

WIRRAL COUNCIL

SCHOOLS FORUM – 27th SEPTEMBER 2011

REPORT OF INTERIM DIRECTOR OF CHILDREN'S SERVICES

CONSULTATION ON SCHOOL FUNDING REFORM

1.0 EXECUTIVE SUMMARY

- 1.1 A detailed consultation paper has been issued by the Department for Education with proposals to introduce a new national funding formula for schools and academies (with local flexibility) and to make changes for the funding of High Cost Pupils and distribution of the Pupil Premium.

A working group of the Schools Forum met on 19th September to agree the initial response to the questions asked in the consultation paper. This is attached for discussion at the meeting.

2.0 MAIN CONSULTATION POINTS

2.1 Timescale

A new system could be introduced either in 2013-14 or 2015-16 at the start of a new funding period.

The current system for distributing the Dedicated Schools Grant (known as "Spend Plus") will continue until 2012-13. As a result local decisions will need to be taken before the budget is finalised, regarding the distribution of former grants within the formula (such as School Development Grant) and if formula elements (such as Free School Meals) should be up-dated.

2.2 National Funding Formula for each school

The position regarding a National Funding Formula has changed. School funding will continue to be paid to Local Authorities, who will agree with the Schools Forum the funding for schools and academies. The local schools formula and amounts will not be nationally determined.

Local funding formulae will have fewer formula factors which may require some changes – admissions, looked after children and school meals are not elements within the current proposals.

2.3 Academies

Academies will be funded by the Education Funding Agency (EFA). Academy budgets will no longer be lagged – data will be consistent with maintained schools. These may in future be calculated by local authorities.

It is proposed that the EFA have a regulatory roll in schools funding and formulae.

2.4 Funding Formula

The National Funding Formula to Local Authorities will consist of 4 blocks which will not be ring-fenced:

1. Schools Block – made up of the delegated budget to schools and some central budgets such as Behaviour Support, MEAS and Contingency. This block will be used by the DfE to calculate a notional budget for each school or a notional pupil budget (to use as a comparison with actual schools budgets).
It will replace the need for the Schools Budget element within the Local Authority Central Spend Equivalent Grant (LACSEG) for Academies. Maintained schools can also receive funding for support services or agree that funding can be retained centrally (via the Schools Forum).
2. High Needs Block – made up of delegated budgets to special schools and central SEN spend.
3. Early years – delegated budgets to early years providers and central costs.
4. Central block – this is a small block covering non delegated school items such as admissions.

The new formula will move funding between schools and local authorities. It will be introduced with transition (floors and ceilings). The level of MFG will determine how quickly the changes are introduced (and the level of turbulence experienced). If a limit of minus 1.5% (MFG) is used then progress will be slow. There is no information available to show the impact of changes on schools or LA's.

2.5 Schools Forum

The Schools forum is currently a consultative body . The paper outlines proposals to ensure the Forum is representative of all schools and to give decision making powers over funding formulae and allocations.

2.6 LACSEG

This was part of an earlier consultation over the summer, seeking views about the top slice from all authorities in 2011-12 and 2012-13 and whether this should be amended to take more account of academy numbers in different areas. The outcome from this is not yet known, locally the view was that changes now would introduce a level of uncertainty in the budget cycle and therefore the current proposals should remain.

With the introduction of a new schools formula the DfE propose that LACSEG for LEA services is also changed. In future this may match the formula distribution to LA's

2.7 Special Schools and Alternative Provision

This area looks at place funding and asks questions about if there should be a move to pupil funding or a hybrid model. This would help to tackle surplus places (and any unfair incentives to fill special schools).

It is recognised that costs in this block have increased significantly, would initially be based on levels of historic spend and that formula for SEN should take more account of Disability Living Allowances and less account of Deprivation.

2.8 Pupil Premium

The Pupil Premium will remain separate from the main funding formula. Future years allocations will increase (although this may not be in a straight line). Distribution will change to cover either pupils who have received Free School Meals in the last 3 years or the last 6 years – the latter measure may disadvantage primary schools. This change will however broaden the entitlement to a pupil premium and may reduce the proportion of grant received in Wirral.

3.0 RECOMMENDATION

- 3.1 That the Forum note the report and respond to the consultation paper as outlined.

David Armstrong
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