Schools Funding Reform

Briefing for Headteachers and Governors
Lord Hill Hotel, Shrewsbury
26 September 2012
Briefing

• Overview of reforms and impact on Shropshire’s funding formula
• Feedback on work of Schools Forum and their key recommendations
• Illustrative case studies
• Practical things you can do
• How to feed back your ideas
Overview

• March 2012 - Secretary of State announced simplified arrangements for distributing schools funding through the Dedicated Schools Grant (DSG)

• The planned move to a national funding formula has been delayed until the next spending review period – 2015/16 at the earliest

• However, significant changes are required to local funding formulae from April 2013 to ‘pave the way’ for the new national formula
Government’s Intended Outcomes

• Maintaining local discretion over funding
• Ensuring as much funding as possible reaches schools
• Equivalent/consistent funding between maintained schools and Academies
• Better understanding in schools of the basis on which they are funded
• Supporting the needs of pupils
• More responsive to pupil numbers and demands from parents
Shropshire Context

- Shropshire Schools Forum reviewed and implemented its current local formula in 2011/12
- Note that the current local formula will impact on schools in 2013/14 even without the reforms
- Key principles of the current formula are: transparency, fairness, equity for all pupils, pupil numbers to drive funding, sustainability, simplicity, stability and flexibility
- These principles have been maintained as Schools Forum have revisited the formula in the light of the new Government guidance
Shropshire Context

• There is a high level of prescription in the guidance which restricts local flexibility
• Schools Forum has taken every effort to produce a formula that best fits current arrangements and minimises turbulence
• However, the resulting changes are far-reaching, significant and will have a major impact as funding is redistributed among schools
• Continuation of the Minimum Funding Guarantee (MFG) – at minus 1.5% - offers protection for the next two financial years
Arrangements for 2013/14

• DSG 2013/14 will be based on DSG received in 2012/13 and will remain ringfenced
• The only new money in schools’ budgets will be via delegation of some centrally retained budgets
• DSG will be split into 3 notional blocks (not ringfenced), based on 2012/13 planned spend:
  • Schools Block
  • Early Years Block
  • High Needs Block
Schools Block

Key areas considered by Schools Forum:

- Allowable formula factors
- Exceptional factors
- Lump sum
- Notional SEN budget
- Minimum Funding Guarantee
- New delegation and de-delegation
Allowable Formula Factors

• Number of allowable factors in the local formula are reduced to 12
• Government’s intention is for the majority of funding to be distributed through basic per-pupil entitlement
• Shropshire’s current factors have been mapped to the allowable factors and revisions proposed
• Guidelines minimise ability of the formula to target funding or to offer protection to individual schools or groups of schools
• Formula data will be drawn from the October census
Allowable Formula Factors - Impact

- Factors no longer allowed: floor area, Broadband, primary operational subsidy, service children, management top-up
- A ‘lump sum’ factor has been introduced
- 3 year averages will be replaced with 1 year ‘snap-shots’ – eg FSM and prior attainment
- Different prior attainment data will be applied
- SEN bands 2-4 – no longer targeted, with funding to be allocated via a new notional SEN budget (see later)
Exceptional Factors

- Authority can apply to the Secretary of State for an exceptional factor to be included within the formula.
- Approval has been secured to continue funding joint use leisure facilities as an exceptional formula factor.
- Schools Forum have recommended that this exceptional circumstance is funded within the formula in 2013/14 to allow for legal contracts, staffing and community use issues to be resolved ahead of April 2014.
Lump Sum

- One of the key factors in the new formula is the ‘lump sum’
- This factor will apply to all schools irrespective of size and circumstance and will, in essence, replace former variable funding factors in the formula
- The guidance sets an upper limit of £200k
- Schools Forum has undertaken significant work on this area and are recommending that a lump sum of £62k provides the least turbulence and lowest standard deviation
Notional SEN Budget

- Schools will receive a notional SEN budget within their budget share from which they have to meet the needs of pupils with low cost, high incidence SEN.
- They also have to contribute up to £6k (as recommended by the DfE) towards the provision for pupils with high needs.
- The Government definition of a high needs pupil is one requiring provision costing more than £10k per year.
- Shropshire pupils with a band 5-8 statement are deemed to be high needs.
- The reforms in this area are significant.
Notional SEN Budget

• Constrained by allowable factors with limited ability to target funding to actual pupils with SEN
• Funding delivered in 3 elements:
  - Element 1 - core education funding – basic per pupil entitlement
  - Element 2 - additional support funding – generated by deprivation and low prior attainment factors
  - Element 3 – a ‘top-up’ based on the cost of education provision for the individual pupil
• Schools Forum are finalising construction of the notional SEN budget and considering the need for a contingency for high needs pupils joining schools part way through the year
Minimum Funding Guarantee (MFG)

- The Government has announced that the MFG will continue at minus 1.5% for 2013/14 and 2014/15
- While this will minimise the turbulence resulting from the changes in the formula, it is recognised that there will be a significant impact on some schools
- The Government will be considering ‘looser’ arrangements from 2015/16 onwards, around the time of the proposed move to a national funding formula
New Delegation and De-delegation

• A number of currently centrally retained budgets for schools support services have to be initially delegated to maintained primary and secondary schools
• Some of these budgets can be de-delegated back to the local authority to continue providing the services centrally on behalf of schools
• Where funds cannot be de-delegated, schools can choose to pool resources to secure support services
• New responsibilities will be placed on schools as they take on control of some of these funds
• No longer require a separate calculation for Academies
New Delegation

• In line with Government guidelines the following centrally retained budgets will be fully delegated to schools from April 2013:
  - 14-16 practical learning diplomas
  - primary school meals
  - administration of free school meals
  - contribution to library services
• Note that the first two budgets cannot be de-delegated
De-delegation

- Schools Forum are **recommending** that the following funds are de-delegated back to the local authority from April 2013:
  - contingency for primary school growth
  - insurance against landlord responsibilities
  - maternity cover
- Schools are yet to finalise their decision on the de-delegation of the trade union/public duties budget
Primary Schools Meals

• Delegation from April 2013 will be based on FSM and pupil number factors
• For a large number of primary schools this will not meet the current costs of their hot meals service
• A letter has gone out to all primary schools and catering staff to alert them to this issue
• Briefing sessions are taking place on 9 October to provide further details and outline the options
• Shire Services will be arranging to meet with individual schools and/or groups of schools
Early Years Block

- The Government is not proposing many changes to the main elements of the Early Years Single Funding Formula (EYSFF)
- However, the reforms no longer allow a premises factor within the EYSFF
- Redistribution of this element on a pupil-led basis will cause some turbulence across individual early years settings
High Needs Block

• A clearly identified notional High Needs Block within the DSG

• Scope includes special schools, further education, alternative provision and ‘top up’ funding (Element 3 in mainstream schools)

• Funding will be delivered to specialist providers on a mixture of a place-led and pupil-led basis called ‘place-plus’
High Needs Block

- Schools Forum is still developing models for funding specialist providers in line with the Government’s reforms.
- Special needs places increase from year to year and place increased pressure on the DSG, impacting on schools’ budgets.
Impact of the New Formula

• Outcomes from initial modelling – purely indicative
• Further work on notional SEN budget is required to minimise turbulence further
• Based on 2012/13 data
• Subject to change based on feedback from schools and any further required analysis
• Subject to formula being approved by EFA
• Actual 2013/14 individual school budgets will be based on the October 2012 census data
Impact on individual schools before MFG
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Impact on individual schools after MFG
What planning can you do?

• Understand your unique school data and how it’s used to calculate your current budget share
• Consider the impact of the funding reform changes on each factor
• Analyse your October census data and consider the impact of this data on your budget
• Remember that the MFG will protect any overall funding reduction
Next Steps

• Feedback from schools following briefing – to gwyneth.evans@shropshire.gov.uk by Wednesday 17 October
• Schools Forum to approve formula on 25 October
• LAs to submit pro-forma containing information about the simplified formula to EFA by 31 October
• The EFA will check for compliance with the regulations
Any questions?