



**Haringey** Council

**The Children and Young People's Service**

**Report to Haringey Schools Forum – Thursday 17<sup>th</sup> January 2013**

**Agenda Item**

**7**

**Report Status**

For information/note   
For consultation & views   
For decision

**Report Title: The School and Early Years Finance Regulations 2012.**

**Authors:**

Wendy Sagar – Interim Head of Finance (Children and Young People's Service)

Contact: 0208 489 3539 Email: [wendy.sagar@haringey.gov.uk](mailto:wendy.sagar@haringey.gov.uk)

Steve Worth – Finance Manager (Schools Budget)

Contact: 0208 489 3708 Email: [Stephen.worth@haringey.gov.uk](mailto:Stephen.worth@haringey.gov.uk)

**Purpose:** To inform members of the publication of the School and Early Years Finance Regulations 2012. and to highlight the main changes being introduced for the 2013-14 financial year.

**Recommendations:** That members note the report.

## **1. Background and Introduction.**

- 1.1. The School and Early Years Finance Regulations are made under the School Standards and Framework Act 1998. They:
  - Define the local authority education budgets (the non-schools education budget, the schools budget the central expenditure and the individual schools budget);
  - Set out how local authorities are to allocate funding from the Individual Schools Budget (ISB) to maintained schools and private, voluntary and independent providers of free early years provision (relevant early years providers) through a locally determined formula.
  - Require Local Authorities (LAs) to maintain a local Scheme for Financing Schools.
- 1.2. Associated with the Regulations are changes to the Conditions of Grant for the Dedicated Schools Grant (DSG).
- 1.3. The full Regulations can be found at:  
<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/financeregulations/a00218106/school-and-early-years-finance-regulations>  
and the main changes being introduced for 2013-14 are set out in the following sections..

## **2. DSG Conditions of Grant.**

- 2.1. From April 2013 academies will be funded using the Local Authority's (LAs) formula for the current financial year. There will be a single formula for both maintained schools and academies and the circumstances of local academies as well as maintained schools must be taken into account in setting the formula. Centrally retained funding must be used for the benefit of both maintained schools and academies except where the funding has been de-delegated by maintained schools.
- 2.2. The conditions of grant also require that arrangements to commission services for high needs pupils treat all providers on a fair and equivalent basis. This means, for example, that LAs cannot favour provision in maintained special schools over provision in special academies or in non-maintained special schools. However, a Minimum Funding Guarantee (MFG) will apply to placements in maintained or formerly maintained special schools for 2013-14 and placements in existence at 1 April 2013 will continue.

## **3. The School and Early Years Finance Regulations 2012.**

- 3.1. The 2012 regulations apply to the 2013-14 financial year and incorporate the significant changes being introduced from April 2013. The main changes to note are set out below.
- 3.2. Changes in Definitions.
  - 3.2.1. The definition of contingencies, retained by de-delegation, will be limited to purposes for which it would be unreasonable to expect governing bodies to meet from their budget share. This includes financial difficulty, deficits arising from closing schools and costs associated with new, amalgamating or closing schools.
  - 3.2.2. The definition of hospital education is limited to that provision, required by medical needs and usually on a temporary basis.
  - 3.2.3. References to governing bodies will include the PSCs management committees
- 3.3. The Regulations will provide for maintained primary and secondary forum members to approve the de-delegation of specific services for their phase of maintained schools. The items that can be de-delegated are set out in Part 5 of Schedule 2 to the Regulations.
- 3.4. The Regulations bring the date by which LAs must set their Schools Budget from 31<sup>st</sup> March to 15<sup>th</sup> March. The date for budgets issued under the Early Years Single Funding Formula (EYSFF) remains the 31<sup>st</sup> March. Governing bodies and management committees of maintained schools and PSCs must be notified of their budget shares by 31<sup>st</sup> March.
- 3.5. The Schools Budget is being extended to include expenditure on further education for those aged under 19 with learning difficulties and those aged 19 to 25 with a learning difficulty assessment.
- 3.6. The Regulations require that the local forum's approval must be sought for central school and early years block items; Schedule 2 to the Regulations define and limit these items as follows:
  - Central Services. Expenditure on admissions and in supporting the schools forum must not exceed planned expenditure for 2012-13. Capital Expenditure from Revenue Account (CERA), prudential borrowing, termination of employment costs, combined services, SEN transport costs and miscellaneous items may only be retained where expenditure is to be incurred as a result of decisions taken in previous funding periods that commit the LA to incur expenditure in the funding period. Amounts retained cannot exceed that of the previous year.
  - Central Schools Expenditure. This covers the growth fund and Carbon Reduction Commitment (CRC) allowances and some other elements that are not capped at the prior year's planned level.

- Central Early Years Expenditure. This covers expenditure on early years provision other than that delegated to schools and providers in the Private, Voluntary and Independent (PVI) sector.
- 3.7. The Regulations enable LAs to seek the permission of the Secretary of State to approve other central schools budget expenditure or to authorise retention disallowed by the local forum or for variations to the regulations.
  - 3.8. The amount and criteria for use of any contingency set aside to fund pupil growth and expanding schools must be agreed by the local forum. The forum must be consulted before any allocations can be made from the fund.
  - 3.9. The Regulations extend the legal requirement to consult on changes to the local schools funding formula to all schools and on the EYSFF to all early years providers. Previously the only legal requirement was consultation with the local forum. Conversely, the Regulations remove the requirement to consult with all schools on changes to the local scheme for financing schools, from 1 January it will only be necessary to consult the local forum.
  - 3.10. LAs will be required to identify the notional SEN budget within each mainstream school's budget share. This will normally be derived from allocations for eligibility for free school meals, from Income Deprivation Affecting Children Index (IDACI) allocations and from prior attainment allocations, although other factors are allowed. A school will in future be expected to fund the first £6,000 of the additional costs of a statement of special educational needs from its budget share. The Regulations also set out how the mandatory deprivation factors in the schools and EYSFF may be calculated. It will not be necessary to have a deprivation factor for two year olds.
  - 3.11. The Regulations set out the arrangements for the use of pupil numbers, including the ability to use a reception uplift.
  - 3.12. The Regulations set out the requirement to fund special schools and units and the PSC for an agreed number of places at a rate of £10,000 in the first two settings and £8,000 in the latter. They also set out the difference in funding for sixth form special places between the 2012-13 and 2013-14 academic years.
  - 3.13. The Regulations allow for the rules on place led funding in early years to be temporarily relaxed to allow for the building of capacity in providing for two year olds. The Regulations set out the factors that can be used in early years funding but also allow the use of factors from the schools funding formula.
  - 3.14. The Regulations set out the factors that can be used in funding formulas, including a factor for sixth form pupils where they have previously been

funded from the DSG, the requirement and methodology for the Minimum Funding Guarantee (MFG), including an MFG on the basic hourly rate for the EYSFF and the power to cap and scale back gainers under the new formula.

- 3.15. LAs will be able to issue a single budget share for federated schools but these must be the sum of the individual school budget shares.
- 3.16. The Regulations continue the requirement to adjust school budget shares for the movement of permanently excluded pupils. The movement of funds will be equivalent to those attributable to a registered pupil of the same age and personal circumstances as the excluded pupil as calculated using the new funding formula. The appropriate amount of any Pupil Premium will also transfer and an excluding school's budget must also be reduced by the amount of any financial adjustment order.
- 3.17. Any redetermination of budgets due to errors will take effect in the following funding period.
- 3.18. The Schedules to the Regulations set out in detail the elements and factors covered by the regulations. The Schedules are:
  - Schedule 1. Sets out the education services found outside the Schools Budget. These are funded from core LA funds and not the DSG.
  - Schedule 2 is formed of five parts; the four requiring local forum approval are set out in 3.3 and 3.6. The remaining part, number 4, details top-up provision for pupils and students with high needs; the Special Educational Needs (SEN) contingency to support schools in meeting the first £6,000 of the additional cost of a statement; centrally retained early years SEN funding; SEN support and integration services; additional support for alternative provision: SEN placement costs in PVI settings.
  - Schedule 3 sets out the formula factors that can be used and have previously been reported to Forum.
  - Schedule 4 sets out the MFG calculation.
  - Schedule 5 sets out the items that must be included in a LAs Scheme for Financing Schools, see Section 4.

#### **4. Haringey Scheme for Financing Schools.**

- 4.1. This was reported to Forum on 12<sup>th</sup> July 2012. The changes set out in 3.9 remove the need to consult with schools, however we still intend to do this as best practice and will report the outcome to the Forum on 28<sup>th</sup> February.