

Meeting:	Cabinet
Date:	16 February 2006
Subject:	Supplementary Report on LMS Formula Changes and Schools Budget 2006/07 & 2007/08
Responsible Officer:	Executive Director of Business Connections, and Executive Director People First
Contact Officer:	Bharat Jashapara
Portfolio Holder:	Business Connections and Performance, and Education & Lifelong Learning
Key Decision:	Yes
Status:	Public Part One

Section 1: Summary

1.1 This supplementary report details the outcome of the discussion by the Schools Forum on 9 February 2006 regarding the consultation responses from the schools on formula changes proposed for 2006/07 and 2007/08. It should be read in conjunction with the main report on the agenda. It also provides an update to the school specific contingency.

1.2 Decision Required

Cabinet are recommended to approve the LMS Formula Changes and Schools Budget for 2006/07 and 2007/08 as outlined in this report.

1.3 Reason for report

Schools were consulted on the proposed formula changes for the next two financial years and Schools Forum met subsequently to discuss the responses.

Section 2: Background

Schools formula funding

2.1 Schools were consulted on the four formula changes recommended by Schools Forum. The changes were:

- (1) Teachers Pay Grant to be allocated on 50% age weighted pupil unit (AWPU) values and 50% on teachers on upper pay spine points (UPS).
- (2) Growth of 5 Advanced Skill Teachers (ASTs) as per 2004/05 and 2005/06 plus funding for 7 ASTs who were only funded for one year.
- (3) Agreement on which factors to update for 2007/08 and which factors to remain static.
- (4) Agreement of support for schools in unique and unforeseen situations.

- 2.2 The consultation responses from schools on the second, third and fourth items above were supportive and Schools Forum endorsed these changes at their meeting on 9 February 2006. However, the updated responses on the first item were mixed with 12 responses (55%) against the recommendation and 10 responses (45%) in favour of distributing the Teachers Pay Grant on a 50% UPS and 50% AWPU method.
- 2.3 The Schools Forum discussed this issue at length at their meeting on 9 February 2006. There were also split in their views with the High School sector against the proposed formula and the Primary School sector broadly in favour of the proposal. The High School sector felt that the proposed formula created too much turbulence and wished to recommend an alternative distribution based upon 75% UPS and 25% AWPU. The Primary School sector felt that the issue of turbulence had been addressed by the decision to propose a 50% UPS and 50% AWPU distribution rather than 100% based upon AWPU.
- 2.4 A vote was taken by the Schools Forum on whether they wished to reconsider their original recommendation. They voted 6 to 4 in favour of retaining the original proposal of distributing the Teachers Pay Grant on 50% UPS and 50% AWPU. **The recommendation, therefore, is to follow the majority view of the Schools Forum and to distribute the Teachers Pay Grant on 50% UPS and 50% AWPU.**
- 2.5 As background, this issue arose due to the Government's decision to mainstream the previously ring fenced Teachers Pay Grant into the new Dedicated Schools Grant and Local Authorities had to agree a factor within their school funding formula to distribute these monies. Schools Forum has considered various models based on distributing the monies on UPS and AWPU percentages and had agreed to recommend the 50% UPS and 50% AWPU basis for consultation with all schools. The rationale for moving to an AWPU basis is that this factor distributes the majority of schools funding. It takes account of the different needs of schools through a weighting factor depending on the age of the pupil. There are no other factors in the formula for differentiating between teachers salary costs in schools. The numbers of teachers on the UPS is in the main a consequence of the schools overall recruitment and retention policy.

ISB Contingency 2005/06

- 2.6 This year's budget for the ISB contingency was reduced to £625k from £1.5m in 2004/05. This was to prevent the allocation of large sums of unallocated amounts being distributed at the year-end, when it was too late for schools to spend the money. However, as the year has progressed, it has become apparent that the reduced contingency will not be sufficient to fund all of the agreed formula adjustments for the remainder of the financial year. This has arisen as the SEN and trigger funding adjustments have been considerably higher than in previous years and consequently estimated at the start of the year.
- 2.7 The Schools Forum have been consulted on various years to resolve this issue including whether to stop funding any further adjustments till the year-end or to top slice £100k from next year's budget to support this year's adjustments. The Schools Forum decided to recommend the latter option. **It is therefore recommended that £100k of the 2006/2007 Dedicated Schools Grant be used to support the 2005/2006 formula funding adjustments.**

Financial Implications

- 2.8 This is a supplementary report of the Executive Director of Business Development and the Executive Director of People First, and is concerned with financial matters throughout.

Legal Implications

- 2.9 The School Finance (England) Regulations 2006 govern the operation of school and Local Authority funding for the years 2006/7 and 2007/8. The primary legislation is the School Standards and Framework Act 1998.

The local Authority must meet the requirements of the School Finance (England) Regulations 2006. The contents of this report satisfy the requirements.

Equalities Impact

- 2.10 No impact

Section 17 Crime and Disorder Act 1998 Considerations

N/a

Section 3: Supporting Information/ Background Documents

None.