

## School Funding Settlement for 2006/07 & 2007/08

### 1. Background

- 1.1 The Government had been seeking changes in the way schools were funded. It had been concerned that similar schools apparently received very different budgets in different parts of the country. Another important factor was that following the 'funding crisis' there had also been continuous pressure for greater year on year stability and certainty in school budgets.
- 1.2 Therefore, the Government has decided to provide ring-fenced funding for schools from the Department of Education and Skills (DfES) to local authorities, rather than general local government funding and Council Tax. Local authorities will retain responsibility for distributing this funding to schools according to local needs and priorities.
- 1.3 Important changes include:
  - Introduction of ring-fenced 'Dedicated Schools Grant' (DSG).
  - Multi-year budgets for schools – initially a two-year budget cycle and then three year budgets from 2008/09.
  - Guaranteed minimum increase in pupil funding each year.
  - The use of a single count date for funding schools (January PLASC).
  - Standards Fund grants to be streamlined into School Development Grant.
  - Matched funding for school grants will end through a transfer from the DSG to specific grants.
  - Schools Forums will have new decision-making role under the new arrangements as well as their current advisory role

### 2. 2006/07 & 2007/08 Settlement

- 2.1 Provisional allocations of 2006/07 and 2007/08 were announced on 7 Dec 2005 and the overall national level of Dedicated Schools Grant has been increased by 6.4% in 2006/07 and by 6% in 2007/08.
- 2.2 Harrow's DSG allocations were slightly better at 6.6% per pupil increase in 2006/07 and 6.4% in 2007/08. However, this is below the England average of 6.8% per pupil increase in 2006/07 and 6.7 average in 2007/08.
- 2.3 Every authority is guaranteed a basic increase of 5% per pupil in 2006/07 and 2007/08. The Government has also allocated monies (included within the settlement) to local authorities to deliver key reforms such as greater personalisation of learning at Key Stage 3 and in primary schools; support for more practical learning options for pupils aged 14-16; support the costs of workforce reform in primary schools and; resources to meet the increased entitlement to free early years provision from 33 weeks to 38 weeks. The Government has indicated that although some of the increases in each year will be earmarked for particular purposes, it will be for local authorities in consultation with their Schools Forums to decide on the distribution of the whole of the grant locally, subject to the minimum funding guarantee.
- 2.4 The Minimum Funding Guarantee has been set at 3.4% for secondary and special schools and 4% for nursery and primary schools in 2006/07. In 2007/08 the guarantee is the same for all schools, at 3.7%.

- 2.5 The allocations have been made using estimated pupil projections. These projections will be changed in line with the 2006 Jan PLASC data and final allocations will not be made till May 2006.

### **3. Next Steps**

- 3.1 Schools Forum have considered the formula factors and data which need to be updated for 2006-07 and 2007-08 and will decide on final allocations of the headroom in January 2006. There are a number of issues which they have explored already and will also need to consider the additional monies allocated by the Government for specific items. Prior to this, Harrow schools will be consulted on the formula factor changes and will be given indicative first budgets next week.
- 3.2 The pupil count will differ from the pupil projections used by the DfES and will change the allocations, as will data changes in the formula factors. A final budget, based on the known Jan pupil PLASC numbers will be given to schools before 31 March 2006 (even though the grant will not be finalised till May 2006).