Schedule 4 to, the National Health Service (Consequential Provisions) Act 2006 (c.43) but section 4 of, and paragraph 1 of Schedule 2 to, that Act contains a savings provision which means that arrangements made under section 31 of the 1999 Act continue to have effect as if made under section 75 of the National Health Service Act 2006.

(b) 2006 c. 41.

and Schedule 6 (power to provide for governing bodies to consist of interim executive boards), and 66 (power to suspend right to delegated budget); and

- (b) expenditure on school improvement partners.

### **Access to education**

**10.** Expenditure in relation to the following matters—

- (a) management of the authority's capital programme including preparation and review of an asset management plan and negotiation and management of private finance transactions;
- (b) planning and managing the supply of school places, including the authority's functions in relation to the establishment, alteration or discontinuance of schools pursuant to Part 2 of, and Schedule 2 to, the 2006 Act;
- (c) the authority's functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils, but including advice to the parents of such pupils;
- (d) the authority's functions under sections 508A, 508E and 509 (school travel) of the 1996 Act; and
- (e) the authority's functions under sections 510 and 514 of the 1996 Act (provision and administration of clothing grants and boarding grants), and pursuant to regulations made under section 518(2) of the 1996 Act.

**11.** Expenditure arising from the authority's functions under Chapter 2 of Part 6 of the 1996 Act (school attendance).

**12.** Expenditure on the provision of support for students under regulations made under section 1(1) of the Education Act 1962 and under section 22 of the Teaching and Higher Education Act 1998.

**13.** Expenditure on discretionary grants paid under section 1(6) or 2 of the Education Act 1962(a) (awards for designated and other courses).

**14.** Expenditure on the payment to persons over compulsory school age of education maintenance allowances(b).

**15.** Expenditure on the provision of tuition in music, or on other activities which provide opportunities for pupils to enhance their experience of music.

**16.** Expenditure incurred in enabling pupils to enhance their experience of the visual, creative and performing arts other than music.

**17.** Expenditure on outdoor education centres, but not including centres wholly or mainly for the provision of organised games, swimming or athletics.

### **Additional education and training for children, young persons and adults**

**18.** Expenditure on the provision of education and training and of organised leisure time occupation, and other provision under sections 15ZA, 15ZC, 15A and 15B of the 1996 Act.

**19.** Expenditure on the provision by the local authority under sections 15A and 507A and 507B of the 1996 Act of recreation and social and physical training[, and on the authority's provision of

---

(a) 1962 c.12. The 1962 Act was repealed by the Teaching and Higher Education Act 1998 (c.30) with transitional savings provisions. The repeal does not affect the continued operation of the provisions that relate to the making of subordinate legislation. Relevant regulations made under section 1(1) of the 1962 Act are the Education (Mandatory Awards) Regulations 2003 (S.I. 2003/1994), as amended by S.I. 2004/1038 and 2004/1792). These Regulations describe the designated courses and methodology for calculating grants.

(b) Education maintenance allowances are defined in section 108(8)(a) of the 2005 Act as financial assistance under section 14 of the 2002 Act paid to, or in respect of, a person who is over compulsory school age in connection with his undertaking any course or training.

services under section 116 of the 2000 Act to encourage and enable the participation by young people in education and training].

### Strategic management

#### 20. Expenditure on education functions related to—

- (a) functions of the director of children's services and his personal staff;
- (b) planning for the education service as a whole;
- (c) functions of the authority under Part I of the Local Government Act 1999(a) (Best Value) and the provision of advice to assist governing bodies in procuring goods and services with a view to securing continuous improvement in the way the functions of those governing bodies are exercised, having regard to a combination of economy, efficiency and effectiveness;
- (d) revenue budget preparation, preparation of information on income and expenditure relating to education for incorporation into the authority's annual statement of accounts, and the external audit of grant claims and returns relating to education;
- (e) administration of grants to the authority (including preparation of applications), functions imposed by or under Chapter 4 of Part 2 of the 1998 Act and, where it is the authority's duty to do so, ensuring payments are made in respect of taxation, national insurance and superannuation contributions;
- (f) authorisation and monitoring of—
  - (i) expenditure which is not met from schools' budget shares, and
  - (ii) expenditure in respect of schools which do not have delegated budgets, and all related financial administration;
- (g) the authority's monitoring of compliance with the requirements of their financial scheme prepared under section 48 of the 1998 Act, and any other requirements in relation to the provision of community facilities by governing bodies under section 27 of the 2002 Act;
- (h) internal audit and other tasks necessary for the discharge of the authority's chief finance officer's responsibilities under section 151 of the Local Government Act 1972(b);
- (i) the authority's functions under regulations made under section 44 of the 2002 Act(c);
- (j) recruitment, training, continuing professional development, performance management and personnel management of staff who are funded by expenditure not met from schools' budget shares and who are paid for services carried out in relation to those of the authority's functions and services which are referred to in other paragraphs of this Schedule;
- (k) investigations which the authority carry out of employees, or potential employees, of the authority, or of governing bodies of schools, or of persons otherwise engaged, or to be engaged, with or without remuneration to work at or for schools;
- (l) functions of the authority in relation to local government superannuation which it is not reasonably practicable for another person to carry out, and functions of the authority in relation to the administration of teachers' pensions;
- (m) retrospective membership of pension schemes and retrospective elections made in respect of pensions where it would not be appropriate to expect the governing body of a school to meet the cost from the school's budget share;

---

(a) 1999 c. 27.

(b) 1972 c. 70.

(c) The Consistent Financial Reporting (England) Regulations 2003 (S.I. 2003/373, as amended by S.I. 2004/393, 2006/437, 2007/599 and 2008/46.

- (n) advice, in accordance with the authority's statutory functions, to governing bodies in relation to staff paid, or to be paid, to work at a school, and advice in relation to the management of all such staff collectively at any individual school, including in particular advice with reference to alterations in remuneration, conditions of service and the collective composition and organisation of such staff;
- (o) determination of conditions of service for non-teaching staff, and advice to schools on the grading of such staff;
- (p) the authority's functions regarding the appointment or dismissal of employees;
- (q) consultation and functions preparatory to consultation with or by governing bodies, pupils and persons employed at schools or their representatives, or with other interested bodies;
- (r) compliance with the authority's duties under the Health and Safety at Work etc Act 1974(a) and the relevant statutory provisions as defined in section 53(1) of that Act, in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools; but including expenditure incurred by the authority in monitoring the performance of such tasks by governing bodies and, where necessary, the giving of advice to them;
- (s) the investigation and resolution of complaints;
- (t) legal services relating to the statutory functions of the authority;
- (u) the preparation and review of plans involving collaboration with other local authority services or with public or voluntary bodies;
- (v) the preparation, publication, consultation upon and review of a children and young people's plan under the Children and Young People's Plan (England) Regulations 2005(b);
- (w) provision of information to or at the request of the Crown and the provision of other information which the authority are under a duty to make available;
- (x) the authority's duties under article 4(2) and (5) of the Race Relations Act 1976 (Statutory Duties) Order 2001(c);
- (y) the remittance of fees payable to the General Teaching Council for England by virtue of section 4(4) and 4(4A) of the Teaching and Higher Education Act 1998(d) and the provision of information required by the Council pursuant to regulations made under section 12 of that Act;
- (z) the authority's functions pursuant to regulations made under section 12 of the 2002 Act (supervising authorities of companies formed by governing bodies); and
- (aa) the authority's functions under the disability discrimination provisions of the Equality Act 2010(e) in so far as compliance cannot reasonably be achieved through tasks delegated to the governing bodies of schools; but including expenditure incurred by the authority in monitoring the performance of such tasks by governing bodies and, where necessary, the giving of advice to them.

### Other functions

**21.** Expenditure in pursuance of a binding agreement, where the other party is a local authority, or the other parties include one or more local authorities, in relation to the operation of a facility provided partly, but not solely, for the use of schools.

---

(a) 1974 c.37.

(b) S.I. 2005/2149.

(c) S.I. 2001/3458.

(d) 1998. c.30. Subsection 4A was inserted by section 148 of, and paragraphs 1 and 4 of Part 1 of Schedule 12 to, the 2002 Act.

(e) 2010 c.15.

22. Expenditure on establishing and maintaining those electronic computer systems, including data storage, which are intended primarily to maintain linkage between local authorities and their schools.

23. Expenditure on monitoring National Curriculum assessment arrangements required by orders made under section 87 of the 2002 Act.

24. Expenditure in connection with the authority's functions in relation to the standing advisory council on religious education constituted by the authority under section 390 of the 1996 Act(a) or in the reconsideration and preparation of an agreed syllabus of religious education in accordance with Schedule 31 to the 1996 Act.

25. Expenditure in respect of the dismissal or premature retirement of, or for the purpose of securing the resignation of, or in respect of acts of discrimination against, any person except to the extent that these costs are chargeable to schools' budget shares or fall within paragraph 38(b) of Schedule 2.

26. Expenditure in respect of a teacher's emoluments under section 19(9) of the Teaching and Higher Education Act 1998.

27. Expenditure in respect of the functions of an appropriate body under regulations pursuant to section 19(2)(g) of the Teaching and Higher Education Act 1998.

28. Expenditure on the appointment of governors, the making of instruments of government, the payment of expenses to which governors are entitled and which are not payable from a school's budget share, and the provision of information to governors.

29. Expenditure on making pension payments, other than in respect of staff employed in schools.

30. Expenditure on insurance, other than for liability arising in connection with schools or school premises.

31. Expenditure in connection with powers and duties performed under Part 2 of the Children and Young Persons Act 1933(b) (enforcement of, and power to make byelaws in relation to, restrictions on the employment of children).

## SCHEDULE 2

Regulations 5 and 7

### CLASSES OR DESCRIPTIONS OF PLANNED EXPENDITURE PRESCRIBED FOR THE PURPOSES OF THE SCHOOLS BUDGET OF A LOCAL AUTHORITY WHICH MAY BE DEDUCTED FROM IT TO DETERMINE THE INDIVIDUAL SCHOOLS BUDGET

Expenditure of a class or description referred to in this Schedule includes expenditure on associated administrative costs and overheads.

#### **Expenditure to support grants which fall within the definition of the schools budget**

1.—(1) Expenditure (other than expenditure incurred in connection with any other paragraph of this Schedule) which the authority is obliged to incur as a condition of a specific grant paid to the authority and which is taken into account in determining the amount of that specific grant.

(2) Any amount which the authority is obliged to make available as a condition of a grant paid under section 14 of the 2002 Act which is taken into account in determining the amount of that

---

(a) Section 390 was amended by section 140(1) of, and paragraph 93 of Schedule 20 to, the 1998 Act.

(b) 1933 c.12.

grant, decisions regarding the expenditure of which are delegated to the governing body of a maintained school.

### **Performance Reward Grant**

2. Expenditure not falling within any other paragraph of this Schedule or any paragraph of Schedule 1 which the authority propose to meet from a Performance Reward Grant.

### **Threshold and performance pay**

3. Expenditure on any threshold and performance pay element of teachers' salaries.

### **Special educational provision**

4. Subject to paragraphs 5 and 6, expenditure in making the provision specified in a pupil's statement of special educational needs except where the pupil is—

- (a) a registered pupil at a special school maintained by the authority; or
- (b) a registered pupil at a primary or secondary school maintained by the authority who occupies one of a number of places at that school which the authority have reserved for children with special educational needs.

5. Where a pupil falls within paragraph 4(a) or (b) and—

- (a) the cost of the provision specified in the pupil's statement of special educational needs is significantly greater than that for the generality of pupils at the special school; or
- (b) the cost of pupils in places at the primary or secondary school in question is significantly greater than that for the generality of pupils at the primary or secondary school,

the amount by which the expenditure incurred in making the provision specified in the pupil's statement of special educational needs is greater than that incurred in making provision for a pupil who falls within such generality of pupils.

6. Expenditure in making the provision specified in a pupil's statement of special educational needs where the pupil falls within paragraph 4(b) but the places reserved for pupils with special educational needs are for pupils with visual, hearing, speech or language impairments or other communication disorder.

7. Expenditure in respect of pupils with statements of special educational needs or who are within the scope of School Action Plus as described in the Code of Practice(a) issued under section 313 of the 1996 Act, in cases where it would be unreasonable to expect such expenditure to be met from a school's budget share or in cases where it is not met from the general annual grant paid to an Academy by the YPLA or the Secretary of State.

8. Expenditure for support services for pupils who have a statement of special educational needs and for pupils with special educational needs who do not have such a statement.

9. Expenditure for the purposes of encouraging—

- (a) collaboration between special schools and primary and secondary schools to enable children with special educational needs to engage in activities at primary and secondary schools;
- (b) the education of children with special educational needs at primary and secondary schools; and
- (c) the engagement of children with special educational needs at primary and secondary schools in activities at the school with children who do not have special educational needs

---

(a) The Special Educational Needs Code of Practice 2001 (ISBN 1 84185 5294).

in cases where the local authority consider it would be unreasonable for such expenditure to be met from a school's budget share.

**10.** Expenditure in relation to education otherwise than at school under section 19 of the 1996 Act or in relation to a pupil referral unit as defined in that section(a).

**11.** Expenditure (other than expenditure referred to in Schedule 1 or any other paragraph of this Schedule) incurred on services relating to the education of children with behavioural difficulties, and on other activities for the purpose of avoiding the exclusion of pupils from schools.

**12.** Expenditure on the payment of fees in respect of pupils with special educational needs—

- (a) at independent schools or at special schools which are not maintained by a local authority under section 348 of the 1996 Act; or
- (b) at an institution outside England and Wales under section 320 of the 1996 Act.

**13.** Expenditure on payments to another local authority pursuant to section 493 or 494 of the 1996 Act(b), or section 207 of the 2002 Act (recoupment between authorities).

### **Access to education**

**14.** Expenditure on the operation of the system of admissions of pupils to schools (including expenditure incurred in carrying out consultations under section 89(2) of the 1998 Act(c), and in establishing, maintaining and consulting representative bodies for the purposes of admissions) and in relation to appeals, provided that, except where the governing body have agreed with the authority that this proviso should not apply to them, or where the authority are satisfied that factors or criteria in their formula already make suitable provision, the authority must—

- (a) allocate to each governing body who are an admission authority, as defined in section 88(1) of the 1998 Act(d), an amount determined by the authority as that reasonably required by the governing body to meet expenditure incurred in connection with the system of admissions of pupils to the school and any appeals, taking into account any factors or criteria in their formula which relate to admission arrangements; and
- (b) allow the governing body to determine how such amount should be spent for that purpose.

**15.** Expenditure incurred in connection with the authority's functions under section 85A(e) of the 1998 Act (establishment and maintenance of, and consultation with, admission forums).

**16.** Expenditure on milk and meals pursuant to section 512, 512ZA, 512ZB(f) or 513 of the 1996 Act falling within the following categories—

- (a) expenditure in respect of meals at any primary or special school where the governing body have elected not to receive funding for meals as part of their school's budget share;
- (b) expenditure in respect of milk at any school; and
- (c) expenditure in respect of milk or meals at any pupil referral unit.

**17.** Expenditure on the repair and maintenance of a school kitchen where expenditure on meals at that school is deducted from the authority's schools budget pursuant to paragraph 16.

---

(a) The definition is in sub-section (2B), which was inserted by the Education Act 1996 (Amendment of Section 19) (England) Regulations 2007 (S.I. 2007/1507).

(b) Section 493 was amended by section 208 of the 2002 Act. Section 494 was amended by section 140(1) of, and paragraph 128 of Schedule 30 to, the 1998 Act and section 117 of, and paragraph 5 of Schedule 18 to, the 2005 Act. Both sections were amended by article 5(1) of, and paragraph 7 of Schedule 2 to the Local Authorities and Children's Services Authorities (Integration of Functions) Order 2010 (S.I. 2010/1158).

(c) Section 89 was amended by section 51 of, and Schedule 4 to, the 2002 Act and sections 45 and 56 of the 2006 Act.

(d) Section 88(1) was amended by article 5(1) of, and paragraph 10 of Schedule 2 to, S.I. 2010/1158

(e) Section 85A was inserted by section 46 of the 2002 Act.

(f) Sections 512, 512ZA and 512ZB were substituted for section 512 as originally enacted, by section 201 of the 2002 Act. Section 512ZB(4) was amended by section 28(1) of, and paragraph 16 of Schedule 3 to, the Welfare Reform Act 2007 (c.5) (not yet in force) and section 26 of the Child Poverty Act 2010 (c.9).



**18.** Expenditure on determining the eligibility of a pupil for free school meals.

**19.** Expenditure pursuant to section 18 of the 1996 Act(a) in making any grant or other payment in respect of fees or expenses (of whatever nature) which are payable in connection with the attendance of pupils at a school which is not maintained by any local authority.

**20.** Remission of boarding fees payable in connection with the attendance of pupils at maintained schools and Academies.

## **Staff**

**21.** Expenditure in making payments to, or in providing a temporary replacement for, a woman on maternity leave or to a person on adoption leave.

**22.** Expenditure in making payments to, or in providing a temporary replacement for, persons—

- (a) carrying out trade union duties or undergoing training under section 168 and 168A of the Trade Union and Labour Relations (Consolidation) Act 1992(b);
- (b) taking part in trade union activities under section 170 of the Trade Union and Labour Relations (Consolidation) Act 1992;
- (c) performing public duties under section 50 of the Employment Rights Act 1996(c);
- (d) undertaking jury service;
- (e) who are safety representatives under the Safety Representatives and Safety Committees Regulations 1977(d);
- (f) who are representatives of employee safety under the Health and Safety (Consultation with Employees) Regulations 1996(e);
- (g) who are employee representatives for the purposes of Chapter 2 of Part 4 of the Trade Union and Labour Relations (Consolidation) Act 1992, as defined in section 196 of that Act or regulation 13(3) of the Transfer of Undertakings (Protection of Employment) Regulations 2006(f);
- (h) taking time off for ante-natal care under section 55 of the Employment Rights Act 1996;
- (i) undertaking duties as members of the reserve forces as defined in section 1(2) of the Reserve Forces Act 1996(g);
- (j) suspended from working at a school;
- (k) who are members of the General Teaching Council for England or one of its committees; or
- (l) who are appointed learning representatives of trade unions, in order for them to analyse training requirements or to provide or promote training opportunities, and to carry out consultative or preparatory work in connection with such functions.

**23.** Expenditure on Advanced Skills Teachers undertaking outreach work in a school other than that in which they are normally based.

**24.** Expenditure in making payments to, or in providing a temporary replacement for, a person who is seconded on a full-time basis for a period of three months or more other than to a local authority or the governing body of a school.

---

(a) Section 18 was amended by article 5(1) of, and paragraph 7 of Schedule 2 to, S.I. 2010/1158.

(b) 1992 c.52. Section 168A was inserted by section 43 of the Employment Act 2002 (c.22).

(c) 1996 c.18.

(d) S.I. 1977/500, amended by section 1 of the Employment Rights (Dispute Resolution) Act 1998 (c.8) and S.I. 1996/1513, 1999/860, 1999/2024, 1999/3242, 2005/1541, 2006/594 and 2008/960.

(e) S.I. 1996/1513, amended by section 1 of the Employment Rights (Dispute Resolution) Act 1998 (c.8) and S.I. 1999/3242 and 2005/1541.

(f) S.I. 2006/246, amended by S.I. 2010/93.

(g) 1996 c.14.

**25.** Expenditure in making payments to, or in providing a temporary replacement for, persons who have been continuously absent from work because of illness for 21 days or more.

**26.** Expenditure, not falling within Schedule 1, in relation to the recruitment, training, continuing professional development, performance management and personnel management of staff who are funded by expenditure not met from schools' budget shares.

**27.** Expenditure on pay arrears due to staff employed at maintained schools and other staff whose salaries are met from the schools budget, and expenditure on the costs of financing payment of such arrears, where the expenditure is not chargeable to a maintained school's budget share under the terms of the local authority's scheme.

### **Other expenditure**

**28.** Expenditure on early years provision, excluding expenditure—

- (a) on such provision at a maintained school; and
- (b) on relevant early years provision.

**29.** Expenditure on insurance in respect of liability arising in connection with schools and school premises, except to the extent that governing bodies have elected to receive funding for insurance as part of their school's budget share.

**30.** Expenditure on services to schools provided by museums and galleries.

**31.—(1)** Expenditure on library services for primary and special schools, except that such expenditure may not be deducted where—

- (a) funding for library services in respect of a particular school was delegated before April 1999 and remains delegated; or
- (b) the governing body of any primary or special school have elected to receive funding for library services as part of their school's budget share.

**(2)** Where a local authority deduct funding under sub-paragraph (1), they must—

- (a) notify the governing body of each school not receiving funding for library services in its budget share of the amount attributable to library services for that school; and
- (b) allow the governing bodies of these schools to determine whether the expenditure on library services in respect of their school is to be spent by—
  - (i) the authority in themselves providing library services to the school or
  - (ii) the authority procuring library services from another local authority.

**32.** Expenditure on licence fees or subscriptions paid on behalf of schools.

**33.** Expenditure incurred in connection with the authority's functions under section 47A of the 1998 Act (establishment and maintenance of, and consultation with, schools forums).

**34.** Expenditure on allocations to the governing body of a school in financial difficulty, provided that the authority consult the schools forum on their arrangements for the implementation of such support.

**35.** Expenditure for purposes not falling within any other paragraph of this Schedule, provided that the expenditure does not amount in total to more than 0.1% of the authority's schools budget.

**36.** CERA incurred for purposes not falling within any other paragraph of this Schedule or Schedule 1.

**37.** Expenditure on practical and applied learning not met from maintained schools' budget shares.

**38.** Expenditure on—

- (a) prudential borrowing;

- (b) termination of employment costs, where the schools forum has approved the charging of these costs to the schools budget for the funding period in which they were incurred and the revenue savings achieved by the termination of employment to which they relate are equal to or greater than the costs incurred;
- (c) combined services where the expenditure relates to classes or descriptions of expenditure falling outside those set out in this Schedule;
- (d) the schools' specific contingency; and
- (e) special educational needs transport costs,

provided that any deductions under this paragraph are limited to the amount deducted by the authority in respect of such expenditure under paragraph 37 of Schedule 2 to the 2011 Regulations for the previous funding period.

**39.** Expenditure on contingencies arising from any adjustment of the formula for providers of prescribed early years provision.

**40.** Expenditure on the purchase of CRC allowances.

**41.** Expenditure for the purposes of—

- (a) improving the performance of under-performing pupils from ethnic minority groups; and
- (b) meeting the specific needs of bilingual pupils,

where the authority consider that it would be more appropriate for them to make this provision.

## SCHEDULE 3

Regulation 18

### ADDITIONAL FACTORS OR CRITERIA WHICH MAY BE TAKEN INTO ACCOUNT IN A LOCAL AUTHORITY'S FORMULA UNDER REGULATION 18

#### PART 1

**42.** Special educational needs of pupils determined in a manner that the authority consider appropriate as a means of assessing those needs.

**43.** Pupils for whom English is not their first language.

**44.** Turnover of pupils other than as part of the general admissions process at a school.

**45.** Admission arrangements at a school.

**46.** The size, condition and characteristics of a school's buildings and grounds relative to those of other schools maintained by the local authority.

**47.** Where a school has a split site the funding must be in accordance with criteria published by the authority.

**48.** Such physical facilities, organisational facilities or communications facilities as are found at some schools only.

**49.** Non-domestic rates payable in respect of the premises of each school (including actual or estimated cost).

**50.** Use of energy by schools.

**51.** Rent payable in respect of school premises or payments in respect of the use by a school of facilities not exclusively occupied by that school (including actual or estimated cost).

**52.** Transport to and from activities outside school premises which form part of the school's curriculum, or transport between the school and other educational facilities attended by pupils (including actual or estimated cost).

**53.** Hire of facilities outside school premises (including actual or estimated cost).

**54.** Insurance: the funding must be equal to the amount which would be spent on insurance for the school in question if amounts were not delegated to the governing body for such insurance or, if the authority do not insure, the appropriate proportion of the amount that would have been spent had they insured, to be determined on a basis decided by the authority.

**55.** Payments in relation to a private finance initiative (including actual or estimated cost).

**56.** Where a school has been established or has become the subject of a prescribed alteration within the meaning of regulations made under section 18 of the 2006 Act as a result of the closure of one or more schools, a local authority may include a factor in their formula which provides that—

- (a) an amount may be added to the budget share of the school to reflect all or part of the unspent budget share of the closing school for the funding period in which it closes; or
- (b) an amount may be deducted from the budget share of the school to reflect all or part of any deficit in the budget share of the closing school, provided the amount deducted does not exceed any amount determined by the local authority under regulation 11(6) as the delegated budget of the new school for the period from the opening date to the appropriate date.

**57.** Where a school is to be discontinued during the financial year or the following financial year.

**58.** School milk, meals and other refreshment: the authority may not attribute a negative value to any element of this factor.

**59.** Salaries at a school, the funding of which must be in accordance with a scale published by the authority (including actual or estimated cost), and which include pay arrears due to staff (also including actual or estimated cost).

**60.** Safeguarding of salaries in accordance with a document referred to in an order under section 122 of the 2002 Act (school teachers' pay and conditions).

**61.** The differential in recruitment and retention costs in different areas in which schools are located.

**62.** The need for single payments to be allocated to nursery, primary, secondary or special schools, or any combination of such schools, regardless of size.

**63.** The need for payments to be allocated to schools, of a size and satisfying other conditions, specified by the authority.

**64.** Where schools budget shares would otherwise be reduced year-on-year by a percentage figure of 3% or more (determined by the authority), the authority must publish that percentage figure and an explanation of how any amounts using such a factor or criteria will be determined including, if applicable, the use to be made of any sliding scale. Such a factor may not take account of the extent to which a school has spent more than or has not spent all of its budget share in any financial year.

**65.** Contracts by which the governing body of a school are bound by virtue of a provision in the authority's scheme (including actual or estimated cost).

**66.** Effect of taxation on schools.

**67.** Housing development leading to a reduction in numbers on roll at a school of at least 20% within one financial year or armed forces movements leading to any reduction in numbers on roll at a school.

**68.** Such items of expenditure in connection with provision for pupils registered at other schools as are prescribed by the School Budget Shares (Prescribed Purposes)(England) Regulations 2002(a).

**69.** Incidence of qualified teachers(b) who have been qualified for fewer than twelve months (“NQTs”).

**70.** Incidence of pupils from ethnic minority groups having below average levels of academic achievement in relation to other pupils in the authority’s area, to be determined on a basis decided by the authority.

**71.** Incidence of nursery classes and places which the authority have reserved for children with special educational needs.

**72.** Prior attainment of pupils entering a school.

**73.** Advanced Skills Teachers employed at a school.

**74.** Infant classes and places in infant classes not funded under any other provisions.

**75.** Incidence of any element of teachers’ salaries relating to threshold and performance pay (including actual or estimated cost).

**76.** Payments in respect of gifted and talented pupils.

**77.** Amount which replicates part of or all of the cash value or formulaic calculation of any sum paid to a school from a specific grant in an earlier funding period, where this specific grant was mainstreamed.

**78.** Where a school is federated with one or more other schools under section 24 of the 2002 Act.

**79.** In this Part, any reference to—

- (a) “pupils” includes children receiving early years provision;
- (b) “school” includes a relevant early years provider;
- (c) “school premises” includes premises used by a relevant early years provider, whether or not the early years provider is a school.

## PART 2

Applicable only to budget shares for, and amounts to be allocated to, providers of prescribed early years provision

**80.** The need to improve the quality of provision by particular providers or types of provider.

**81.** The degree of flexibility in the hours of attendance that a provider makes available.

**82.** The need to secure or sustain a sufficiency of prescribed early years provision within the authority’s area or any sub-area within that area; and in this paragraph “sub-area” means—

- (a) an electoral division or ward of the authority; or
- (b) such other appropriate geographical division into which the authority have notionally divided their area.

---

(a) S.I. 2002/378, amended by S.I. 2004/444 and 2010/190.

(b) Qualified teacher has the meaning in regulation 5 of the Education (School Teachers’ Qualifications) (England) Regulations 2003 (S.I. 2003/1662, amended by section 74 of the 2005 Act, S.I. 2007/2782 and 2009/3156).

## MINIMUM FUNDING GUARANTEE

**Primary and secondary schools**

1. In this paragraph and paragraphs 2 to 4—

- (a) references to the number of pupils exclude those funded by a sixth form grant;
- (b) the “relevant number” of pupils for the previous funding period is the number of registered pupils at the school on 20th January 2011;
- (c) subject to paragraphs 3 and 4, the “relevant number” of pupils for the funding period is the number of pupils at the school on 19th January 2012;
- (d) references to a redetermined adjusted budget share for the previous funding period include the effect of any additional arrangement approved by the schools forum or Secretary of State under regulation 25 of the 2011 Regulations, but exclude the following—
  - (i) any amounts included pursuant to regulations 20 (sixth form funding), 23 (excluded pupils) and 24 (correction of errors) of the 2011 Regulations,
  - (ii) any amount included in respect of paragraphs 8 (rates), 14 (PFI), 28 (NQTs) and 33 (ICS) of Schedule 3 to the 2011 Regulations, and
  - (iii) any amounts in respect of funding for named pupils which are deducted from a school’s budget share when those pupils leave the school, excluding amounts for the cost of providing free school meals;
- (e) references to a redetermined adjusted budget share include the effect of any additional arrangements approved by the schools forum or the Secretary of State under regulation 25 (additional arrangements), but exclude the following—
  - (i) any amounts included pursuant to regulation 20 (sixth form funding) and 23 (excluded pupils),
  - (ii) any amounts included in respect of paragraphs 8 (rates), 14 (PFI), 28 (NQTs) and 33(ICS) of Schedule 3; and
  - (iii) any amounts included in respect of funding for named pupils which are deducted from a school’s budget share when those pupils leave the school but not including amounts for the cost of providing free school meals;
- (f) for the purposes of this Schedule—
  - (i) where a school has opened during the previous funding period, its redetermined adjusted budget share for the previous funding period is the amount that it would have been had the school opened on 1st April 2011,
  - (ii) where a school opens during the funding period, its redetermined adjusted budget share for the funding period is the amount that it would have been had the school opened on 1st April 2012,

adjusted in accordance with sub-paragraph (d) or (e), whichever is applicable.

2. Subject to paragraphs 3 and 4, the guaranteed funding level is to be calculated as follows for the funding period—

- (a) where the relevant number of pupils is the same as the relevant number for the previous funding period, the guaranteed funding level is A,
- (b) where the relevant number of pupils is lower than the relevant number for the previous funding period, the guaranteed funding level is  $A - (B \times C)$ ,
- (c) where the relevant number of pupils is higher than the relevant number for the previous funding period, the guaranteed funding level is  $A + (B \times C)$ ;

where—

A is, in respect of the funding period, the redetermined adjusted budget share for the previous funding period multiplied by  $x.xxx$  in respect of primary schools and secondary schools,

B is, in respect of the funding period, the difference between the relevant number of pupils for the previous funding period and the funding period,

C is, in respect of the funding period, the mean value of funding per pupil in the school's redetermined adjusted budget share for the previous funding period (calculated using pupil numbers on 20th January 2011) multiplied by  $x.xxx \times xx$  in respect of primary schools and by  $x.xxx \times x.xxx$  in respect of secondary schools.

**3.—**(1) Except where paragraph 4 applies, where the relevant number of pupils for the previous funding period or the funding period is 75 or fewer, that school's guaranteed funding level for the funding period must be calculated as follows—

- (a) where the relevant number of pupils in the funding period is the same as the relevant number for the previous funding period, the guaranteed funding level is A,
- (b) where the relevant number of pupils in the funding period is lower than the relevant number of pupils for the previous funding period, the guaranteed funding level is  $A - (B \times D/E \times x.xxx)$  in respect of primary schools and secondary schools,
- (c) where the relevant number of pupils in the funding period is higher than the relevant number of pupils for the previous funding period, the guaranteed funding level is  $A + (B \times D/E \times x.xxx)$  in respect of primary schools and secondary schools;

where—

A and B have the same meaning as in paragraph 2,

D is the total funding within the redetermined adjusted budget share determined on the basis of pupil numbers for, in respect of the funding period, the previous funding period; and

E is, in respect of the funding period, the relevant number of pupils for the previous funding period.

(2) For the purposes of this paragraph, "the relevant number" means, in respect of the funding period, either the number of pupils registered at the school on 20th January 2011 or the number of pupils registered at the school on 19th January 2012.

**4.** Where a school opens during the funding period, and is a replacement for two or more schools being discontinued during the funding period, its guaranteed funding level must be calculated in accordance with paragraph 2, save that the figure in respect of the new school's redetermined adjusted budget share for the previous funding period is to be determined using the sum of the relevant number of pupils in the discontinued schools for the previous funding period as the relevant number for the purposes of paragraph 1(b).

### **Special schools**

**5.—**(1) A local authority must provide in their formula that any amount allocated in accordance with regulation 15(1)(a) in respect of a place at a special school for the funding period must be at least  $x.xx$  multiplied by the amount initially determined in relation to the previous funding period in respect of a place appropriate to a pupil with the same characteristics at that school under regulation 15(1)(a) of the 2011 Regulations.

(2) That portion of the redetermined budget share of a special school for the funding period calculated otherwise than in accordance with regulation 15 (but not including adjustments due under regulation 23 (excluded pupils)) must be at least  $x.xx$  multiplied by that portion of the initially determined budget share for the previous funding period calculated otherwise than in accordance with regulation 15 of the 2011 Regulations (including the allocation of any mainstreamed grant but not including adjustments due under regulation 23 (excluded pupils) of those Regulations).

6. For the purposes of this Schedule, “PFI” means Private Finance Initiative and “ICS” means Infant Class Sizes.

## SCHEDULE 5

Regulation 26

### CONTENTS OF SCHEMES

The matters referred to in regulation 26, being matters connected with the financing of schools maintained by a local authority, required to be dealt with in the local authority’s scheme are as follows:

1. The carrying forward from one funding period to another of surpluses and deficits arising in relation to schools’ budget shares.
2. Amounts which may be charged against schools’ budget shares.
3. Amounts received by schools which may be retained by their governing bodies and the purposes for which such amounts may be used.
4. The imposition, by or under the scheme, of conditions which must be complied with by schools in relation to the management of their delegated budgets and of sums made available to governing bodies by the authority which do not form part of delegated budgets, including conditions prescribing financial controls and procedures.
5. Terms on which services and facilities are provided by the authority for schools maintained by them.
6. The payment of interest by or to the authority.
7. The times at which amounts equal in total to the school’s budget share are to be made available to governing bodies and the proportion of the budget share to be made available at each such time.
8. The virement between budget heads within the delegated budget.
9. Circumstances in which a local authority may delegate to the governing body the power to spend any part of the authority’s non-schools education budget or schools budget in addition to those set out in section 49(4)(a) to (c) of the 1998 Act(a).
10. The use of delegated budgets and of sums made available to a governing body by the local authority which do not form part of delegated budgets.
11. Borrowing by governing bodies.
12. The banking arrangements that may be made by governing bodies.
13. A statement as to the personal liability of governors in respect of schools’ budget shares having regard to section 50(7) of the 1998 Act.
14. A statement as to the allowances payable to governors of a school which does not have a delegated budget in accordance with the scheme made by the authority for the purposes of section 519 of the 1996 Act(b).
15. The keeping of a register of any business interests of the governors and the head teacher.
16. The provision of information by and to the governing body.
17. The maintenance of inventories of assets.

---

(a) Section 49(4) was amended by section 215 of, and paragraph 100 of Schedule 21 to, the 2002 Act.

(b) Section 519 was amended by section 140 of, and paragraph 139 of Schedule 2 to, the 1998 Act.



18. Plans of a governing body's expenditure.
19. A statement as to the taxation of sums paid or received by a governing body.
20. Insurance.
21. The use of delegated budgets by governing bodies so as to satisfy the authority's duties imposed by or under the Health and Safety at Work etc Act 1974.
22. The provision of legal advice to a governing body.
23. Funding for child protection issues.
24. How complaints by persons working at a school or by school governors about financial management or financial propriety at the school will be dealt with and to whom such complaints should be made.
25. Expenditure incurred by a governing body in the exercise of the power conferred by section 27 of the 2002 Act.

### **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations make provision for the financial arrangements of (1) local authorities in relation to the funding of maintained schools and (2) providers of prescribed early years provision in England for the financial year 2012-2013.

The School Finance (England) Regulations 2008 and the School Finance (Amendment) (England) Regulations 2010 are revoked.

These Regulations define the non-schools education budget (regulation 3 and Schedule 1), the schools budget (regulation 5 and Schedule 2), the central expenditure and the individual schools budget (regulation 7 and Schedule 2). They require local authorities to determine budget shares for schools maintained by them and the amounts to be allocated in respect of nursery classes in schools maintained by them and relevant early years providers in their area in accordance with the appropriate formula (regulations 9 and 10), impose a minimum funding guarantee (regulation 19 and Schedule 4) and impose requirements in relation to local authorities' schemes (regulation 26 and Schedule 5).

The most significant changes from the 2011 Regulations are as follows.

Where a pupil in respect of whom a pupil premium is payable is permanently excluded from one school and admitted to another school, provision is made for an appropriate portion of that premium to follow the pupil.

Provision is made to allow for the remission of boarding fees for pupils registered at Academies to be charged to the schools budget.

There are changes to the calculation of the minimum funding guarantee (regulation 25 and Schedule 4) and to the circumstances in which the guarantee may be varied or disapplied (regulation 25(3))

This page is intentionally left blank

## WIRRAL SCHOOLS FORUM - 24 JANUARY 2012

### WORK PLAN

Meeting Date			
<b>Wednesday 28<sup>th</sup> March 2012</b>	<b>Tuesday 3<sup>rd</sup> July 2012</b>	<b>Tuesday 25<sup>th</sup> September 2012</b>	<b>January 2013</b>
		Elect Chair and Vice Chair Membership	
<b>Finance</b> Budget Update	Schools Outturn School Balances Final DSG Calculation Central Limit	Final DSG Calculation	Schools Settlement Schools Budget Pupil Premium MFG Exceptions
<b>Updates</b> School Finance Regulations Scheme for Financing Schools Hospital School Academies Special School agreements and surplus places. SEN	School Redundancies Funding Formula City Learning Centres Advanced Skills Teachers School Intervention Budget Gilbrook Assessment Class	SEN/Home Tuition/LACES 16-19 SEN National Allocations Hospital School Primary Provision Insurance	
<b>Consultation</b>		Funding Formula changes WASP delegated budget	Outcome of Local Formula Consultation School Finance Regulations
<b>Working Groups</b> Traded Services Funding Formula		Traded Services Academy Services	Early Years Formula Review

This page is intentionally left blank