



Haringey Council

The Children and Young People's Service

Report to Haringey Schools Forum

**Agenda Item
9**

Report Status

For information/note
For consultation & views
For decision

Report Title: School Funding Reform 2013-14

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Purpose:

**To inform members of the proposed reform of school funding,
To note Haringey Council's draft response to the consultation, and
To appoint a Working Party to consider funding options.**

Recommendations:

**That members note the proposed School Funding Reforms.
That members note Haringey Council's draft response to the
consultation.
That the Forum appoint a Working Party to consider the funding
options.**

1. Background and Introduction.

- 1.1. The previous government began consultation on changes to the national system for funding schools. The present Government has continued down this path and previously issued two consultations on the introduction of a national funding formula. The proposed changes had significant implication both to the way resources were distributed between Local Authorities (LAs) and how resources were delegated to schools or retained centrally.
- 1.2. A further consultation was issued at the end of March 2012. This set out scaled down proposals for change from April 2013 with further changes to follow in the next Comprehensive Spending Review (CSR). The new proposals are, in the main, limited to how existing resources are distributed between schools and centrally retained services. However, the DfE have recognised the case for a higher Area Cost Adjustment for Haringey, Newham and Barking and Dagenham. An outline of the proposals is set out in section 2 and the consultation questions and our draft responses in Appendix 1.

2. Proposed Changes from April 2013.

2.1. General.

- 2.1.1. From April 2013 the DSG will be allocated through three, non ring-fenced, blocks:
 - a. A Schools Block, including centrally retained education services;
 - b. A High Needs Block, including budgets for special schools and the former Young Peoples Learning Agency (YPLA) funding for Further Education Special Education Needs (SEN).
 - c. An Early Years Block.
- 2.1.2. We expect that Haringey's DSG will also include an adjustment reflecting a higher Area Cost Adjustment.
- 2.1.3. The proposals include timing differences that will need to be incorporated in the Schools Forum and Council's budget setting timetable.

2.2. Schools Block.

- 2.2.1. The pupil count for the Schools Block will, for 2013-14, be brought forward from January 2013 to October 2012. This will have implications for Local Authorities and individual schools as school rolls are generally greater in January than October. The value of the Schools Block will be confirmed in December allowing the main schools budget share to be set much earlier than is currently possible.

- 2.2.2. The regulations will require as much as possible from the former centrally retained elements of the Schools Block to be delegated to schools, this will include the funding for:
- a. Contingencies,
 - b. Assessment of FSM eligibility,
 - c. Retained staffing costs such as union representation,
 - d. Support for minority ethnic or under achieving pupils, including in Haringey funding currently retained for school improvement,
 - e. Behaviour Support Services.
 - f. 14-16 Practical Learning Options.
- 2.2.3. The representatives of each phase of maintained schools on the Schools Forum can vote to 'centrally retain' the funding (i.e. by giving it back – a process known as de-delegation) so as to continue central services for that phase. Academies would receive this funding through their formula allocations removing the need for a separate Local Authority Central Services Equivalent Grant (LACSEG) deduction from the Schools Budget (but with different arrangements continuing for the Formula Grant element). Central services not funded through de-delegation can continue to be offered through a traded service.
- 2.2.4. The DfE will allow Local Authorities to retain funding for historic commitments including:
- a. Contribution to combined services,
 - b. Certain costs not normally charged to the Dedicated Schools Budget (DSB) but allowed when savings in the DSB give rise to additional costs outside it, including SEN transport.
 - c. Prudential borrowing costs.
- 2.2.5. Local Authorities will also retain funding for statutory duties such as:
- a. Admissions,
 - b. Servicing the Schools Forum,
 - c. Carbon Reduction Commitments (CRC),
 - d. Revenue contributions to capital.
- 2.2.6. Funding, including that set out in section 2.2.2, will be delegated to schools through a greatly simplified formula. For Haringey this will only allow a maximum of eight factors:
- a. Basic per pupil funding. This will only allow for two or three age related values: one for all primary ages and one or two for secondary ages, depending on the outcome from consultation.
 - b. Deprivation factors; these will be restricted to for Free School Meals Eligibility (FSME), Income Deprivation Affecting Children Index (IDACI) or a combination of the two.
 - c. English as an Additional Language (EAL), limited to three years.

- d. High incidence, low cost SEN. This would be allocated through prior attainment as a proxy factor, achievement in the Early Years Foundation Stage Profile for primary schools and at KS2 for secondary schools.
 - e. Looked After Children.
 - f. Split sites,
 - g. Rates,
 - h. A single lump sum for each school regardless of size or phase and further limited in value to between £100k and £150k.
- 2.2.7. The proposals do not allow for any factor to recognise in year growth in forms of entry or to guarantee minimum funding levels. Local Authorities are expected to provide for this in contingencies. However, these will initially be delegated to all schools and academies but can be handed back by maintained schools only if agreed by a phase's representatives on the Schools Forum.
- 2.2.8. The DfE have been made aware of the difficulty this imposes on Local Authorities in meeting statutory duties to place children. It is also clear that the restriction on the number of factors and the limit on the size of lump sums will tend to disadvantage smaller schools.
- 2.2.9. There will be no nationally imposed ratio between primary and secondary funding but LAs should be mindful that this may be imposed in the future. The national range is from 1:1.10 to 1:1.50 with an average ratio of 1:1.27. Haringey is towards the higher end of this range at 1:1.42.
- 2.2.10. The DfE are also considering whether there should be a de-minimis percentage for the basic allocation or pupil led funding.
- 2.2.11. Protection. Schools in 13-14 and 14-15 will continue to receive protection through a simplified Minimum Funding Guarantee (MFG) set at -1.5%. To fund this Local Authorities will be able to impose 'ceilings' on gaining schools.

2.3. High Needs Block.

- 2.3.1. Generally the Local Authority will act as commissioner in securing high needs provision for pupils and students up to the age of 25. The block, based on 2012-13 budget allocations, will cover the following:
- a. Support for statemented pupils above a threshold,
 - b. Special schools and specially resourced provision,
 - c. Support services for SEN and Inclusion,
 - d. Payments for SEN to other Local Authorities and independent schools,
 - e. Education out of school
 - f. Pupil Referral Units and Support Centres (PRU/PSC)

- g. Post 16 SEN including 16-25 year olds in Further Education and Independent Specialist Providers (ISPs).
- 2.3.2. High Cost Pupils in mainstream settings. The present arrangement provides for the delegation of the full value of a statement once a threshold, currently £8,300 is passed. Below the threshold a school is expected to provide support from delegated Additional Education Needs (AEN) funding. The proposal for 2013-14 is that the assessed cost, probably banded, of educating a high needs child will be met from three levels of resource:
- a. Element 1 - Core education funding – the Age Weighted Pupil Unit (AWPU), from the Schools Block, or from mainstream per pupil funding from the Education Funding Agency (EFA) for students aged 16+.
 - b. Element 2 -Additional support funding – about £6,000 from the schools delegated budget. Resources for this will use prior attainment as a proxy factor. This also comes from the schools block. For 16+ pupils this will come as part of Additional Learning Support (ALS) from the EFA.
 - c. A top-up from the High Needs Block to meet the additional needs of the child.
- 2.3.3. Special Schools and specially resourced provision. There will be a major change to the way these are funded. There will be only two allocations, a base allocation of around £10,000 for an agreed number of places plus top-up payments, probably banded, reflecting actual pupils and their needs. For 2013-14 LAs will be required to set the top-up such that if the school were full with home Local Authority pupils the total funding for the school/unit would be at least 98.5% of this year's allocation.
- 2.3.4. Post 16 Specially Resourced Provision – Sixth Form Centre. The proposed arrangement is for the Centre to receive core educational funding from the EFA's national 16-19 funding system plus additional support of about £6,000 for each student. Top-up funding will be provided by the Local Authority from the High Needs Block.
- 2.3.5. Pupil Support Centre. Funding for Alternative Provision will be similar to special schools with planned places funded at around £8,000 with any top-ups provided either by the Local Authority or schools acting as commissioners.
- 2.3.6. Recoupment and provision at independent settings. The methodology for this sector is still developing but it is expected that there will be a more direct link between commissioners and individual settings. Independent providers may receive core funding from the EFA with top-ups from Local Authorities or the full cost from Local Authorities.

2.3.7. The Local Authority will also be expected to top-up provision for students up to the age of 25 in Further Education and Independent Specialist Providers (ISPs).

2.4. Early Years Block.

2.4.1. This will include centrally retained services for under 5's plus funding through the Early Years Single Funding Formula (EYSFF). There will not be major changes but where formula factors overlap with schools they will be restricted in the same way. The allocation will continue to be based on 2012-13 updated in summer 2013 for the January 2013 data and adjusted again for the January 2014 count.

2.4.2. The current arrangements provide funding for a minimum of 90% of the Local Authority's three year old population. This will be phased out by 2014-15; 2013-14 will be a transitional year with funding for 85% of three year old.

2.5. Pupil Premium.

2.5.1. This is unaffected by the proposed changes.

2.6. Central Education Services Funded Through Formula Grant.

2.6.1. These services are outside the Dedicated Schools Budget but are covered by LACSEG arrangements for academies. There are proposals to move funding for these services from Formula Grant to a specific DfE grant to facilitate the calculation of LACSEG.

2.7. Schools Forum.

2.7.1. No change in powers for 2013-14 but some change in arrangements. Those affecting Haringey's Schools Forum are:

- a. A limit on the number of LA attendees. Only the lead member, the Director or her representative or those presenting papers or providing technical advice will be allowed to attend.
- b. Only school and Private Voluntary and Independent (PVI) members will be allowed to vote on the funding formula.
- c. Meetings must be open to the public.
- d. The EFA will have observer status.

2.7.2. Other changes in the longer term may include:

- a. A maximum cap on membership.
- b. The reduction or removal of non-school members.

2.7.3. A requirement for an independent secretariat.

2.8. Consultation Responses.

2.8.1. The consultation period will have ended before the Forum meets; the draft response from Haringey Council is attached as Appendix 1.

3. Work Plan.

- 3.1. The timescale for implementation is extremely tight. A pro-forma setting out our proposed funding formula must be submitted to the Education Funding Agency (EFA) by the end of October. We plan to report on the initial modelling to the Forum on 12th July and to send out consultation documents to schools before the end of the summer term. The outcome of this will be reported back to Forum on 27th September and if necessary further fine tuning and consultation will then take place. It may be necessary to arrange for an additional meeting of the Forum towards the end of October.
- 3.2. We recommend that the Forum appoint a Working Party to consider the various options for the funding formula. It is likely that the Party will have several meetings in the latter part of June and early July and thereafter as necessary.

4. Recommendations.

- 4.1. **That members note the proposed School Funding Reforms.**
- 4.2. **That members note Haringey Council's draft response to the consultation.**
- 4.3. **That the Forum appoint a Working Party to consider the funding options.**