

DECISION PAPER

SUBJECT: School Funding Reform

DATE: 18 July 2012

RECIPIENT: Schools Forum

SUMMARY

This paper details the progress made on the development of the new School Funding Formula.

RECOMMENDATION

It is recommended that the Forum:

- i. Approves the nine proposed Primary/Secondary formula factors (paragraph 3), the proposed IDACI banding system (paragraph 4) and the proposal to cap gainers (paragraph 5).
- ii. Approves the maximum amount of funding to be routed through the PFI factor (paragraph 6).
- iii. Approves the final option proposed by the working group for the amounts allocated through each factor (paragraph 7).
- iv. Approves proposals to move funding between the Schools Block SEN Notional Budget and the High Needs Block for pupils with low incidence SEN (to be tabled).
- v. Agrees any newly delegated budgets to be managed by the local authority on their behalf (paragraph 9).
- vi. Notes that approval will be sought in the Autumn for a contingency for significant pupil growth (paragraph 11) and for contributions from the Schools Block to school focused services delivered by the Council (paragraph 13).
- vii. Approves the proposed Special School and Special unit funding formula (paragraph 15).
- viii. Approves the proposed Alternative Learning funding formula (to be tabled).

REASONS FOR REPORT RECOMMENDATIONS

1. The Department for Education has introduced new regulations to introduce school funding reform from April 2013. These require local authorities to delegate funding to schools that had previously been held centrally.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. There is no alternative option – as the use of DSG is defined in statute.

BACKGROUND and BRIEFING DETAILS:

3. New Funding Formula: Schools Block

Southampton's formula for 2013/14 will contain the following factors:

- a. A basic per-pupil entitlement with a single unit for primary and secondary age pupils.
- b. Deprivation, measured by Free School Meals (FSM) and IDACI.
- c. Looked after children funded at the same rate as Free School Meals.
- d. Prior attainment as a proxy measure for SEN.
- e. English as an additional language, for a maximum of three years after the pupil enters the school system.
- f. A standard lump sum for each school.
- g. Split site allocation on a similar basis to the existing 2012/13.
- h. Rates based on actual cost.
- i. PFI factor.

The DfE will be providing additional data calculating the net difference in numbers on roll in Reception between the October and January census. These uplifted pupils will be included in the pupil count for factor a.

4. The proposed banding system for allocating IDACI is contained in table 1.

Table 1: IDACI banding

Band	IDACI score lower limit	IDACI score upper limit	Ratio of funding
1	0.2	0.25	0
2	0.25	0.3	0
3	0.3	0.4	1
4	0.4	0.5	1.6
5	0.5	0.6	2.4
6	0.6	1.0	3.0

5. Gainers will be capped at a level that brings funding down to the level of the overall Schools Block.
6. The Forum is asked to recommend the maximum amount of funding to be applied through the PFI factor. The Local Authority will ensure that the Minimum Funding Guarantee is met for each school.
7. Papers will be tabled at the meeting on the final options proposed by the working group for:
 - The amounts allocated through each factor.
 - Movements for low incidence SEN funding between the Notional SEN Block and the High Needs Block.
8. It should be noted that all figures will continue to be updated until the 2012 October pupil count and DSG blocks are finalised in December.

9. New delegations – Schools Block

From 2013/14 a number of budgets, currently held by the Local Authority, will be delegated, through the formulae to schools. These will be delegated on the basis of pupil numbers (and EAL for support for minority ethnic pupils). These new delegations equate to £28 per pupil.

Budgets to be delegated from 2013/14:

- Insurance (Liability insurance - £242,300).
- Staff costs or supply cover (trade union and public duties - £58,000).
- Support for minority ethnic pupils or underachieving groups (Bilingual Assistants - £67,300).
- Contingency for exceptional unforeseen costs which it would be unreasonable to expect governing bodies to meet (Intervention Fund - £250,000).
- Contingency for schools in financial difficulties (ISB contingency - £120,000).

10. The budgets, detailed in paragraph 9 can be de-delegated by schools. Individual sectors: Primary, Secondary or Special can make separate arrangements. If budgets are de-delegated agreement is required from the Forum members for each sector.

11. Funding for significant pupil growth: Primary Review

The DfE has agreed that funding for significant pupil growth can be retained centrally before the formula is calculated. The requirements are that:

- The growth fund can be used only for the purposes of supporting growth in pre-16 pupil numbers to meet basic need and to support additional classes needed to meet the infant class size regulation.
- The fund must be used on the same basis for the benefit of both maintained schools and Academies.
- Any funds remaining at the end of the financial year must be added to the following year's DSG and reallocated to maintained schools and Academies through the local formula.
- Local authorities will be required to produce criteria on which any growth funding is to be allocated.

12. The Local Authority is currently working on proposals, which will come to Schools Forum in the autumn. If funding is retained, the authority will consult with the Schools Forum on the total sum to be top-sliced from each phase and the criteria used to allocate funding and will regularly update the Schools Forum on the use of the funding.

13. Contributions from the Schools Block to school focused services delivered by the Council

Schools Forum members are asked to discuss and provide a decision by the Autumn term on the proposal to continue to fund four services from the School Block.

- Admissions function £346,900.
- Carbon Reduction Commitment £160,000.
- Family and Parenting Practitioners £426,800.
- Preventative Social Care Workers £200,000.

14. For information Appendix A summarises the DfE guidance on central expenditure.

15. New Funding Formula – High Needs Block

A working group has been developing the new formula. The current proposal is that the funding for special schools and the Pupil Referral Unit contain two factors:

- £10,000 per place for each Special School and Special Unit place.
- £8,000 per place for each PRU place.
- Top up funding for special schools and units will be based on the existing three place types – core, enhanced and exceptional.
- The top up funding per pupil will be kept broadly at 12/13 levels.

Pupils in each special school will be assessed against the three place types at annual reviews.

16. Further details on the PRU top up funding will be tabled at the meeting.

Appendices/Supporting Information:

Appendix A – DfE Guidance on Central Funding

Further Information Available From:

Name: Lynn Franklin

Tel: 023 8083 2196

E-mail: Lynn.franklin@southampton.gov.uk

DfE Guidance on Central Funding

Authorities will need to seek approval from forums to retain central funding for services in lines (c) and (d) below.

<p>(a) Has to be delegated; cannot be de-delegated but schools can buy into service where relevant</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Threshold and performance pay <input type="checkbox"/> 14-16 practical learning options <input type="checkbox"/> Primary/special school meals <input type="checkbox"/> Extended services
<p>(b) Has to be allocated through formula but can be de-delegated for maintained schools (approval is by the relevant phase members of the schools forum)</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Contingencies (including previous amounts for schools in financial difficulties) <input type="checkbox"/> Free school meals eligibility <input type="checkbox"/> Insurance <input type="checkbox"/> Licences/subscriptions <input type="checkbox"/> Staff costs – supply cover <input type="checkbox"/> Support for minority ethnic pupils and underachieving groups <input type="checkbox"/> Behaviour support services <input type="checkbox"/> Library and museum services
<p>(c) Can be centrally retained before allocating formula with agreement of schools forum</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Funding for significant pre-16 pupil growth (any underspend has to be added to the following year's formula allocations) <input type="checkbox"/> Equal pay back-pay <input type="checkbox"/> Places in independent schools for non-SEN pupils
<p>(d) Can be centrally retained before allocating formula but no new commitments or increases in expenditure from 2012-13 (schools forum approval is required to confirm the amounts on each line)</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Admissions <input type="checkbox"/> Servicing of schools forum <input type="checkbox"/> Carbon reduction commitment <input type="checkbox"/> Capital expenditure funded from revenue <input type="checkbox"/> Contribution to combined budgets (including expenditure shown under miscellaneous if appropriate) <input type="checkbox"/> Schools budget centrally funded termination of employment costs <input type="checkbox"/> Schools budget funded prudential borrowing costs
<p>(e) Can be centrally retained by agreement of individual schools</p>	<p>Schools can buy into any service with funding from their delegated budget; the service would then be provided by the authority on a buyback basis. This could provide additional income on top of what is centrally retained in boxes (c) and (d) above.</p>