

## **Rotherham Schools Forum**

**Venue: Bailey House, Rawmarsh Road, Rotherham.**      **Date: Friday, 23 April 2010**  
**Time: 8.30 a.m.**

### **A G E N D A**

1. Introductions
2. Apologies for Absence.
3. Minutes of the Previous Meeting held on 19th March 2010 (herewith) (Pages 1 - 4)
4. Matters Arising from Previous Minutes
5. DCSF consultation on the future distribution of school funding (herewith) (Pages 5 - 16)
6. Children and Young People's Plan (herewith) (Pages 17 - 19)
7. LSC Update - Mike Firth to report
8. Legislation Changes (Schools Finance Regulations 2010; School Budget Shares Regulations 2010; Schools Forum Regulations 2010 (herewith) (Pages 20 - 27)
9. School Budgets 2010/11
10. Rotherham Grid for Learning Contract and Pricing 2010-2013
11. Any Other Business
12. Date and Time of Next Meeting  
- 25<sup>th</sup> June 2010, at 8.30 am at Bailey House.

**ROTHERHAM SCHOOLS FORUM  
FRIDAY, 19TH MARCH, 2010**

**Present:-** Geoff Jackson (in the Chair); Steve Clayton, Geoff Gillard, Margaret Hague, Lyndon Hall, Mick Hall, Kay Jessop, Ruth Johnson, David Silvester and Ann Wood.

**In attendance:-** David Ashmore, Helen Barre, Graham Sinclair and Vera Njegic.

**83. APOLOGIES FOR ABSENCE.**

Apologies for absence were received from Karen Borthwick, Val Broomhead, Jane Fearnley, Mike Firth, Peter Hawkrige, Councillor Jane Havenhand, John Henderson, Russell Heritage, Ann Jones, Catharine Kinsella and Julie Westwood.

**84. MINUTES OF THE PREVIOUS MEETING HELD ON 22ND JANUARY 2010**

Agreed:- That the minutes of the previous meeting of the Rotherham Schools Forum held on 22<sup>nd</sup> January 2010 be approved as a correct record, subject to the following amendment:

“Minute 75 (2) That the Schools Forum agree to underwrite a contingency element of up to £500k per annum from the DSG, *from 2013/14*, which would be used across both Phase 1 and Phase 2 of the project, but that a reservation regarding staffing levels be noted.”

**85. RELOCATION OF WALES SEBD UNIT - ISB FUNDING TRANSFER TO LA**

Helen Barre, Special Educational Needs Assessment Service presented the submitted report concerning funding for the resource unit at Wales Primary School.

In November, the Local Authority received a request from the head teacher and Chair of Governors at Wales Primary School to close and relocate the resource unit. This followed difficulties over time with staffing and their capacity to meet the needs of the children and schools. The Local Authority approved the request, at Director level, and at February half term the unit ceased to operate.

Following prior consultation with the parents and schools involved, the children have now transferred to Thorogate resource unit. Two of the staff (HLTAs) have also transferred to Thorogate to retain continuity for the children, families and to extend outreach provision within the schools where the children are on roll. Thorogate had only two children on “roll” and so the additional children have been accommodated within existing capacity, supplemented by the two additional staff. The two Thorogate children and two of the four Wales children are Y6 and will be supported through the transition phase to secondary education in September 2010.

The third Wales member of staff has been transferred to the Behaviour Support

Service to provide targeted support for schools and children.

The following was proposed with regard to the delegated funding arrangements:

The delegated unit attached allocation for 2010/11 was £100,732 which largely covered staffing costs. The school also received an additional allocation of £8,857 at 09/10 prices, from a budget held centrally, to fund non-pay costs.

For the remainder of the 2009/10 financial year, Wales Primary School would continue to hold the delegated budget and additional allocation and be responsible for all expenditure relating to the functions of the resource. This would include staffing costs, travel claims, phone calls and any other relevant costs. It was expected that Wales Primary School would remain within budget.

For the 2010/11 financial year, the delegated budget allocation for the Wales resource would also be held centrally and staffing and non pay costs would be paid accordingly. Given that the review may result in a further change to provision for sebd in Rotherham, and that staff members were not all located at the resource unit, it was not considered expedient to transfer the budget allocation to Thorogate.

Arrangements had been made with the head teacher of Thorogate to confirm operational line management responsibilities.

Agreed:- That the proposals made be supported.

## **86. LSC UPDATE**

The Chair announced, that in the absence of Mike Firth and Karen Borthwick the update in respect of LSC would be deferred to the next meeting.

Graham Sinclair reported that negotiations in respect of contractual issues regarding the transfer of staff were still ongoing but it was anticipated that these would be completed by 1<sup>st</sup> April 2010.

The Finance team would also be working closely with the LSC to ensure April payments were made to all institutions on time.

## **87. AUDIT COMMISSION SCHOOL BALANCE REPORT**

David Ashmore, Resources and Business Manager, presented the Audit Commission School Balance report which detailed surplus balances for Rotherham in comparison to their statistical neighbour, Yorkshire and Humberside and all Local Authorities in England.

It was noted that the total revenue balance as a percentage of income for Rotherham had reduced from 4.44% in 2007/08 to 3.35% in 2008/09 which ranked them first against their statistical neighbours, 4<sup>th</sup> in comparison to Yorkshire and Humberside and very favourably within all the Local Authorities in England.

It was noted that the total revenue balance as a percentage of income for Rotherham had reduced from 4.44% in 2007/08 to 3.35% in 2008/09.

In respect of the percentage of schools with excessive surplus balances, Rotherham had 17.5% (22 schools) in 2008/09 compared to 33.6% (43 schools) the previous year. Rotherham has the lowest number of schools with excessive balances in comparison to its 10 statistical neighbours, ranks 4<sup>th</sup> lowest in comparison to the 15 Yorkshire and Humberside authorities and 21<sup>st</sup> lowest of the 150 Local Authorities in England.

A discussion ensued and the following issues were raised:-

- When surplus budget is clawed back, where does it go? It was confirmed that any monies would be added to the total schools budget for the following financial year in accordance with the Council Policy.
- Reference had been made to schools with deficits. Forum members did not see the need for details of schools in deficit to be brought to them unless there was a rising trend in the numbers of schools in future.
- A concern was raised that the minimum amount of £10k which had been set for primary schools to request support through the Schools in Financial Difficulty Fund was perhaps too high. David Ashmore informed the Forum that the authority recognised particular difficulties that some smaller schools have in responding to unforeseen circumstances and would continue to be supportive. It was agreed that this could be looked into, although it was explained that lowering the amount could simply give rise to a greater call on limited funds.

Agreed:- That the information be noted.

#### **88. NEW DIRECTOR APPOINTMENTS IN CYPS**

David Ashmore reported on the recent appointment of the following two new Directors in CYPS:

Dorothy Smith, had been appointed as the new Senior Director Schools and Lifelong Learning. Dorothy would be taking over from Catharine Kinsella who was retiring from the authority in April. Dorothy was currently Director of School Improvement Service at Education Leeds.

Gani Martins had been appointed as the new Director of Safeguarding and Corporate Parenting. Gani would be taking over the role at the end of March from Lyn Burns who had held the post over the last few months on an interim basis. Gani joins the authority from Stockport MBC where she was Head of Social Care.

Agreed:- That the information relating to these appointments be noted.

#### **89. ICELANDIC BANKS POSITION**

David Ashmore, Resources and Business Manager reported on press coverage regarding the recovery of funds invested by Councils in Icelandic Banks. It was noted that the Icelandic President had called a referendum on a loan to return the debt. No further information was available at present.

Vera Njagic agreed to bring an update from Central Finance to a future meeting.

**90. ANY OTHER BUSINESS**

Schools Budgets 2010/11

Vera Njagic, Principal Accountant (Schools) reported that the budgets for 2010/11 had now been sent to schools. She confirmed that the increase per pupil was 3.2% but due to the reduced numbers of children this equated to an overall increase of around 2.2%.

School Standards

Vera Njagic reported that 92 schools had now been assessed and passed which equated to 77% of all schools in Rotherham. It was hoped that the remaining schools would be assessed by the end of the month, with a 100% pass rate.

A query was raised as to what would happen if a school did not meet the required standard. Confirmation was given that they would be given 20 days to make the required improvements to pass.

**91. DATE AND TIME OF NEXT MEETING**

Agreed:- That the next meeting be held on Friday 23<sup>rd</sup> April 2010 at 8.30 am at Bailey House, Rawmarsh Road, Rotherham.

<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO SCHOOLS’ FORUM</b>
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<b>1.</b>	Meeting:	<b>SCHOOLS’ FORUM</b>
<b>2.</b>	Date:	23rd April 2010
<b>3.</b>	Title:	DCSF consultation on the future distribution of school funding
<b>4.</b>	Programme Area:	Children & Young People’s Services

### 5. Executive Summary

The full DCSF consultation document is available at:-

[http://www.teachernet.gov.uk/\\_doc/14743/8637-DCSF-Consultation%20School%20Funding.pdf](http://www.teachernet.gov.uk/_doc/14743/8637-DCSF-Consultation%20School%20Funding.pdf)

- A Government wish to return to a formula-based method of allocation of the Dedicated Schools Grant (DSG) in 2011, so that allocations better reflect actual characteristics of pupils.
- The Government are clear that the five elements of the formula will be: -
  - (i) Basic entitlement for every pupil.
  - (ii) Additional money for pupils with Additional Educational Needs (AEN).
  - (iii) Funding for provision for High Cost Pupils (HCP).
  - (iv) A sparsity factor to support LA's to maintain small schools in sparsely populated areas.
  - (v) An Area Cost Adjustment (ACA) for LA's who have higher labour costs.
- Allocations will be calculated in four separate blocks and will be allocated on fixed annual Guaranteed Units of Funding per pupil for each year of the spending period for each LA.
  - (i) Early Years settings.
  - (ii) Reception to Year 6.
  - (iii) Year 7 to 11.
  - (iv) High Cost Pupils.
- Also proposing the introduction of a Local Pupil Premium (LPP), in order to ensure that the very significant resources in the system for deprivation reach the pupils who need them.
- Needs in individual schools best assessed at local level... intend to continue to distribute money to schools through LA's using their local formulae.
- Mainstream as many of the current separate specific grants (£4.5 billion) as possible into the DSG, so it will form the vast majority of funding for schools.

- The future DSG is seen as: -
  - a) Dedicated Schools Grant
  - b) School Development Grant (SDG).
  - c) Schools Standards Grant (SSG).
  - d) School Standards Grant Personalisation (SSG(P)).
  - e) School Lunch Grant.
  - f) Ethnic Minority Achievement Grant (EMAG).
  - g) Extension of the Early Years Free Entitlement.
  - h) Extended Schools – Sustainability and Subsidy.
  
- There will be further proposals for a grant to support school improvement, which will be outside of the DSG funded by re-directing resources from the National Strategies and other central programmes i.e. National Challenge.
- Specialist school funding will continue to be allocated separately outside of the DSG.
- Mainstreaming of grants will result in movements in funding so LA's will require local transitional arrangements, at least for 2011/12.
- The Minimum Funding Guarantee (MFG) per pupil for schools would apply to a base that includes both funding through the DSG and grants mainstreamed.

## **6. Further consultation detail**

The DCSF stress that the consultation paper which is organised into 8 chapters (85 pages) is a technical but highly important document, as the final outcome of this review will affect the distribution of school funding for several years to come. They therefore urge all those with an interest in school funding to take the time to read this document, discuss it with their colleagues in schools and LA's and to send in their views. They will continue to talk to stakeholders and will develop firm proposals which will be published later in the year, so that indicative allocations for LA's can be given by November 2010.

**The formal consultation period closes on 7th June 2010.**

### **Chapter 1 'Towards a New Formula' – formula principles and structure**

- Explains the significant changes in the system of funding schools since 1997. Outlines the shift from using 'Schools Formula Spending Shares' from 2002-2006 to implementation of the Dedicated Schools Grant from 2006-07 to the present date and the 'Spend Plus' methodology.
- Aim is to return to a system where allocations better reflect current need.
- Fairness principle - does not mean that everyone will get the same. Should reflect that different pupils need different levels of support and that different areas will have different cost pressures. Differences in funding between LA's must be justified using robust evidence.
- Needs in individual schools are best assessed at the local level. Intend to continue to distribute money to schools through LA's using their local formulae.

- Supporting deprived pupils to raise achievement and to ensure the funding to support schools to meet the needs of deprived children is clearly identified. By 2014-15, all money allocated nationally for deprived pupils must reach those pupils through the operation of a **Local Pupil Premium**.
- Mainstream as many of the current separate specific grants (£4.5 billion) as possible into the DSG, so it will form the vast majority of funding for schools.
  - a) DSG.
  - b) School Development Grant (SDG).
  - c) Schools Standards Grant (SSG).
  - d) School Standards Grant Personalisation (SSG(P)).
  - e) School Lunch Grant.
  - f) Ethnic Minority Achievement Grant (EMAG).
  - g) Extension of the Early Years Free Entitlement.
  - h) Extended Schools – Sustainability and Subsidy.
- EMAG will not be ring fenced with schools being able to target other under achieving groups. LA's should be able to retain centrally a portion of the funding to run a centralised service.
- There will be further proposals for a grant to support school improvement, which will be outside of the DSG funded by re-directing resources from the national strategies and other central programmes.
- Specialist school funding will continue to be allocated separately outside of the DSG.
- The mainstreaming of grants will result in some movement of funding and will require local transitional arrangements to manage the impact on schools' budgets.
- The MFG will apply to a base including both DSG and grant funding.
- Five formula elements proposed:-
  1. A basic entitlement
  2. Additional Educational Needs (AEN)
  3. High Cost Pupils (HCP)
  4. Sparsity
  5. Area Cost Adjustment (ACA)
- Overall front line funding for schools to increase in real terms by an average of 0.7% p/a in 2011-12 and 2012-13.
- Allocations will be calculated in 4 separate blocks: -
  - a) Early Years settings
  - b) Reception to Year 6
  - c) Year 7 to 11
  - d) High Cost Pupils
- At the beginning of the spending period Guaranteed Units of Funding (GUF) per pupil will be issued for each of the 4 blocks for each year of the period for each LA. This will allow multi year budgeting to continue.



**Consultation Questions: -**

Q1a. Do you agree with the principles we are applying to the formula?

Q1b. Do you agree with the proposals to mainstream the grants specified into DSG?

Q1c. Do you agree with the proposed elements of the formula?

**Chapter 2 'The Basic Entitlement'**

- Intended to cover the general costs of running a school – around 75% of current DSG.
- Two approaches considered:- a judgemental approach or a bottom-up approach.
- **A judgemental approach** – funding is based on how best to divide up the overall sum planned by the Government into its main formula components. An amount per pupil is derived for each of the formula components. Evidence of funding differentials between phases would be drawn from the section 251 outturn statements to inform the basic entitlement. Fewer assumptions have to be made about the detail of the approach.
- A bottom-up approach or '**activity-led funding**' (ALF) – funding is based on how much a school needs to spend to provide for pupils before any adjustments are made. It involves listing and costing the core activities that schools undertake. Previous work by the Education Funding Strategy Group in 2003/04 had identified 6 cost drivers in an ALF model: -
  - Teaching.
  - Management.
  - Support Staff.
  - ICT.
  - Premises.
  - Other non-staffing costs.
- The ALF approach is complex and requires assumptions that reflect a national average position for the system as a whole. The national position will not necessarily reflect all local circumstances.
- PwC were commissioned to determine the feasibility of an ALF approach and SERCO were commissioned to develop a working model for potential use in the DSG allocation process.
- Particular issues include: -
  - The role of the management team in schools – how much teaching resource is there in each school i.e. nos. of DHT's/AHT's/Heads of Department in the phases per 1,000 pupils and time spent on classroom teaching/support of AEN/administration.
  - Teaching assistants not assigned to SEN/EAL – how many in post and activities associated with AEN.
  - Use of other non-teaching staff – how many bursars, secretaries, administrative, clerical, lunch time supervision and time spent associated with AEN.

- Non pay costs – energy, maintenance, etc which will differ across the country depending on size of school, economies of scale, age of building, deprivation and the AEN requirements.
- In summary: -
  - ALF is complex but has the advantage of making the funding basis clearer to those setting budgets but could appear prescriptive.
  - ALF could lead to insufficient funding being allocated to AEN if the basic need cannot be calculated to exclude these and is set too high.
  - The judgemental approach is much simpler in construction but is not based on a clear description of activity the basic entitlement is covering but it would represent the pattern of historic expenditure between the phases.

**Consultation Question: -**

Q2a. *Which methodology for calculating the basic entitlement do you consider would enable the fairest and most practical distribution of funding?*

**Chapter 3 ‘Additional educational Needs’**

- One of the aims of the review is to produce a funding system that supports schools and local authorities to raise the educational achievement of all children and young people. Central to this is the aim to narrow the gap in educational achievement between all children and those from low income and disadvantaged backgrounds. Children from deprived backgrounds are still less likely to achieve than their more advantaged peers.
- Ensuring that the formula gives due prominence to reflecting disadvantage is important if local authorities and schools are to better target funding towards priorities like early intervention and transition strategies. Targeting deprivation remains a top priority for Ministers.
- The proposed methodology for distributing AEN funding is to make an assessment of the national incidence of additional educational needs and use proxy indicators to assess the likely incidence of these needs in each local authority.
- The PwC research identified the following areas for AEN and methods for distribution:
  - Behavioural, Emotional and Social Interaction (BESI) - Deprivation
  - Home Environment (HE) - Deprivation
  - Cognition and Learning (CL) – Underperforming Groups
  - Communication and Interaction (CI) – Flat rate per pupil
  - Sensory and Physical (SP) – Flat rate per pupil
  - English as an Additional Language (EAL) – English as an additional language
  - Other - Flat rate per pupil

- Within this distribution mechanism there are options for the indicators to be used. Where possible, the aim is to use indicators that best represent the pupils to be targeted with the additional funding. Deprivation options:-
  - Option 1 – Out of Work Tax Credit Indicator
  - Option 2 – FSM – Free School Meals
  - Option 3 – Child Poverty Measure
  - Option 4 – Average IDACI (Income Deprivation Affecting Children Index) score of pupils educated within the local authority
  - Option 5 – FSM with the additional 500,000 pupils in the most deprived areas by the IDACI score not on FSM
- Funding allocated nationally for deprived pupils should be spent on deprived pupils locally. To ensure that funding reaches the pupils who most need it, the Government will require local authorities to pass on all their deprivation funding to deprived pupils in 2014-15 at the latest, and expect progress to be made towards this in each of the intervening years.
- The Government will require all local authorities to operate a Local Pupil Premium from 2012-13 onwards. This means that an amount of money in a school's delegated budget must relate directly and explicitly to deprived pupils within the school.
- The LPP is to become the main vehicle for the distribution of deprivation funding but for stability purposes will not be subject to an in-year adjustment. There may be implications for the MFG. The s251 reporting tables will be amended to include information on the reporting of deprivation allocations.

**Consultation Questions: -**

- Q3a. *Do you agree with the proposed methodology for distributing money for additional educational needs?*
- Q3b. *Which is your preferred indicator for distributing money via deprivation? Why?*
- Q3c. *Do you agree with the indicators, other than for deprivation, that we have proposed for each need?*
- Q3d. *Will the Local Pupil Premium mechanism help funding to be more responsive to changes in pupil characteristics?*
- Q3e. *Is it right that LA's should each develop their own pupil premium mechanism?*

**Chapter 4 'High Cost Pupils'**

- There are a relatively small number of pupils with additional needs for whom it is very costly to provide. There is no commonly held definition of high cost that is accepted by all local authorities, and the practice of classifying such pupils varies significantly across local authorities. The distinguishing feature is that the incidence amongst pupils is low but the cost of the needs is relatively high. The best way of doing this is through a separate high cost pupils funding block.
- PwC estimate that 1.5% of pupils in mainstream are high cost.

- PwC AEN research work suggests looking at 4 SEN groups – no SEN provision; school action; school action plus; statements of SEN.
- The number of pupils deemed as HCP is much higher than in 2002 with costs increasing at a much higher rate than in other areas of the education sector.
- Proposal is to allocate in the same way as that for AEN i.e. based on the pupil need types in the PwC survey but using specific data and identifying the most appropriate distribution methodology. This will be for all providers including non maintained and independent school SEN provision. This is as follows: -
  - Behavioural, Emotional and Social Interaction (BESI) – 25% Deprivation; 75% Flat Rate.
  - Home Environment (HE) – 100% Deprivation.
  - Cognition and Learning (CL) – 100% by not achieving more than L2 at KS2.
  - Communication and Interaction (CI) – 90% Flat Rate per Pupil; 10% Deprivation.
  - Sensory and Physical (SP) – 80% Flat Rate per Pupil; 20% Disability Living Allowance.
  - English as an Additional Language (EAL) – 100% EAL Direct.
  - Other – 100% Flat Rate per Pupil.
- It is proposed to retain the current inter LA recoupment system for pupils with statements educated outside their resident authority and encourage voluntary recoupment for school action and school action plus categories who have similar levels of need to statemented pupils.
- The Government also considered whether better value for money could be achieved through joint commissioning by local authorities but recognised that further work was required before such a system could work effectively.
- In summary the proposed methodology for allocating resources for High Cost Pupils is the same as for AEN as detailed above.

**Consultation Question: -**

Q4a. Do you agree with the methodology for distributing money for HCP?

**Chapter 5 'Sparsity'**

- Access to high quality education and other activities and services should not depend on where pupils live. In practice the geography of the land and the variety in density of population means that certain areas face additional challenges in meeting that demand. In England, 4,476 primary schools have fewer than 150 pupils, of which 1,647 have fewer than 80 pupils. Diseconomies of scale mean that these smaller schools cost more per pupil to run.
- Government support predominately rural areas through a factor based upon the sparsity of the early years and primary pupil populations.
- The DCSF propose to use data from the home post code data in the annual school census with threshold factors on persons per hectare.

- Under the previous system a small school was defined as having 150 FTE pupils or fewer but the analysis also took account of the higher costs for very small schools, defined as 80 FTE pupils or fewer.
- The Formula Review Group considered the case for small secondary schools as well as primary and identified 3 relevant issues:-
  - Whether there are enough small secondary schools to warrant a dedicated sparsity factor and whether their occurrence can be predicted by a sparsity measure.
  - Whether or not small secondary schools require more teachers per pupil than others schools.
  - If not, whether that means that small secondary schools are unable to deliver sufficient choice in the KS4 curriculum.
- There is no clear threshold for defining a small secondary school and the research demonstrated that no of these were the case so there are no proposals for a secondary sparsity factor.

**Consultation Questions: -**

Q5a. *Do you agree that the school census and Middle Super Output Area are the right data sources and geography to use to assess the sparsity of an area?*

Q5b. *Which method for calculating the sparsity factor do you think will best enable additional funding to reach those LA's that need to maintain small schools – the broad or narrow option?*

Q5c. *Do you agree that there should not be a secondary sparsity factor?*

**Chapter 6 'Area Cost Adjustment'**

- The cost of providing comparable services in two local authorities will often differ. The Area Cost Adjustment (ACA) reflects the need for schools in some areas to pay higher salaries and to pay more to recruit and retain staff. In the 2003 formula it was calculated on the basis of differences between authorities in labour costs, with a small addition related to business rates.
- PwC were commissioned to consider how funding within DSG can best reflect the differing labour costs across the country, including to report on such issues as: -
  - The different methods used to construct an Area Cost Adjustment, including those used by other departments and agencies.
  - The current structure of the four pay bands to see whether they currently help those areas facing the most significant labour market challenge.
  - The merits of different approaches to an ACA.
- Four generic options identified by PwC:
  - the general labour market approach – which uses wages in the wider labour market to reflect differences between areas;

- the cost of living approach – which uses variations in the cost of living across different areas;
  - the specific cost approach – which uses actual costs of recruiting and employing staff;
  - a hybrid method which combines two or more of the above approaches.
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- The DCSF consider that neither the cost of living approach nor a pure specific cost approach is a realistic option for the ACA. The appropriateness of house prices as a measure is questionable especially given the volatility in recent years. Despite generally being the largest element in any cost of living measure there seems to be little evidence of a link between house prices and the recruitment and retention of education employees.
  - The cost of teachers' salaries is the single largest element of staff costs and there is therefore a case for the ACA to reflect, at least in part, differences between the pay bands.
  - A General Labour Market (GLM) approach would have to use the same methodology as in the other parts of the local government finance system.
  - A hybrid approach would include: -
    - A specific cost approach using the teachers' pay bands to cover the direct financial costs of teachers.
    - A GLM based approach to cover the direct financial costs of non-teaching staff.
    - A GLM based approach for the indirect costs for both teaching and non-teaching staff.
  - A decision between the two options comes down to a judgement of whether teachers are seen as part of the wider labour market, and therefore labour market movements are judged to reflect adequately changes across the country in the direct and indirect costs of teachers; or whether the variation in teacher costs across the country is sufficiently different to the general labour market to warrant separate treatment.
  - If you also include the theoretical indirect costs of teachers, by looking at recruitment and retention differences across the country, then GLM is preferable because it is capable of adequately reflecting differences across the country in the total staff costs for the education sector.
  - The hybrid approach more closely reflects the education sector as it uses the direct financial cost of teachers as part of the calculation.
  - The hybrid approach would allocate fewer resources than the GLM method because the differential between higher and lower cost areas is calculated to be smaller. This could allow for the additional money to be recycled through the basic entitlement to all LA's.

**Consultation Question: -**

*Q6a. Which is the fairest method of applying the ACA?*

## Chapter 7 'Transitional Arrangements'

- One of the reasons for a move back to a formula based approach is that the current system of Spend Plus, whilst providing stability and predictability, has led to a disconnection between pupils' characteristics and the amount of funding the local authority receives in respect of those pupils. In 2010-11, the Guaranteed Units of Funding per pupil will be largely based on how much local authorities spent five years previously. In addition, the 2 per cent cash floor, which supports local authorities with falling pupil numbers, takes some authorities even further away from their previously assessed level of need per pupil.
- This of course means that introducing a needs based formula in place of the current Spend Plus approach is going to result in significant distributional changes. It would not be right to introduce sudden changes in local authority budgets. We recognise that local authorities and schools will need time to prepare. Therefore the implementation of the formula is going to require transitional arrangements.
- There will be a single set of transitional arrangements applied to a baseline incorporating the DSG and the mainstreamed grants.
- This will require LA's to revise their local formulae so it takes account of the money formerly in specific grants. However, it would be unrealistic for LA's to achieve this in time for 2011/12, so the regulations will allow LA's to include previous specific grant payments as formula factors for 2011-13.
- School level protection: -
  - The Minimum Funding Guarantee per pupil will remain for 2011/12 and 2012-13.
  - The Minimum Funding Guarantee would apply to a school's total budget, including both money from the DSG and additional funds previously allocated through specific grants that we are rolling into the DSG.
  - The DCSF will consider if the operation of the MFG can be improved.
- Local authority level protection: -
  - There will be a per pupil floor set above the MFG level. No local authority would receive an increase lower than the per pupil floor in either 2011-12 or 2012-13.
  - This will be financed by either a ceiling on large increases for some authorities or by reducing the allocations to all other non-floor authorities or a combination of the two.
- The current DSG distribution includes a cash floor for local authorities, in order to protect them from falling pupil numbers. There is no intention to operate a cash floor in the new system.
- The DCSF recognise that there may be issues for those local authorities that both stand to lose under the new formula and which have declining pupil numbers, and will consider whether any protection needs to be offered for local authorities in that position.

### **Consultation Questions: -**

*Q7a. Do you support our plans for the transitional arrangements for mainstreaming grants?*

Q7b. *Should floors be paid for by all LA's or just by the largest gaining authorities?*

Q7c. *Do you have any suggestions for how the Minimum Funding Guarantee could be improved?*

## **Chapter 8 'Further Considerations'**

### **Academies**

There are two approaches for the adjustment to the DSG for Academies:-

- Pupil numbers used until 2008 reducing the LA DSG pupil count.
  - Recoupment replicating the LA's local funding formula and a share of central DSG and reducing the DSG accordingly.
- Recoupment will continue to operate for at least 2010/11 but the DCSF are minded to return to the pupil number adjustment.
  - There will be some comparison work on the two methods using data from 2009/10 before a decision is made.

### **14-19 Funding**

- The timing is not deemed right to introduce a common 14-19 funding system now but the ambition remains with it to be considered during the next spending review period.

### **Contingency Funding**

- The DCSF will seek views on whether to continue with the Exceptional Circumstances Grant (ECG) for significant growth in general pupil numbers and EAL. In 2008-09 and 2009-10, no authorities received ECG for a general increase in pupil numbers, although several have received funding for increases in the proportion of pupils with EAL.

### **Service Children**

- The review considered whether there is evidence that children of parents from the Armed Services are underachieving and need additional support. Results from 2008 shows such pupils do well compared to their non-service peers so no specific DSG provision is proposed.
- However, there seems to be a case for support for schools which traditionally cater for service families mainly those located near armed services establishments, particularly around potential additional pupils. The DCSF will consider these on an individual basis through a direct claims process.

### **PFI Schemes**

- DCSF looked into the revenue cost of running PFI schemes to assess what, if any, pressures they are placing on local authority budgets. Not all local authorities have PFI schemes and the nature of such schemes will vary across the authorities that operate them. A questionnaire in the autumn of 2009 to the 100 local authorities with



### Home Educated Children

- A scheme is being proposed to allow LA's to make a claim for these children. If the LA confirms they are providing services for such children they would count as 0.1 FTE for DSG purposes. This is allowed now if LA's are providing substantial financial support.

### Other Children's Formulae

- The DCSF are minded to ensure that the low achieving ethnic group and sparsity factors in the Children's Services Relative Needs Formula (RNF) are consistent with the factors featuring in the DSG.

#### **Consultation Questions: -**

*Q8a. If a contingency arrangement for LA's is to continue, funded from the DSG what areas should it cover and what should the criteria be for triggering eligibility?*

*Q8b. Do you support our proposals for Service children?*

### Next steps

- There are many decisions of detail to be made and the DCSF want to hear views from all interested parties about both the overall makeup of the formula, and on the options set out. In particular they want to hear principled arguments in favour of or against particular options.
- Later in the year, the DCSF will publish a further consultation on firmer proposals, in particular specifying which options they will choose for the various elements of the formula taking into account responses to this consultation. This consultation timetable will enable indicative allocations to be given to local authorities in November. DCSF would expect schools and local authorities in the meantime to plan based on assumptions about their budget they are able to make.
- DCSF will also consult later in 2010 on changes to the School Finance Regulations for the period 2011-13.
- Consultation responses can be completed:-
  - a) online at [www.dcsf.gov.uk/consultations](http://www.dcsf.gov.uk/consultations)
  - b) by downloading a response form which should be completed and sent to e-mail: [dsg.consultation@dczf.gsi.gov.uk](mailto:dsg.consultation@dczf.gsi.gov.uk)
  - c) by post to: Ian McVicar, SFTU, 3<sup>rd</sup> Floor, Sanctuary Buildings, Great Smith Street, London, SW1P 3BT

**The formal consultation period closes on 7th June 2010.**

<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO SCHOOLS FORUM</b>
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<b>1.</b>	<b>Meeting:</b>	<b>Schools' Forum</b>
<b>2.</b>	<b>Date:</b>	<b>23<sup>rd</sup> April 2010</b>
<b>3.</b>	<b>Title:</b>	<b>Children and Young People's Plan 2010-2013 Consultation and Emerging Priorities</b>
<b>4.</b>	<b>Directorate:</b>	<b>Children and Young People's Services</b>

**5. Summary:**

In 2010 The Children's Trust Board will publish a new Children and Young People's Plan (CYPP). This will replace the existing CYPP, which runs until June 2010. The new plan will continue to set the strategic priorities for the work of partners on the Children's Trust Board. It will now also be a requirement for the CYPP to be prepared and owned by the Children's Trust Board.

The guidance, issued by the Department for Children, School and Families (DCSF), is also explicit in its requirement for broad consultation on the CYPP.

The findings of the consultation have been considered in the context of other factors affecting the Children and Young People's Service, including the Notice to Improve, and the annual Audit of Need; a draft of the CYPP 2010-2013 has been prepared for the purpose of further consultation.

**6. Recommendations:**

That the Schools' Forum receives this report and offers comments to be recorded and fed back through the minutes.

**7. Proposals and Details:****Context**

The CYPP 2010-2013 will set the strategic priorities for the work of partners on the Children's Trust Board. These priorities will be established in the context of several factors:

- National and local policy frameworks, including; the existing Every Child Matters outcomes, Lord Laming's recommendations, an emphasis on all aspects of safeguarding and an increased focus on early intervention and prevention;
- The Action Plans and the work of the Improvement Panel that are responding quickly to findings of the Children and Young People's Services Review (April 2009) and the Comprehensive Area Assessment (December 2009);
- The transformational projects already underway in Rotherham including 'Transforming Rotherham Learning' and 'Inspire Rotherham';
- The annual 'Audit of Need' and, specifically, our performance against LAA indicators;
- Consultation feedback from our service users, including children and young people, their parents and carers, members of the communities in which they live and the professionals who work with them.

**Details of the consultation**

The consultation used a combination of face-to-face interviews and meetings, focus groups, local media and postal surveys; it was structured around the seventeen priorities in the existing CYPP. A leaflet was produced and an article with a response form was published in Rotherham News. Participants were asked to choose five priorities that were most important to them and rank these.

Consultation work with children used a simplified version of this approach where the priorities were printed on cards in more straightforward language and children were asked to sort these out into those that seemed more important and less important.

Focus groups were conducted with Youth Cabinet, Young Carers, Looked After Children (and their carers), Looked After Children living in Rotherham's residential units and Young Offenders. In addition an event took place with senior leaders from across Children and Young People's Services. Interviews took place at Community Engagement Events in Maltby, Dinnington and Rawmarsh.

Meetings were arranged with leaders of the Fire Service and Police Service, 14-19 Partnership Board, Rotherham Ethnic Minority Network, the Mosque Liaison Group and Risky Business. The proposed structure of the CYPP has been considered by the Children and Young People's Strategic Partnership, the Learning without Limits Partnership Executive, the Joint Headteachers' Meeting and with colleagues across RMBC, including Culture and Leisure. A draft of the CYPP has been considered by the Local Safeguarding Children Board.

An article was placed in Rotherham News, distributed to all households in Rotherham, and we wrote to all Looked After Children, Councillors and GPs. A postal survey was also conducted with Foster Carers and Adoptive Parents.

The consultation also drew on the extensive body of work that has taken place with schools and learners through Transforming Rotherham Learning, the Connexions commissioning process and Neighbourhood Partnership work.

### **Consultation Results**

Although each individual's response to the existing priorities was different, a body of opinion formed behind five of the existing priorities:

- To improve the safety and security of vulnerable children and young people;
- To reduce the impact of Domestic Violence;
- To halt the rise in infant mortalities;
- To ensure that all children and young people have the opportunity to live healthy lifestyles;
- Ensuring higher quality education / learning for all children and young people.

### **Features of the Plan**

#### **A. The Four Big Things**

The concept of the four big things is that they will guide our activity in the next three years. The four big things are:

- Keeping Children and Young People Safe
- Prevention and Early Intervention
- Tackling Inequalities
- Transforming Rotherham Learning

What these 'big things' have in common is that their impact will be felt in every aspect of how we deliver services to children and young people; they will run

through all the key priorities and activities outlined in this plan and require the involvement of every partner.

They are ‘big things’ because they are all equally important but have different characteristics (a corporate priority to which we contribute, an approach, a delivery vehicle).

The intention is to allocate an icon to each one which will be displayed wherever appropriate across priorities and action plans. Early discussions have indicated that this might extend beyond the CYPP itself, into other related strategies (14-19 Plan, Learning without Limits), learning community plans etc.

**B. Emerging Areas of Focus**

There are some areas of work that will be highlighted in the new Children and Young People’s Plan. These are:

- Communication, language and learning;
- Domestic abuse;
- Looked After Children;
- Obesity;
- The 14-19 offer;
- Post-16 options for young people with learning difficulties and disabilities;
- Giving babies a healthy start;
- Understanding and responding to the needs of migrant communities.

The purpose of these areas of focus is to draw attention to work that may need significant investment of resource, forensic attention and / or change management in order to change the direction of travel or significantly accelerate along a chosen path. Clearly, a vast amount of work will take place during this period that is not related to the priorities that are under the spotlight through the CYPP (although everything we do is likely to be linked to at least one of the four big things).

**Next Steps**

A draft of the Plan is attached for consideration. The consultation and approval process has been scheduled to proceed as follows:

MEETING	DATE	
Safeguarding Board	19 <sup>th</sup> March	Consultation
Cabinet Member	7 <sup>th</sup> April	Consultation
Scrutiny Board	9 <sup>th</sup> April	Consultation
Children & Young People’s Board	21 <sup>st</sup> April	Consultation
Learning Theme Board	29 <sup>th</sup> April	Consultation
Cabinet Member	9 <sup>th</sup> June	Approval
Children & Young People’s Board	16 <sup>th</sup> June	Approval
Cabinet	23 <sup>rd</sup> June	Approval
Full Council – to receive recommendation of Cabinet (for approval)	N/A	Approval

**8. Background Papers**

CYPP 2010-2013, Fourth draft 17.3.10.

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**To Directors of Children's Services and  
Chairs of Schools Forums in England**

Our reference: 2402100010

Date: 4 March 2010

Dear Colleague

**SCHOOL BUDGET SHARES (PRESCRIBED  
PURPOSES)(ENGLAND)(AMENDMENT) REGULATIONS 2010  
SCHOOLS FORUM (ENGLAND) REGULATIONS 2010  
SCHOOL FINANCE (ENGLAND)(AMENDMENT) REGULATIONS 2010**

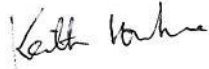
These three sets of regulations will be coming into force shortly. Teachernet page [www.teachernet.gov.uk/schoolfundingframework](http://www.teachernet.gov.uk/schoolfundingframework) includes detailed guidance note for each set of regulations, but the main points to note are:

- Schools will be able to use their delegated budgets to contribute to pooled budgets and to the work of Children's Trust Boards
- Schools Forums must have Academies members if there is at least one Academy in their local authority's area
- All Schools Forums must have non-schools members – a small number currently do not
- Local authorities will be required to appoint a schools or Academy member if an election for such a member has failed to take place or an election has resulted in a tie
- Local authorities will be able to apply a lower weighting for dually registered pupils within their funding formula
- Local authorities must publish their Scheme for Funding Schools on a publicly available website and must make it clear when any revised version comes into force

This letter has been copied to local authority finance managers.

If you have any questions about the regulations, please contact me at [keith.howkins@dcsf.gsi.gov.uk](mailto:keith.howkins@dcsf.gsi.gov.uk) or on 0207 227 5163

Yours sincerely

A handwritten signature in black ink, appearing to read "Keith Howkins".

Keith Howkins  
School Funding Policy Advisor  
School Funding Policy Unit

## **PRESCRIBED PURPOSES REGULATIONS**

1. The Apprenticeships, Skills, Children and Learning Act 2009 added school governing bodies to the list of “relevant partners” who are under a duty to co-operate with the local authority and the other relevant partners through the Children’s Trust co-operation arrangements, and to be represented on the Children’s Trust Board. These regulations allow schools to make contributions from their delegated budget to pooled budgets for improving children’s well-being to which other Children’s Trust ‘relevant partners’ may contribute and towards the work of the Children’s Trust Board.
2. Many local authorities will already be used to operating pooled budgets in children’s services, usually with a Primary Care Trust. The amended regulations will now enable, from 1 March 2010, an individual school to operate a joint budget with another service (eg health) or another school where that would be beneficial for their pupils, or to contribute staff, goods, services, accommodation or other resources to such an arrangement. Special schools may find this particularly helpful. Over time, as partnership arrangements develop both between schools and with other services, as envisaged in the 21<sup>st</sup> Century Schools White Paper, this may become more common. Where this power is used, schools must work with the local authority to ensure that the correct arrangements are followed, as formal pooling has specific legal, accounting and audit requirements.
3. From 1 April 2010, the regulations will allow schools to contribute funding or other resources towards the work of partnerships within the local Children’s Trust, including the Children’s Trust Board.
4. The main areas of activity for Children’s Trust partners are to:
  - develop and promote a local vision – set out in the Children and Young People’s Plan (CYPP) – to drive improved outcomes for local children, young people and their families;
  - achieve this through better integrated services which narrow gaps in outcomes for disadvantaged groups against a background of improved outcomes for all;
  - have robust arrangements for interagency governance (i.e. the Children’s Trust Board);
  - develop better integrated strategies such as strategic commissioning with pooled or aligned budgets, shared data and other information, and workforce development;
  - support those strategies via more integrated processes including effective joint working sustained by a shared understanding of

professional language and common systems; and

- develop and promote better integrated front line delivery, organised around the child, young person or their family in a setting that supports family life rather than professional or institutional barriers.
5. In addition the Children's Trust Board, on which schools must be represented, is responsible for
- developing and publishing the CYPP, keeping it under review and revising it; and
  - monitoring progress and producing a report on the extent to which the Children's Trust partners deliver their commitments in the CYPP.
6. As well as governing bodies of maintained schools and the children's services authority, the other statutory 'relevant partners' in a Children's Trust are:
- district councils in two-tier areas
  - the police authority and the chief officer of police for a police area any part of which falls within the area of the children's services authority
  - a local probation board for an area any part of which falls within the area of the authority
  - a youth offending team for an area any part of which falls within the area of the authority
  - a Strategic Health Authority and Primary Care Trust for an area any part of which falls within the area of the authority
  - Connexions services
  - proprietors of non-maintained special schools situated in the authority's area
  - proprietors of city technology colleges, city colleges for the technology of the arts and Academies situated in the authority's area
  - governing bodies of further education institutions (including sixth form colleges), the main site of which is situated in the authority's area
  - Jobcentre Plus
  - Short Stay Schools/Pupil Referral Units (under regulations currently being made)
7. Separate statutory guidance is being issued on the wider issues relating to Children's Trusts to which all 'relevant partners' must have regard.



8. Where a contribution is sought from the central part of the Schools Budget towards the operation of the Children's Trust, then this can already be done as a contribution to combined budgets. It requires Schools Forum approval, and a demonstration that there is an educational benefit to pupils.
  
9. The Children's Trust Board will consult the Schools Forum when preparing its Children and Young People's Plan. This will enable the Schools Forum to have strategic input into agreeing strategic local priorities.

For further information on these regulations, please contact Keith Howkins ([keith.howkins@dcf.gov.uk](mailto:keith.howkins@dcf.gov.uk) or 0207 227 5163)

## SCHOOL FINANCE REGULATIONS

1. The revised School Finance Regulations come into force on 8 March 2010. Many of the changes proposed in the original consultation related to the Early Years Single Funding Formula (EYSFF); following the ministerial announcement in December 2009, the requirement to implement was postponed to the 2011-12 financial year. Therefore, there are no changes to the regulations for the purpose of the EYSFF for 2010-11, and local authorities who are EYSFF pilots or pathfinders have had to ask to have regulations disapplied.
2. Of the remaining issues in the consultation, it will be a requirement for local authorities to publish their latest version of their Scheme for Funding Schools on a publicly accessible website. Revised versions of the Scheme must also be published before the date from which the revisions take effect, and it must be made clear when this date is. At present, authorities are required to publish Schemes, but the means is at the discretion of the authority.
3. It will now be possible for local authorities to give a lower weighting to dually registered pupils in the pupil count when determining school formula budgets. Previously, authorities were required to fully count the pupil at each school. This was inconsistent with the method of calculating Dedicated Schools Grant (DSG), which adjusts for these pupils. The original consultation proposed that local authorities should be required to exclude from their pupil count those at Key Stage Four who are registered at a school solely for the purpose of accessing practical and applied learning. A number of authorities rightly pointed out that dual registration exists in other settings, such as a special school pupil spending time in a mainstream school. The flexibility has, therefore, been widened in response to the consultation, and the original requirement removed given that there is already flexibility relating to adjustment of Key Stage Four funding levels. The regulations have been amended to allow differential weighting of any dually registered pupils.
4. The final change is to add references to the Young People's Learning Agency (YPLA) in respect of post-16 school funding. The YPLA takes over a number of functions from the Learning and Skills Council (LSC) from 1 April 2010. These include the operation of the national funding formula underlying post-16 allocations in schools' delegated budgets, and the payment of these allocations to LAs for transmission to schools.

For further information on these regulations, please contact Keith Howkins ([keith.howkins@dcsf.gsi.gov.uk](mailto:keith.howkins@dcsf.gsi.gov.uk) or 0207 227 5163)

## SCHOOLS FORUM REGULATIONS

1. The main changes to these regulations relate to the membership of the Forum, and specifically to Academies and non-school members. The regulations will come into force on 1 April 2010, and Schools Forums will need to be reconstituted by 1 September 2010.
2. There is a new requirement that there must be at least one Academy member on a Schools Forum where there are Academies in the local authority's area. Academies are growing in number and their budgets are calculated on the basis of their local authority's formula for funding schools and are therefore directly affected by decisions the Schools Forum may take. In some authorities, the proportion of secondary age pupils in Academies is significant and it is only right, therefore, that these pupils' needs are represented. The requirement is consistent with that for nursery and special schools, which must have representation if there are any such schools in an authority's area
3. Arrangements for the clawback of funding from Academies for permanently excluded pupils are also being brought further into line with other maintained schools. Once Schools Forums have been reconstituted to include academy members, the liability to pay the authority if a pupil is permanently excluded will be extended to cover not just an amount equal to the statutory deduction but also any local 'top-up' amounts payable by schools under "hard to place" or "managed moves" protocols. The liability should be reflected in a local agreement as set out in the Department's letters of 12 March and 14 November 2008.
4. There may need to be more than one Academy member on the Forum if the pupil numbers in Academies justify this on a basis of broad proportionality, and local authorities will need to review this as the number of Academies increases. The Academy member(s) represents the governing bodies of the Academies situated in the authority's area, so does not necessarily have to be a Principal or a governor. It is for the governing bodies of the Academies concerned to elect the member(s); if there is only one Academy in the authority's area, its governing body will select the member. The local authority will, however, need to inform the Academies of the change to the regulations, and may need to assist the Academies in setting up the process for an election if there are no existing meetings at which Academies gather together.
5. A small number of Schools Forums do not have non-schools members. It will now become a requirement for them to appoint members in this category; non-schools members must include a representative of the early years private, voluntary and independent (PVI) sector, and of the 14-19 partnership. With the introduction of the Early Years Single Funding Formula (EYSFF), it is particularly important that there is PVI

representation on all Forums. Representation of the 14-19 partnership is being required because of policy developments in this area, in particular diplomas.

6. There is a new requirement on local authorities to appoint a schools or Academy member where an election for these members does not take place by any date set by the authority or an election results in a tie between two or more candidates. Authorities should, therefore, set deadlines by which schools or Academy member elections should take place, ensuring that there is a reasonable time is left prior to the new term of office starting. Where an authority has to take a decision on the appointment of a schools or Academy member, they might wish to have regard to individuals' previous membership and attendance, their competences and skills, and the balance of membership between different types of school.
7. Reference to the Learning and Skills Council (LSC) and its observer status has been removed because it ceases to exist from 1<sup>st</sup> April 2010 and those of its functions most relevant to Schools Forums transfer to local authorities from that date. The representation of the 14-19 partnership will be sufficient to ensure that non-school providers have a voice.

For further information on these regulations, please contact Keith Howkins ([keith.howkins@dcsf.gsi.gov.uk](mailto:keith.howkins@dcsf.gsi.gov.uk) or 0207 227 5163).