
Schools Forum 16 October 2012

Report of the Director of Children's Services

School Funding Reforms 2013/14 – Consultation Feedback

Purpose of Report

1. To provide consultation feedback to Schools Forum in order that Forum can provide the Director of Children's Services with a view prior to implementation of the mainstream formula funding methodology for the 2013/14 financial year.

Budget Working Group Discussed

2. Yes – 16 October.

Schools Forum Role and Responsibilities

3. From 1 April 2006, the Schools Budget has been funded by a direct Department for Education (DfE) grant: the Dedicated School Grant (DSG).
4. The Schools Forum Regulations 2012 at Regulation 11 prescribe that schools forum must inform the governing bodies of schools maintained by the authority of any consultation carried out by the authority, as soon as it reasonably can.
5. The Schools Forums (England) Regulations 2012 at Regulation 8(10) prescribe that Non-schools members, other than those who represent early years providers, must not vote on matters relating to the formulae to be used by the local authority to determine the amounts to be allocated to schools and early years providers in accordance with regulations made under sections 47 and 47a of the Act.

Action for Schools Forum

6. To advise the Director of Children's Services in respect of the proposed mainstream formula funding changes effective from 2013/14.

Attachments to Report

7. Appendix 1 – Consultation Outcomes at 30 September 2012 (with closing date 5 October 2012).

Karen Cocker
Children's Services Finance Manager
2 October 2012

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Background

2. As the Department for Education (DfE) support the movement towards a national funding formula in the next Spending Review period (2015/16 onwards), it is their intention to simplify the local arrangements for distributing funding to schools and other providers from 2013/14 as a transitional phase.
3. The DfE School Funding Reforms documentation which was finalised in June 2012 will therefore require all local authorities to significantly amend their local funding formula from the 2013/14 financial year.
4. This will be achieved by reducing the current list of 37 approved DfE formula factors to a maximum of 13 from 2013/14. This is to ensure that most funding is pupil-led and that decisions taken locally are transparent and easily understood. For Dudley only 8 formula factors are proposed. Two factors are not relevant to Dudley. Budget Working Group through its discussions considered that the remaining three were not relevant at this time, but would be kept under review.
5. In response to the DfE school funding reforms and in preparation for the next financial year, the Director of Children's Services issued a consultation document on 12 September with a closing date of 5 October 2012. The recommendations within the document were following detailed discussions and financial modelling which had taken place through Headteachers Consultative Forum – Budget Working Group during the Summer 2012 term.
6. The eight questions included in the consultation related to those areas where Dudley has discretion in the application of the local funding formula in respect of the distribution of budgets to schools from 2013/14; most of the school funding reform document implementation is mandatory.

7. The eight questions covered:
- a. Based on Table 1 do you agree with the proposed 8 factors?
 - b. Do you agree that funding for deprivation be allocated on the basis of IDACI (Income Deprivation Affecting Children Index)
 - c. Do you agree that the local funding formula for Dudley should include a factor to reflect pupils with English as an Additional Language (EAL)?
 - d. At what value should the lump sum allocated to schools in Dudley be set?
 - e. Do you agree that the local funding formula for Dudley should include a factor to reflect funding for post 16 pupils as detailed at item 8 in Table 1?
 - f. Do you agree Dudley's Notional SEN budget is set at £6,000 in line with the Government's strong recommendation?
 - g. Do you agree that the maximum financial gain for each school for 2013/14 compared to 2012/13 funding be capped by scaling back the gain to a percentage which generates sufficient funding to cover the cost of Minimum Funding Guarantee (MFG) in 2013/14?
 - h. Do you agree that where a mainstream school or Academy school's total notional SEN budget is less than £6,000 per high needs pupil then the additional top up funding to a value of up to £6,000 per high needs pupil, will be made available to the school from the high needs block?
8. Dudley's revised funding formula methodology will be implemented from 2013/14, however, in order to return the local authority's funding proforma to the Education Funding Agency (EFA) by 31 October 2012 there is a need to make early decisions in respect of the 8 questions above.

Consultation Recommendations

9. The School Funding Reforms consultation closes on 5 October 2012 therefore at the time of issuing this report the final consultation responses had not been received. Therefore the consultation responses at Appendix 1 are based on the responses received to date and a further and final update of Appendix 1 will be provided at the Forum meeting on 16 October.
10. The Director of Children's Service is responsible for proposing and deciding on changes to the local funding formulae for Dudley schools. As part of this process then Schools Forum must be consulted and it is normal practice to discuss the proposals with Headteachers Consultative Forum – Budget Working Group.
11. Whilst the Director's decision on this matter is final, Schools Forum members (excluding non school members other than the representative of the early years providers) are invited to give any advice in respect of the proposed changes or the consultation questions outlined in paragraph 7, before a final decision is reached.
12. Appendix 1 outlines a summary of the responses received to date.

Finance

13. The funding of schools is prescribed by the Department for Education (DfE) through the School Finance (England) Regulations 2012 to be replaced in 2013 by the School and Early Years Finance (England) Regulations 2013.
14. Schools Forums are regulated by the Schools Forums (England) Regulations 2012.
15. From 1st April 2006, the Schools Budget has been funded by a direct grant: Dedicated School Grant (DSG).

Law

16. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

Equality Impact

17. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

Recommendation

18. Schools Forum members (excluding the non school members other than the representative of the early year's providers) are invited to give a view in respect of the School Funding Reform consultation proposals, as outlined in paragraph 7 of this report. This will enable the Director of Children's Services to be informed of Forum's view before making a final decision before the 31 October 2012 in respect of the eight formula funding questions outlined in the School Funding Reform consultation.



Jane Porter
Director of Children's Services

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Schools Funding Reform Consultation Responses at 30 September 2012

Appendix 1

Consultation Questions		Yes		No		No Opinion	
		Primary	Secondary	Primary	Secondary	Primary	Secondary
1	Do you agree with the proposed 8 factors?	24	1			1	
2	Do you agree that funding for deprivation be allocated on the basis of IDACI?	24	1			1	
3	Do you agree that the local funding formula should include a factor to reflect pupils with English as an Additional Language?	25	1				
4	At what value should the lump sum allocated to schools in Dudley be set? £100k ; or £130k	25	1				
5	Do you agree that the local funding formula for Dudley should include a factor to reflect funding for post 16 pupils?	17		2		6	
6	Do you agree Dudley's Notional SEN budget is set at £6,000 in line with the Government's recommendation?	24	1			1	
7	Do you agree that the maximum financial gain for each school for 2013/14 compared to 2012/13 funding be capped by scaling back the gain to a percentage which generates sufficient funding to cover the cost of Minimum Funding Guarantee (MFG) in 2013/14	25	1				
8	Do you agree that where a mainstream school or Academy school's total notional SEN budget is less than £6,000 per high needs pupil then the additional top up funding to a value of up to £6,000 per high needs pupil, will be made available to the school from the high needs block	25	1				

Additional Comments School Funding Reforms Consultation

Question 1 - 8 Formula Factors

- **Yes** - Given the constraints the choice of factors seems to be the fairest method of allocation.
- **Yes** - The methodology seems as open and transparent as could be.
- **Yes** - It appears very fair and appropriate.
- **Yes** - Many of the factors included are prescribed by the DfE. Other factors chosen for inclusion, such as EAL, are an attempt to reflect the local situation.
However, I can see no justification for the inclusion of the Post 16 Per-Pupil Factor. This is an ex mainstreamed Standards Fund Grant.
Why is this grant being included as a factor when other grants such as Leadership Incentive Grant which was also mainstreamed has been excluded?
The level of the Standard Lump Sum Factor is a major cause for concern as this is causing the most turbulence for schools, particularly those schools serving disadvantaged communities.
As a general comment, I cannot believe that Dudley LA is proposing a formula that takes away huge amounts of funding from schools serving deprived communities.

Question 2 - IDACI

- **Yes** - I would accept the HTCF-BWG recommendations
- **No** - We must ensure our most deprived children receive the most support but the cost effectiveness of this needs careful consideration.
- **Yes** - It is more equitable treatment to base deprivation funding on.
- **Yes** - IDACI is a much fairer way of allocating deprivation, than the current FSM or IMD data.
- **Yes** - This method takes account of more factors than just post code districts.
- **Yes** - The IDACI methodology seems to capture the most students.
- **Yes** - This seems a fairer 'all round' method.

Question 3 – EAL

- **Yes** - Only if school data shares when they under perform.
- **Yes** - The increasing need of such a funding driver across the borough should be reflected in the local formula.
- **Yes** - This is increasingly an issue across the authority in our opinion.
- **Yes** - The increasing need of such a funding driver across the borough should be reflected in the local formula.
- **Yes** - I am pleased that the formula tries to stop double funding for some pupils.
- **Yes** - With the demise of EMAS it is essential that schools receive some measure of resource to help support the language development of EAL students and support them to access the curriculum.

Question 4 - Lump Sum

- **£130k** - As budgets are further eroded, this lump sum could be vital to smaller schools in terms of maintaining staffing.
- **£130k** - To protect small primary schools. To redress the balance between large secondary schools and primary schools.
- **£130k** - To maintain the status quo
- **£130k** - Important to maintain local funding formula ratio as to diminish this would seem inappropriate.

- **£130k** - To maintain the status quo
- **£130k** - Primary schools, particularly small primary schools, need time to adjust to these new arrangements. £100,000 would result in even larger deficit in many schools. £130k does not result in growth, but will help to cushion some of the loss.
- **£130k** - Using the base data supplied with the consultation as a starting point, choosing either allocation under the proposed methodology would result in 64% of pupils across the authority – about 27,000 pupils - benefiting from a cash gain at their school compared to currently. The £100k lump sum allocation would skew the gains in favour of secondary schools, so that schools with 14,400 of these 27,000 pupils would be of secondary age – 73% of secondary pupils. This would leave 13,200 pupils in primary schools gaining under this methodology – only 54% of primary pupils. Choosing the £130k lump sum allocation would distribute the gainers more equally among the sectors, so that 64% of primary pupils (15,600 pupils) and 65% of secondary pupils (12,100) would experience a cash gain under the new formula. This would fulfil the nationally stated agenda of early intervention by ensuring more primary schools benefit from the new formula, and would also limit the losses of secondary schools to a similar proportion of pupils to the primary school sector in Dudley. **(Comment came from 4 schools)**
- **£130k** - This will only maintain the current position.
- **£130k** - The lump sum should cover the major cost of the school building and all the associated costs so that the pupil allocated part of the formula can be used exclusively for the education of the pupils.
- **£130k** • It is crucial that through these changes the balance of funding between primary and secondary sectors is not changed; this lump sum will maintain the 'status quo'.
 - 'Early Intervention' is well recognised as an important strategy; early impact is about beginning to narrow gaps in attainment as soon as possible well before children enter the secondary sector. We need to target funding towards the early years.
 - £30,000 is a particularly substantial amount within a primary school budget and any loss means a reduction in staffing; potentially the impact of this would be widening of achievement gaps with less targeted support available.
- **£100k** - One of the principles behind these reforms is that funding should be driven by pupil related factors. On this basis, I would prefer no lump sum at all and to see this funding allocated through the basic per pupil element of the formula.
If there has to be a Lump Sum it should be set at a maximum of £60K. If the Lump Sum is set any higher it causes major turbulence and takes funding away from schools serving disadvantaged communities.
- **£130k** - Smaller schools need time to adjust to changes and the figure of £130,000 offers a better profit ensuring staffing.
- **£130k** - In consideration of any future budget cuts, this figure would be more appropriate to respond to the needs of the children.
- **£130k** - This will help primary schools to cope with changes to their budgets over the next few years.

Question 5 - Post 16 Factor

- **No opinion** - I can see no justification for the inclusion of the Post 16 Per-Pupil Factor. This is an ex mainstreamed Standards Fund Grant. Why is this grant being included as a factor when other grants such as Leadership Incentive Grant, which was also mainstreamed, has been excluded?

Question 6 - Notional SEN at £6,000

- **Yes** - As it has been recommended
- **Yes** - Looks like we have no REAL choice in this matter
- **No opinion** - This element has serious implications for our school budget, as we will not have sufficient funds under IDACI, or pupil premium for our SEN pupils. I appreciate that the Government have tied our hands on this one, so I can neither agree nor disagree with the proposal.

- **Yes** - I do have concerns about the future in this area; we may need to reconsider in the future.
- **Yes** - It appears we have no other option!
- **Yes** - Schools are very worried about the changes for statementing funding. I have pupils from Birmingham and Sandwell and will find it difficult to engage with them to claw back money.

Question 7 - Capping Criteria Proposed

- **Yes** - Some form of transitional damping is required, as major gainers would probably end up with large surpluses in the short term. (**Comments from 2 Schools**)
- **Yes** - Some transitional relief for schools is essential when the overall picture is to change massively for some.
- **Yes** - ONLY in the short term, this will give the "losing" schools the chance to put their "house in order" before the full effect of the funding hits.
- **Yes** - Giving the losing schools breathing space to manage the annual loss of funding is essential.
- **Yes** - Our School will benefit from this for the two years.
- **Yes** - We do need to move to a complete application of this new formula as soon as possible.
- **Yes** - This is essential in order to allow a smooth transition to the new arrangements, prevent serious long term damage to schools serving disadvantaged communities and prevent even more schools being drawn into MFG.
- **Yes** - But I hope that schools who have gained will benefit from that gain next year.

Question 8 - Top up to Notional SEN £6,000 from High Needs Block

- **Yes** - The changes in SEN funding are going to massively hinder the way schools provide for these most vulnerable pupils. All that can be done to preserve SEN funding should be done.
- **Yes** - I fear that with the forthcoming changes to SEN funding certain schools will be 'statement free' whilst others will become schools known to accommodate our most needy. If this happens those schools who morally take the right path may be penalised both financially and in terms of progress data.
- **Yes** - Ensures a level playing field
- **Yes** - The proposed "banding framework" is critically important in apportioning funding to the children who need it most.
- **Yes** - Very important where children need more than £10k support per year.
- **Yes** - They seem to be the fairest way forward given national direction.
- **Yes** - The proposed "banding framework" is critically important in apportioning funding to the children who need it most.
- **Yes** - If one of the principles is equity then this is a sensible arrangement.

Additional Comments

- I appreciate the hard work that has gone into trying to sort out the formula.
- In order that primary schools are able to cope with budget cuts in the future the 130k model should be chosen.
- I cannot believe that Dudley LA is proposing a formula that takes away huge amounts of funding from schools serving deprived communities. I understand that Pupil Premium sits outside the Formula but Pupil Premium does not allow the same flexibility as revenue funding.