

**Schools Forum – 18<sup>th</sup> March 2008**

**Report of the Director of Children's Services**

**School Finance Regulations (England) 2008**

**Purpose of Report**

1. To advise Schools Forum of the DCSF School Finance Regulations 2008.

**Budget Working Group Discussed**

2. No.

**Action for Schools Forum**

3. To note.

**Attachments to Report**

4. Appendix A – DCSF letter dated
5. Appendix B – 2008 Regulations
6. Appendix C – Notes to 2008 Regulations

Karen Cocker  
Children's Services Finance Manager  
4 March 2008

**Schools Forum – 18<sup>th</sup> March 2008**

**Report of the Director of Children's Services**

**School Finance Regulations (England) 2008**

**Purpose of Report**

1. To advise Schools Forum of the DCSF School Finance Regulations 2008.

**Background**

2. The School Finance Regulations (England) 2008 have now been finalised and laid before Parliament. They will come into force on 29 February 2008.
3. The regulations cover the multi-year budget period 2008-2011 and replace the current regulations governing LA and school funding. Appendix A details the DCSF letter dated 14<sup>th</sup> February 2008.
4. The Regulations are attached at Appendix B. Also attached is an accompanying note at Annexe C which highlights the changes.
5. For Dudley's LMS Scheme the main changes to note are:
  - a. Regulation 6(a) (ii) is new and clarifies that payments of arrears of pay including those that have been capitalised to spread the cost of payment may be met from the schools budget. Where schools are incurring back pay (whether as back pay or as an award in lieu of pay owed) resulting from single status settlements these may be paid from the schools budget even if the local authority has borrowed the funding to pay them as capital. The DCSF has always been of the view that this was implicitly allowed in previous regulations, but, following several enquiries and discussions the opportunity was taken in revising the regulations to make this clear beyond any doubt.
  - b. Paragraph 25 new; to allow additional expenditure related to the back pay of staff paid from the schools budget to be centrally retained from the schools budget where it cannot be charged to individual schools. Further guidance on this will be issued jointly by Communities and Local Government and DCSF.
  - c. Regulation 12 (3) is new and provides that a local authority must advise schools in advance of the multi year funding period if they know that they are likely to make any re-determination of budgets within the multi year funding

period. The local authority does not have to provide specific information, but should highlight, in advising schools of their budgets, potential changes to funding as a result of (for example)

- data changing each year (as agreed with the Schools Forum) or
  - changes to formulae that will happen in the multi year period. For example, as local authorities change to a single early years formula, this is likely to affect schools with maintained nursery provision. Local authorities should be advising those schools in advance of the three year period that there will be a change to the indicative budgets for years 2 and 3 as a result of the new formula.
- d. Regulation 12 (4) provides that where a budget is re-determined under this regulation, schools must be given notice of the change within 28 days.
- e. Regulation 17 gives effect to new policy changes to early years funding which take effect over a three year period and bring the funding for PVI providers and maintained nursery schools and classes closer together through the development of a single formula for early years funding. These provisions, which apply only to the maintained sector, have been amended to change the emphasis from place funding nursery pupils to funding the actual amount of provision nursery pupils take up. With effect from 2009-10 actual numbers and hours of attendance must be used other than in exceptional circumstances set out in the regulation.
- f. The Schools Forum has been able to approve changes to the operation of the MFG where these affect 20% of schools or less. Regulation 25 alters that limit to changes that will affect 50% of pupils in schools or less. Under the previous criteria a schools forum could implement a change which would affect all secondary schools, but not one which affected all primary schools. The new limit should ensure equity for phases of schools. Changes that affect the operation of the MFG for more than 50% of pupils may be approved by the Secretary of State upon application, but the views of the local Schools Forum will be taken into account in that decision.
6. Schools will be notified of any relevant changes as part of the 2008/09 budget setting process.

## **Finance**

7. The funding of schools is prescribed by the DCSF through the School Finance (England) Regulations 2008.
8. Schools Forums are regulated by the School Forums Regulations 2002 as already amended by the Schools Forums (Amendment) Regulations 2004 the Schools Forums (Amendment) 2005 Regulations and the Schools Forums (Amendment) 2008 Regulations.
9. From 1<sup>st</sup> April 2006, the Schools Budget will be funded by a direct DCSF grant: Dedicated School Grant (DSG).

## **Law**

10. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

## **Equality Impact**

11. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

## **Recommendation**

12. That Schools Forum note the contents of this report.



**John Freeman**

**Director of Children's Services**

Contact Officer:

Karen Cocker, Children's Services Finance Manager

[Karen.cocker@dudley.gov.uk](mailto:Karen.cocker@dudley.gov.uk) Tel: 01384 815382