

Schools Forum – Tuesday 2nd October 2007

Report of the Director of Children's Services

Deprivation Funding Review - Update

Purpose of Report

1. The purpose of this report is to advise Schools Forum of the next stages of the deprivation funding review and in particular, the requirement to complete a DCSF template which captures the 2007/08 deprivation funding data and provides information on how Dudley propose to develop their LMS formulae ready for 2008-11.

Budget Working Group Discussed

2. No.

Action for Schools Forum

3. To note the data shown on the completed DCSF template for 2007/08 and be aware of the implications for Dudley and the LMS formula, as a result.

Attachments to Report

4. Appendix A – Deprivation Funding Review template for 2007/08.

Karen Cocker
Children's Services Finance Manager
18 September 2007

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Background

2. In December 2005, the DfES/Treasury issued a joint report, *Child Poverty: Fair Funding for Schools*, on the ways in which local authorities fund schools to meet the extra burdens imposed by social deprivation among their pupils. Local authority statements of policy and practice in this area were published in August 2006, and since then authorities have been reviewing their local arrangements.
3. As the required outcome of the review will be for Dudley to close the attainment gap for pupils, work is in progress to monitor educational outcomes for individual pupils year on year. Where additional funding (over and above general pupil funding) is delegated to schools, this has been identified at an individual pupil level and matched to educational outcomes in order to establish whether any correlation exists. The aim of this exercise is to assist schools in targeting the additional funding received more effectively. Further details will be made available to schools once this exercise has been completed.
4. In Dudley we have also undertaken a review of the current methods for distribution of funding to schools to target deprivation. The outcomes of this review and any proposals for change will be subject to consultation and potential implementation from April 2009.
5. Jim Knight’s (Minister for Schools and 14-19 Learners) statement of 25 June 2007, set out the further steps the DCSF is taking to ensure that deprivation funding in the Dedicated Schools Grant is properly reflected in local funding formulae. The DCSF

have now published guidance for local authorities to help them assess the quantity of deprivation funding distributed through the local formula in 2007/08. This will serve as a baseline against which further progress in targeting funding through the local formula can be measured.

www.teachernet.gov.uk/deprivationfundingreview200811/.

6. Where progress is not adequate there will be further challenge and support. Guidance has been provided to facilitate frank and detailed discussion between the Children's Services Advisor (CSA) and Local Authority Officers about how the funding received by local authorities for 2007/08 for deprived pupils has been directed towards those pupils through the local formula.
7. A template has been made available for authorities to assist these discussions. The template captures the 2007/08 funding data and will provide information as to how authorities propose to develop their formulae ready for 2008-11. Local authorities were asked to return the template by 31 August so that the data can be used to influence the consultation with Schools Forums on the distribution of funding for 2008/09 onwards and to inform the autumn term discussion between the authority and its CSA.
8. The DCSF have advised Dudley that for 2007/08 the total DSG of £183m includes 10.4% funding for deprivation. This equates to £19m. The purpose of the template is therefore to advise the DCSF as to how much funding Dudley allocates to schools via the Local Management of Schools (LMS) formula.
9. The DCSF guidance suggests some Schools Forums do not consider targeting funding for deprivation as a priority. This may be especially true in authorities with flat levels of deprivation, (whether these are high or low), where the targeting of funding will have a similar effect to distribution of funding via the AWPU. There may also be an argument that other funding streams outside the DSG (e.g. Excellence in Cities, Leadership Incentive Grant, School Standards Grant (Personalisation)) are being directed towards deprivation and that this provides adequate funding for those pupils. However, the funding provided through specific grants for deprivation was taken into account when deciding how much funding for deprivation to put through SFSS (School Formula Spending Share: the two together make up the funding allocated in response to the PWC report on AEN).
10. If it is accepted that a change of distribution is necessary, the authority will need to make adjustments in a planned and sensitive manner so as not to de-stabilise school funding within the authority. We may also need to make adjustments to the operation of the Minimum Funding Guarantee to allow the changes to flow through to schools.
11. Where the amount directed to deprivation is considered insufficient, the DCSF will consider imposing a condition of grant on the use of DSG for 2009-10 onwards on

individual local authorities.

12. The meeting with the CSA in Dudley has been scheduled for 5 October 2007. The Director is of the view that that Schools Forum should be made aware of the data before the discussion with the CSA given the significance of the data and the potential funding implications for schools in Dudley.

13. The discussion with the CSA should consider:

- The authority's overall level of deprivation,
- The range of deprivation within the authority,
- The completed template,
- How far the authority is from distributing its assigned funding for deprivation – is there scope for it to go further? CSA's are looking particularly at authorities that delegate less than 80% of the funding for deprived pupils towards those pupils. However, whilst there is a target figure of 80% those that are between 80% and 100% are also asked to consider change.
- The range of indicators used – is this appropriate?
- How does the Schools Forum view funding for deprivation?
- Has the authority undertaken an analysis of need in the area?
- What is the authority's attainment record for deprived pupils, what is the attainment gap? Has a redirection of funding changed this?
- Are there proposals to change the local formula? (and if not why not)?
- Look at the overall funding going to schools. If all things were equal (size of school, facilities etc), are deprived pupils receiving more funding?
- Is there any scenario planning for the settlement which might make a difference to the amounts directed to deprived pupils for 2008-11 (eg. If the settlement is X then... but if the settlement is more then will the extra go to deprived pupils... what if it is less)?

14. The completed template is attached at Appendix A. The template data for 2007/08 indicates that of the £19.0m allocated to the Local Authority for deprivation, 77% (or £14.8m) is currently targeted for deprivation. This leaves a shortfall of approximately £0.48m against the **minimum target** identified by the DCSF of **80%**. The CSA will wish to discuss how the Authority is proposing to make changes in the funding for schools to increase this figure over a period of time to the 100% target (the current shortfall is £4.2m).

15. A consequence of this exercise is that the Authority in conjunction with Schools Forum will be required to consider implementation of changes to increase the amount of funding targeted to address the needs of pupils from deprived backgrounds, effective from April 2008. Albeit this timescale is very tight now that we are already into the autumn and any formula changes should be consulted upon.

16. Local authorities will be asked to complete this template again in May 2008 after sending out 2008/09 budgets so that DCSF can see the changes and progress being made in targeting funding to deprived pupils.
17. Dudley is already reviewing a number of areas within the LMS formula which may have an impact on Dudley's deprivation statistic if they are implemented at a future date. For example, if funding for free school meals was to be increased to cover the current cost of a meal at £1.60, this would increase Dudley's deprivation statistic to just over 80%. However, the impact of this would possibly mean diverting school funds to free school meals away from the AWPU. The issue of free school meals is elsewhere on the Schools Forum agenda.

Finance

18. The funding of schools is prescribed by the DCSF through the School Finance (England) Regulations 2007.
19. From 1st April 2006, the Schools Budget will be funded by a direct DCSF grant: Dedicated School Grant (DSG).

Law

20. 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

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

Recommendation

22. Schools Forum note the latest stages of the deprivation funding review and in particular the DCSF template data in respect of 2007/08.
23. Schools Forum advise the Director of any views that need to be incorporated into the discussion with the Children's Services Advisor at the meeting on 5 October.



John Freeman

Director of Children's Services

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