

SLOUGH SCHOOLS FORUM
12 September 2012

**Consultation on School Finance regulations 2013 and additional grant conditions
for Dedicated Schools Grant
(Director of Education & Children's Services)**

1 PURPOSE OF REPORT

- 1.1 To inform Schools Forum of the consultation issued in July and provide an opportunity for members to respond with comments.

2 RECOMMENDATIONS

- 2.1 That Schools Forum notes the proposed changes and submits comments to officers for inclusion in Slough's response to the consultation.

3 REASONS FOR RECOMMENDATIONS

- 3.1 It is appropriate for Schools Forum to be aware of proposed changes to the School Finance regulations and grant conditions.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not applicable.

5 SUPPORTING INFORMATION

- 5.1 The Education Funding Agency (EFA) issued consultation on the Schools Finance regulations 2013 and additional grant conditions for the Dedicated Schools Grant (DSG) on 19 July. The regulatory changes give effect to the decisions set out in the school funding reform announcements on 26 March and 28 June.
- 5.2 The draft School and Early Year Finance (England) Regulations 2013 for the most part reflect the decisions already made, including decisions on formula factors, maximum delegation, central expenditure and the Minimum Funding Guarantee.
- 5.3 The attention of Schools Forum is drawn to the following new features in the School Finance regulations 2013:
- Regulation 3 amends the 2012 school forum regulations to provide for maintained school members of schools forums to approve de-delegation proposals for their phase for maintained schools only;
 - Regulation 8 (4) specifies that the schools forum must approve the criteria on which any funding retained for pupil growth is to be allocated;

- Regulation 8 (5) specifies that schools forum approval is required for central schools and early years block items:
- Regulation 12 sets out the powers of schools forum and the Secretary of State to authorise central schools and early years block expenditure and delegation: and
- Regulation 27 sets out that changes to schemes for financing schools must be approved by maintained school members of the schools forum.

5.4 The EFA are, however, consulting on how the funding for disadvantaged two year olds should best be brought into the early years single funding formula. The Early Education Funding consultation is attached at Appendix A. The consultation runs through to 21 September.

5.5 Finally, amendments to the DSG grant conditions are necessary to recognise that the DSG funds most academies and non-maintained high needs providers. The additional conditions of grant imposed are listed in Appendix B.

5.6 The intention is for the regulations to come into force by 1 January 2013.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 The relevant legal provisions are contained within the main body of this report.

Section 151 Officer – Strategic Director of Resources

6.2 The financial implications of the report are outlined in the supporting information.

Access Implications

6.3 There are no access implications.

7 CONSULTATION

Principal Groups Consulted

7.1 None.

Method of Consultation

7.2 Not applicable.

Representations Received

7.3 Not applicable.

Background Papers

DfE School Funding Reform: Next steps towards a fairer system (March 2012)

DfE School Funding Reform: Arrangements for 2013-14 (June 2012)
EFA Consultation on the Schools Finance regulations 2013 and additional grant conditions for the Dedicated Schools Grant (July 2012)
EFA Draft School and Early Years Finance (England) Regulations 2013 (July 2012)

Contact for further information

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EARLY EDUCATION FUNDING

Local authorities are required to manage funding for free early education for three and four year olds through the early years single funding formula (EYSFF). The EYSFF requirements are contained in the 2012 School Finance Regulations. These draft regulations for 2013 make the changes arising from the recent school funding consultations.

As has previously been announced, funding for free early education for two year olds will be part of the Dedicated Schools Grant (DSG) from 2013-14, alongside funding for early education for three and four year olds. The free entitlement to early education will be extended to 20% of two year olds from September 2013, and to 40% of two year olds from September 2014.

Local authorities will be required to fund free early education for two year olds through the EYSFF, as they do for three and four year olds. This requirement will start when these regulations commence, 1 April 2013, and in advance of the commencement of the regulations which extend the free entitlement in September 2013. Extending the EYSFF to two year olds has a number of advantages:

- It recognises the two year old entitlement as an extension of the three and four year old entitlement, and may be delivered by many of the same providers. Thus, it is only sensible it is funded in the same way.
- The EYSFF requires authorities to work with providers to determine the cost of delivery and calculate fair funding rates accordingly. As part of this, we call on providers and authorities to work together and engage afresh in an open and honest way.
- The EYSFF enables the Department more easily to collect data on funding rates (base rates and supplements) paid to providers. This data is then more easily comparable across areas. Not using the EYSFF would make collecting comparable data more difficult.

However, we are proposing adjustments to how the EYSFF operates for two year olds. These are:

- To relax the requirement to have a mandatory deprivation supplement (regulation 15(6)). Local authorities would still be able to use a deprivation supplement if they wish, but making it mandatory in an already targeted entitlement does not seem necessary.
- To relax the rules on place based funding to support capacity building. Currently, authorities must fund on the basis of participation except for children with SEN or children in need, where they can continue to fund on a place basis. We will extend this place-based approach for two year olds, to support LAs working with providers to increase capacity in advance of delivering the 20% and 40% entitlements (regulation 16(7)).

APPENDIX A

We anticipate this as a time-limited approach to support preparation for the entitlement, and not a permanent approach for funding two year old early education.

We would welcome views on these adjustments – are they suitable and are there others we should consider?

The availability of high quality early education places is of course critical to the success of the two year old entitlement. We expect LAs and providers to work together to improve the quality of provision on offer. As with provision for three and four year olds, carefully targeted funding can have a powerful role to play supporting increases in quality. The quality supplement in the EYSFF gives LAs a simple means to target funding at incentivising increases in quality in provision for two year olds. It would be possible through these regulations to require LAs to operate a mandatory quality supplement in their EYSFF for two year olds. Alternatively, all decisions about the design of the EYSFF for two year olds, including supplements, could remain a matter for local discretion.

We would be grateful for views on whether to require a mandatory quality supplement in the EYSFF for two year olds.

DEDICATED SCHOOLS GRANT (DSG) - ADDITIONAL GRANT CONDITIONS

1. The authority must maintain a single formula for funding both maintained schools and Academies in its area;
2. In constructing the formula, the authority must take account of the circumstances of all Academies and maintained schools in its area;
3. In using funding held centrally within DSG, other than funding that has been delegated by maintained schools, the authority must treat maintained schools and Academies to which recoupment applies on an equivalent basis;
4. In making arrangements for funding young people with high needs, the authority must treat those placed in maintained provision, in Academies and Free Schools, in the FE sector, and in non-maintained and independent provision on a fair and equivalent basis;
5. In deciding on top-up funding rates for the pupils it will place in special schools maintained by the Authority and Special Academies formerly maintained by the authority, the authority must ensure that the rates for each school are set no lower than at such a rate or rates that, if all the pupils in the school or Academy were placed by the authority, and the number of places remained the same in the two financial years, the school or Academy's budget would reduce by no more than 1.5% in cash between 2012-13 and 2013-14;
6. When a pupil who would require top-up funding has already been placed in an institution by the authority at the time the new funding system for high needs pupils is introduced, the authority must enter into a contract with the institution to make such top-up payments until such time as the pupil has left the institution, or the contract is replaced by another. When such pupil is placed by the authority in an institution at a later date, the authority must likewise enter into such a contract; and
7. When making top-up payments to institutions for high needs pupils, the authority must make the payments in a timely fashion on a basis agreed with the institution, which should be monthly unless otherwise agreed.