

Agenda item:

Report to:	Performance Scrutiny Committee
Date of Meeting:	18th October 2012
Lead Member/Officer:	Lead Member for Education
Report Author:	Planning & Resources Manager
Title:	Denbighshire School Funding Formula Review

1. What is the report about?

- 1.1 The report outlines the detailed consultation proposals for the new Denbighshire School Funding Formula in mainstream and special schools.

2. What is the reason for making this report?

- 2.1 To inform the committee of the detailed proposals for the new funding framework and outline the potential areas of operational and financial risk.

3. What are the Recommendations?

- 3.1 Members to review the funding framework and confirm their recognition of the implications of the changes to the Formula.
- 3.2 Members to consider and comment on the methodology against each element of the Formula Review and confirm their acceptance of the justification for the funding allocations.

4. Report detail

- 4.1 The attached consultation document (appendix 1) was issued to Schools on October 1st outlining detailed proposals for a new funding framework for Denbighshire.
- 4.2 The proposals are still draft and may be subject to change pending the outcomes from the consultation. Full Implementation is planned for April 2013.
- 4.3 Appendix 2 provides an initial risk analysis of all schools showing the movement in the budget and the current level of balances. 1-2-1 consultation meetings are being held with each school over the next 2 weeks to discuss the implications within their own delegated budget so this analysis remains subjective until the full detailed discussions have taken place.

- 4.3 A management fact sheet has been prepared to support members in addressing some of the key issues should they arise. It is included in Appendix 3.

5. How does the decision contribute to the Corporate Priorities?

- 5.1 The outcome from the review will change the way in which school funding is distributed and allow schools to think differently about how they manage their delegated funding. This will support the priority of Modernising Education.

6. What will it cost and how will it affect other services?

- 6.1 There is no additional cost to this review as the Funding Formula is a means of distributing the total school quantum to each individual school. The total quantum will stay the same regardless of the outcome of the review but may result in funding being realigned differently across schools.
- 6.2 There may be a cost associated with staff reductions for those schools who receive a reduction in funding.

7. What consultations have been carried out?

- 7.1 Consultation has been carried out with Head Teachers, Governors, Trade Unions, Education Officers and Elected Members.

8. What risks are there and is there anything we can do to reduce them?

- 8.1 There is a risk that the new formula, once finalised, may result in an array of winners and losers across all schools as so much has changed in terms of schools funding since the inception of LMS in 1990. It is important however that funding is distributed fairly and equitable to all schools so if the framework is right then we can be confident the funding awarded will be right. Transitional funding will be awarded, where necessary, to alleviate the impact of a loss of funding and each school will be supported on an individual basis to ensure they can develop their financial plans around the new formula.
- 8.2 It is important to consider the wider issues regarding the schools that may be losing funding as their balances and expenditure plans must play a vital role in assessing whether or not the loss of funding will have an underlying impact on the delivery of education. Many schools will spend to the level that they are funded and so this distorts what the real impact of the changes to the formula will have. It is important that the formula funds where real costs are being incurred balanced against where there is a particular level of need.

9. Power to make the Decision

- 9.1 The School Funding (Wales) Regulations 2010 give Local Authorities the power to allocate funding to schools maintained by the authority in the form of budget shares, using a locally determined funding formula.

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