

SCHOOL FINANCE REGULATIONS 2012 CONSULTATION

1. The current school finance regulations cover the 2011-12 financial year and therefore expire at 31st 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

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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.