

Schools Forum – Tuesday 5th February 2008

Report of the Director of Children's Services

Dudley's Scheme for Financing Schools - Consultation

Purpose of Report

1. To advise Schools Forum of the amendments required to the Dudley's Scheme for Financing Schools.

Discussed at HTCF – BWG

2. No

Actions for Schools Forum

3. To note the issue of the consultation document and the proposed changes to Dudley's Scheme for Financing Schools.

Attachments to Report

4. Appendix 1 – consultation document to revise the Dudley Scheme for Financing Schools.

Mirella Harris

Senior Principal Accountant - Children's Services

22 January 2008

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Dudley's Scheme for Financing Schools- Consultation

Purpose of Report

1. To advise Schools Forum of the amendments required to the Dudley's Scheme for Financing Schools.

Background

2. Under section 48 of the Schools Standards and Framework Act 1998 all local authorities are required to establish and maintain a scheme for financing school's setting out the relationship between the local authority and the schools it maintains.
3. The Schools Finance (England) Regulations 2008, schedule 5, lists the issues that all schemes should address. The Department for Children, Schools and Families (DCSF) provides guidance to local authorities on the more detailed content of their schemes. This guidance is revised from time to time to reflect changes and amendments to legislation and policy directed through the School Finance Regulations.
4. Where the DCSF issue revised Schools Finance Regulations, then Dudley's Scheme of Financing is automatically updated, there is no requirement for consultation on these occasions as the amendments are normally formal directions.
5. Schools Forum has the power to approve amendments to the Scheme of Financing without the need for consultation with stakeholders. Full details can be found in Part 4 of the School Finance (England) Regulations 2008.
6. The following is an extract from the Regulations relating to approval by the Schools Forum or Secretary of State of proposals to revise schemes:
 - i Where a local authority submits proposals for any revisions to their scheme to their schools forum for approval pursuant to paragraph 2A of Schedule 14 to the 1998 Act, the schools forum may—
 - a) approve any such proposals,
 - b) approve any such proposals subject to modifications, or
 - c) refuse to approve any such proposals.

- ii Where the schools forum approves any revisions to the scheme, they may specify the date upon which any revised scheme is to come into force.
 - iii Where—
 - a) the schools forum refuse to approve proposals submitted under paragraph 2A of Schedule 14 to the 1998 Act, or approve any such proposals subject to modifications which are not acceptable to the local education authority, or
 - b) the local education authority are not required to establish a schools forum for their area, the authority may apply to the Secretary of State for approval of such proposals.
 - iv The Secretary of State may—
 - a) approve any such proposals,
 - b) approve any such proposals subject to modifications, or
 - c) refuse to approve any such proposals.
 - V Where the Secretary of State approves any revisions to the scheme, he may specify the date upon which any revised scheme is to come into force.
 - vi No revised scheme is to come into force unless approved by the schools forum or the Secretary of State in accordance with this regulation.
7. In November 2006 Dudley's scheme for financing schools was amended in line with guidance received by the DCSF. In particular section 4.2.2: Control on surplus balances was amended to address the issue of the increasing level of school reserves.
8. By rigorously applying the criteria in Section 4.2.2, of the £9.4m school reserves held by Dudley schools at 31 March 2007 only £200k was proposed for claw back.
9. Building on the experience from 2006/07 and the national coverage of rising school balances from the DCSF, it is proposed that Dudley' local scheme for controlling surplus balances is tightened further for a phased implementation, effective from the 2007/08 financial year.
10. The consultation document containing the main proposed amendments to the Scheme is attached at Appendix 1. The proposed amendments were discussed at the December meeting of Schools Forum.
11. The consultation period will end on 29 February 2008.
12. The outcomes of the consultation on Dudley's Scheme for Financing will be reported to Schools Forum on 18 March 2008 for final approval. After this date the revisions will be immediately effective.

Finance

13. The funding of schools is prescribed by the DCSF through the School Finance (Amendment)(England) Regulations 2007.
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 1st 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. That Schools Forum note the issue of the consultation document 'Dudley's Scheme for Financing Schools – Proposed Revisions' (Appendix 1).



John Freeman

Director of Children's Services

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