

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

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

**Formula Funding for Changing Schools - PAN Increases (Published Admission Numbers)**

**Purpose of Report**

1. To seek Schools Forum views on the continuation of the formula factor for funding new pupil PAN increases and the treatment of this formula factor for the purposes of calculating the Minimum Funding Guarantee (MFG).

**Budget Working Group Discussed**

2. Yes

**Actions for Schools Forum**

3. To advise the Director of Children's Services regarding the continuation of the formula factor for funding new PAN increases in addition to the treatment of this funding for purposes of calculating the MFG.

**Attachments to Report**

4. None.

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**Background**

2. From April 2006, all local authorities LMS Schemes have been required to use a single pupil count, based on numbers in January before the financial year, in the calculation of school budget shares for the next financial year.
3. Using a single pupil count to calculate school budgets means that they will be fixed at the start of the year and will not be subject to further in-year or prior-year re-determination.
4. When this regulation was introduced in 2006, Dudley was required to cease the previous funding process for increases in Dudley's pupil Published Admission Numbers (PAN) as this was funded by means of an in year adjustment to school budgets during the Autumn term.
5. As the regulations allowed for the continuation of the funding where pupil number changes are 'planned' it was proposed that the Dudley LMS Scheme retained the provision to fund PAN increases where instructed by the Local Authority. However the funding needed to be allocated to schools prior to the commencement of the financial year based on the approved increase in PAN. Therefore at the meeting on 7 February 2006 where Schools Forum approved this process, approval was subject to completion of a review in the autumn term comparing the actual pupils admitted to the funding already received in respect of the PAN increase.

6. This review was completed in the autumn term 2006 and the outcome reported to Schools Forum at the meeting on 12 December 2006. At this meeting approval was given for the continuation of funding for PAN increases to be made at the beginning of the financial year with an exercise comparing the funded increase to actual pupil numbers admitted in the autumn term. Any adjustment is made to the subsequent years funding.
7. Funding for PAN increases is allocated for each of the five years until each year group is complete, with 2006/07 being the first year for the schools shown in Table 1. No additional PAN changes have been approved since 2006 and therefore PAN funding for these three schools will cease after 2010/11. The cost in 2008/09 is approximately £91k. Details in Table 1

Table 1 – Approved PAN increases for funding purposes

| <b>School</b> | <b>Funded Admission Number Increase 2008/09</b> | <b>Date of PAN Increase</b> | <b>Final Financial Year Additional PAN Funding</b> |
|---------------|---|-----------------------------|--|
| Earls         | +10   | Sept' 06                    | 2010/11  |
| Windsor       | +19   | Sept' 06                    | 2010/11  |
| Hillcrest     | +28   | Sept' 06                    | 2010/11  |

8. At this stage there are no additional PAN increases proposed for September 2008 so no decisions are required for 2008/09. It is proposed that a further report be presented to Schools Forum during the Autumn term when Schools Forum will be asked to consider whether additional PAN increases should continue to be funded after 2008/09 particularly in the light of implications of BSF (Building Schools for the Future) and Transforming Secondary Education proposals.
9. There are three other schools where 2007/08 was the final year of funding for the PAN increase which will now cease. For 2008/09 these schools will have all pupils reflected in the January School Census and will be funded accordingly.
10. The calculation of the MFG uses 2007/08 funding as a base for 2008/09.
11. It is clearly inappropriate for the MFG to protect any funding which is temporary or for a fixed term and the current Regulations reflect this in that certain items are permissible as exclusions from the MFG calculation (i.e. statement funding,

Class Size Supplement funding, UBR funding). The funding for PAN increases is not covered by the current Regulations, however under Regulation 25 Schools Forum has the authority to approve changes to the operation of the MFG where this affects 50% or less of pupils in schools. We therefore request that Schools Forum consider endorsing the proposal that funding for PAN increases be treated as an excluded item for purposes of calculating the MFG.

12. The issues referred to in paragraphs 8 to 11 of this report were discussed at HTCF-BWG on 27 February. The proposals to review funding for future years PAN increases, and to exclude PAN increase funding from the calculation of the MFG were both endorsed.

### **Finance**

13. The funding of schools is prescribed by the DCSF through the School Finance (Amendment) (England) Regulations 2008.

14. 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 (England) (Amendment) Regulations 2008.

15. From 1<sup>st</sup> April 2006, the Schools Budget is funded by a direct DCSF grant: Dedicated School Grant (DSG).

### **Law**

16. 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**

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

### **Recommendation**

18. Schools Forum to endorse the recommendation of HTCF-BWG in paragraph 12 to:

- Review the funding for new increases in PAN from 2009, at a later stage; and
- Authorise the PAN funding to be treated as an excluded item effective from 2008/09 for the purposes of calculating the MFG.



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