

# DECISION PAPER

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**SUBJECT:** School Funding Reform

**DATE:** 19<sup>th</sup> September 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. Recommends the preferred option for the new School Funding Formula (paragraph 3).
- ii. Notes proposals to move funding between the Schools Block SEN Notional Budget and the High Needs Block for pupils with low incidence SEN (paragraph 11).
- iii. Approves contributions from the Schools Block to school focused services delivered by the Council (paragraph 13).
- iv. Recommends the maximum amount of funding to be routed through the PFI factor (paragraph 14).

## 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. Primary & Secondary Formula

The DfE has introduced two new factors since the last modelling was produced.

Reception Uplift – the net difference between the October 2010 and January 2011 pupil census for Year R pupils only. Extra funding will be allocated to the Schools Block for this purpose. There are 61 additional year R pupils in Southampton in the uplift data.

Mobility – calculated using the school start date for each pupil from the October School Census. It will include pupils who started in the last three academic years, but did not start in August or September (or January for Year 1). The data is provided separately for primary and secondary age pupils so that a separate unit value can be applied to each phase.

These two new factors are built into options 4 and 5.

4. Papers are attached detailing the final options proposed by the working group for the amounts allocated through each factor. The five options are as follows:

5. *Option 1*

Existing 2012/13 funding formula incorporated into new model with minimal changes.

6. *Option 2*

- Primary & Secondary per pupil funding moved closer to £4,000 target (Primary increased to £3,000, secondary reduced to £4,000).
- Looked after Children factor introduced at same rate as Secondary Free School Meals factor.
- Lump sum reduced to fund changes.

7. *Option 3*

As Option 2 plus:

- Deprivation funding targeted at higher levels of deprivation (bands 3-6).

8. *Option 4*

As Option 3 plus:

- Uplift factor included.

9. *Option 5*

As Option 4 plus:

- Mobility factor included.

10. The Forum is asked to recommend an option to be put forward for consultation with all schools before final agreement at October's Forum.

11. Movements for low incidence SEN funding between the Notional SEN Block and the High Needs Block

Work is continuing to identify whether the amount held in the Pupils with Statements budget within the High Needs Block is enough to fund top up funding for pupils with low incidence SEN. A transfer will be made from the SEN factor to the Pupils with Statements budget in order to target funding more effectively.

12. Central Services – Schools Block

At the last meeting, the Forum agreed to continue to hold the following budgets centrally.

- Insurance (Liability insurance - £242,300).
- Staff costs or supply cover (trade union and public duties - £58,000).
- 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).
- Funding for significant pupil growth (TBC)

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

Schools Forum members are now asked to provide a decision on the proposal to continue to fund four central services from the Schools Block.

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

14. PFI Factor

At the last meeting the Forum rejected the Council's proposal to introduce a new PFI factor into the formula from April 2013. The City Council has been financing the "PFI affordability gap" for ten years. The affordability gap is the difference between the amount the Council currently pays to Interserve for PFI (the Unitary Charge) and the amount of income it receives (from DfE grant plus a contribution from the three PFI schools and a sinking fund held for this purpose). The gap has grown to £1.2 million in 2012/13.

15. If the Schools Block meets this cost (up to £1.2 million) this will reduce the funding available to a school or academy by approximately £46 per pupil (October 2011 pupil count).

16. In the light of the Council's budgetary position, the Forum is asked to reconsider the proposal to fund some or all of the affordability gap from the Schools Budget.

17. Alternative Provision

Options for PRU funding are continuing to be developed and further details on the arrangements will be presented to the Forum at a later date.

**Appendices/Supporting Information:**

App 1 – School Funding Reform Summary

App 2 – Overall Summary of Funding Options

App 3 - Options per School

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