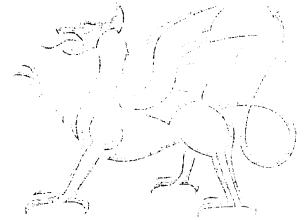


DP 330/99-03



Jane Davidson AM

Minister for Education and Lifelong Learning
Gweinidog dros Addysg a Dysgu Gydol-Oes

Llywodraeth Cynulliad Cymru
Welsh Assembly Government

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Our Ref. JD00199/03

Ann Jones AM/AC
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

12 March 2003

Dear Ann,

Thank you for your letter of 14 February 2003 concerning the use of 'social deprivation' as a compulsory feature of an LEA's funding formula, and my answer given to your oral Assembly questions on 12th February [OAQ22372 and OAQ22373].

Perhaps I could clarify a few issues. Under the provisions of the current regulations which govern schools budget formulae, social deprivation cannot be made a compulsory feature of an LEA's funding formula as it is included in the list of factors which authorities can take into account when deciding upon those factors which feature in their local schools funding formulae. It is, therefore, for individual authorities to decide in the light of local circumstances and having consulted schools whether deprivation should be a factor in the local formula and if so, what weighting should be given to it.

It is correct that 'social deprivation' could be made a compulsory feature of an LEA's funding formula in accordance with Section 47 of the School Standards and Framework Act 1998. This would, however, need a change to the current regulations which would place "social deprivation" in the category of 'other matters' which authorities are to comply and have to include in their funding formulae. As I indicated in my response to you in Plenary, consultation on the replacement of the Financing of Maintained Schools Regulations 1999 (as amended) will take place shortly. The replacement regulations will consolidate amendments that have been made since 1999 as well as covering provisions contained within the Education Act 2002. This will include a review of the factors, which feature in the local funding formula. A consultation document will be issued shortly. This will seek views as to what factors should be regarded as "other matters" which have to



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feature in the formula and what factors should be available to authorities to take account of in the formula in the light of local needs and circumstances. The consultation will also review the current requirement that at least 75% of delegated budgets for primary and secondary schools should be distributed on pupil – led factors. The intention is that new regulations should be introduced for the financial year 2004-05.

To pick up your last point, we know from recent work undertaken at our instigation by the Audit Commission a number of authorities use deprivation as a factor in allocating school budgets. 5 use entitlement to free school means (FSM); 4 use FSM, combined with other factors (pupils' reading ability or SATS results, number of SEN pupils, location in Community First areas); 2 authorities do not use deprivation factors in their formula but one of these targets deprivation through funding outside the local schools budget i.e. through children and youth partnership funding. I enclose a copy of the Audit Commission's report for your information.

I will ensure that a copy of this letter is registered in the Members' Library.

Yours,

A handwritten signature in black ink, appearing to read 'Jane Davidson', written in a cursive style.

Jane Davidson AM

Minister for Education and Lifelong Learning