

Appendix A.

Changes to School Funding from April 2013.

Background and Introduction.

1. The previous government began consultation on changes to the national system for funding schools. The present Government has continued down this path and has 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.
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) period starting in April 2015. 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 (ACA) for Haringey, Newham and Barking and Dagenham. An outline of the current proposals is set out in the next section.
3. The outcomes of the most recent consultation were announced on 29th June and have been reflected in this note. In general terms most of the changes following consultation have been positive.

Changes from April 2013.

General.

4. The Dedicated Schools Grant (DSG) is a ring-fenced education grant currently allocated as a single sum. From April 2013 it will be allocated in three blocks, although LAs in consultation with their Schools Forum can move resources between them. The three blocks are:
 - a. A Schools Block, including resources for 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.
5. We expect that Haringey's DSG will be increased by a higher Area Cost Adjustment which we have estimated to amount to £7.3m in total across all three blocks.

Schools Block.

6. 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. However, the DfE have indicated that the overall sums distributed through the DSG will be maintained through a 'grossing up' of the base unit of funding to counteract lower numbers of pupils.
7. The DfE will also allow for uplift in reception age pupil numbers, reflecting the difference in the numbers for that age group between October and January. It expects this uplift to be passed on to the schools affected.
8. The value of the Schools Block will be confirmed in December allowing schools' budget share to be set much earlier than is currently possible.
9. 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. Most contingency items;
 - b. Assessment of FSM eligibility;
 - c. Retained staffing costs such as union representation;
 - d. Support for minority ethnic or under achieving pupils;
 - e. Behaviour Support Services; and
 - f. 14-16 Practical Learning Options.
10. 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.
11. 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.
12. 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.
13. Funding, including that set out in paragraph 9, will be delegated to schools through a greatly simplified formula. For Haringey this will only allow a maximum of ten 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.
 - b. Deprivation factors; these will be restricted to 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 but with a different value allowable for each phase.
 - 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 £200k.
 - i. Mobility. An additional allowable factor added after the most recent consultation and allowing the costs associated with pupils joining or leaving a school outside of the normal admission times to be reflected.
 - j. Post 16. A factor that did not originally appear in the proposals but has been added following consultation and which recognises that, although Post 16 funding is now provided by the Education Funding Agency (EFA), many LA's have supplemented from DSG resources. This includes Haringey where additional support for Post 16 SEN has been provided.
14. In addition, the proposals now allow for in year growth in forms of entry to be recognised for expanding schools.
15. Initially 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 between 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 and the Forum will be asked to consider whether, and if so, at what pace convergence of the ratio should take place.
16. Schools in 2013-14 and 2014-15 will continue to receive protection through a simplified Minimum Funding Guarantee (MFG) set at minus 1.5%. To fund this Local Authorities will be able to impose 'ceilings' on gaining schools.

High Needs Block.

17. 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) (Alternative Provision)
 - g. Post 16 SEN including 16-25 year olds in Further Education and Independent Specialist Providers (ISPs).

18. 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, including but not necessarily limited to the High Incidence Low Cost SEN factor (above) which uses 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 any additional assessed needs of the child above the (assumed) level of £10k implied by elements 1 and 2 above.

19. 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.

20. 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.

21. 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.
22. 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.
23. 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).

Early Years Block.

24. 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 as set out above. The allocation will continue to be based on 2012-13 numbers updated in summer 2013 for the January 2013 data and adjusted again for the January 2014 count.
25. The current arrangements provide funding for a minimum of 90% of the Local Authority's three year old population (higher where provision is above the 90% level). This will be phased out by 2014-15 when funding will be wholly based on provision levels; 2013-14 will be a transitional year with funding for 85% of the three year olds population. Haringey currently provides for around 77% of the 3 year old population and so there are potentially significant implications of this change.

Pupil Premium.

26. This is unaffected by the proposed changes.

Central Education Services Funded Through Formula Grant.

27. 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. Further details on the operation of Formula Grant LACSEG are still awaited.

Next Steps.

28. 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 2012. A Schools Forum working party has been constituted and has met to give initial views on modelled options.