

Admissions to School (Rising 5)

Appendix 3

Financial considerations

This explanatory note is reproduced from the Cabinet report of 18th December 2008

Pupils in maintained schools are funded from the ring-fenced Dedicated Schools Grant (DSG) through schools' individual budgets shares. The DSG is determined each year by the number of pupils on roll in the January school census and early years census prior to the start of the financial year (i.e. pupils on roll in January 2010 will determine RBWM's DSG allocation for the financial year 2010-11). In 2008-09, RBWM received £73.044 million DSG based on £4,040 per pupil. Individual schools' allocations are based on the local funding formula which allocates to schools an amount per pupil weighted by age. Children admitted to full-time education before they are five (and consequently against RBWM's existing admissions policy) attract only token funding for the school.

Under the proposed policy to admit children full-time to mainstream schools twice a year as rising or pre-rising fives, RBWM is likely to see an increase in the number of full-time four year olds in its schools as these children move from home settings or part-time nursery education earlier than is currently the case. This increase will be reflected in a larger DSG allocation to the Borough. In turn most of this additional funding is likely to be passed on to schools through their pupil-based formula budget allocation, on the assumption that the formula will need to be changed to properly fund full-time four year olds admitted in line with the new policy.

The first year of operation of the new policy will pose short-term funding difficulties. This is because DSG funding for 2010-11, the first year to see the admission of full-time rising and pre-rising 5s under the new policy, would be calculated on the basis of pupil numbers in January 2010 when the existing admissions policy would be in force and when the number of full-time four year olds on roll would be lower. The additional cost, to be found from DSG, of recognising the additional September and January pupils in schools' budget shares in the first year is estimated to be as much as £600k. Two main factors could help to reduce this estimate:

- a) If the new policy led to more part time four year olds in nursery settings leaving their nursery place for a full-time place in reception, this would result in a lower allocation to both maintained and non maintained nurseries for their nursery aged children.
- b) A decision to reduce the amount allocated to schools through the formula for full-time four years olds would reduce the funding shortfall. A formula allocation could be agreed, for example, which allocated for such children only a proportion of the full per pupil unit rate received by statutory aged pupils. Preliminary modelling suggests that funding such pupils at half the current per pupil rate would reduce the cost to £250k. Funding the same pupils at 75% of the current rate would cost £420k.

In year 2 of the new policy whereby children enter at two points during the year, September and the following January, all children would be on roll at the January 2011 census date and therefore attract full funding through DSG. DSG funding for 2011-12 would therefore be higher than in the previous year.

A possible consequence of the proposed new policy is that some nursery settings in the non maintained sector could face difficulties as more 4 year olds move into full time school education earlier than previously was the case, raising issues about sustainability. The extent to which these places would be filled by an influx of younger three and four year olds is a further unknown factor complicating the overall financial picture.

The cost of funding additional pupils in schools through their formula budget shares as a result of changes to the admissions policy must be contained within the total amount of DSG funding available. This could mean a possible redistribution of resources between the delegated Schools Budget and the centrally retained LA budget funded by DSG. There would be no impact at all on the LA Children's Services budget funded from Council Tax, NNDR and other government grants.
