

**SLOUGH SCHOOLS FORUM**  
**16 May 2012**

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**Implications of School Funding Reform and arrangements for 2013-14**  
**(Director of Education & Children's Services)**

**1 PURPOSE OF REPORT**

- 1.1 To inform Schools Forum of the implications of School Funding Reform and arrangements for 2013-14 announced by the DfE.

**2 RECOMMENDATIONS**

- 2.1 That Schools Forum notes the implications and work required.

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 All maintained schools, Academies and PVI providers will be affected by the changes arising from the school funding reform and arrangements for 2013-14. It is important that there is a widespread understanding of the implications and work required in order to implement the changes.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Not applicable.

**5 SUPPORTING INFORMATION**

- 5.1 On 26 March, the Secretary of State for Education issued a consultation on Schools Funding Reform and arrangements for 2013-14. Although the consultation asks for a response to specific questions, the document sets out most of the arrangements for 2013-14. Alongside the consultation document, operational guidance has been issued to assist local authorities and their schools forums in planning the local implementation of the reformed funding system for 2013-14.
- 5.2 It is essential that work on this starts now. The implementation timetable is challenging; the key deadline is end of October 2012 by which time the LA is required to submit a pro-forma to the DfE.
- 5.3 The changes for the period 2013-14 are stepping stones towards the DfE aspiration of implementing a national funding formula from 1 April 2015.

**Simplifying local funding arrangements**

- 5.4 The key changes are:
- Maximise delegation of funding to schools and Academies,

- Fair funding formula: reduction to 10 allowable factors and possible thresholds for per-pupil / pupil led funding and the primary / secondary ratio,
- Earlier indicative and final budgets for maintained schools and Academies,
- Minimum funding guarantee (MFG) to be based on limited exclusions,
- Schools Forum arrangements, including restriction to voting arrangements on funding formula,
- Academy funding: no longer based on LACSEG recoupment and no time-lag,
- Free schools to be funded on same basis as maintained schools and Academies, and
- Funding for 14-16YO in FE colleges: full time provision possible, with funding based on 4 factors.

5.5 In addition, the DfE have confirmed that the minimum funding guarantee (MFG) protection will be set at -1.5% for 2013-14 and 2014-15. The Education Funding Agency (EFA) will have a compliance role, in addition to overseeing local arrangements.

5.6 These changes will require the local authority, working with Schools Forum to review the fair funding formula in order to create a new, simpler formula. In order to meet the DfE deadline at the end of October 2012, it will be necessary to consult schools on proposals in September / early October.

### **Improving the way local areas are funded**

5.7 The Dedicated Schools Grant (DSG) is to be split into 3 blocks (schools, high needs and early years) and funding will be based on the October pupil count. The change from using the January pupil count will enable all indicative and final budgets to be issued earlier and end the current time-lag for Academy school funding.

5.8 The Early Years block will however, continue to be funded based on the January count and updated for retrospective changes in pupil numbers. In addition, the 90% floor for 3 year old participation will be phased out resulting in a loss to Slough Schools Budget of £63,000 in 2013-14.

5.9 The High Needs block will fund education from birth to 25 and the detailed changes are discussed below.

5.10 The Schools block will be the balance of the 2012-13 Schools Budget.

5.11 The Schools Budget, endorsed by Schools Forum at their meeting on 18 April, was £92m. This comprised Individual School Budgets £82m, school specific contingency £1m and local authority managed budgets £9m. Under the new arrangements, it is estimated that the Schools Budget 2012-13 comprises High Needs block £17m, Early Years block £8m and Schools Block £67m.

5.12 Within the Schools Block, initial analysis suggests the following breakdown.

<b>Element</b>	<b>£m</b>
Continued delegation	60.6
New delegation	0.2
Possible de-delegation	1.3
Historic commitments	1.4
Statutory responsibilities	0.3

5.13 Continued, new and possible de-delegation budgets would be delegated to maintained schools and Academies using the new, simpler formula. It would be possible for all maintained schools in a phase group to agree de-delegation for specific budgets. The local authority would continue to manage historic commitment and statutory responsibility budgets.

### **Improving arrangements for High Needs pupils and students**

5.14 The proposed arrangements support both the Green paper and the Taylor report. For the first time, high needs is defined as pupils and students with needs costing in excess of £10,000. The arrangements will apply from birth to 25 and all providers will be funded on a consistent basis.

5.15 Reformed funding will be based on a new methodology called place-plus. There will be three elements of funding:

- Element 1 – core funding (AWPU in mainstream settings),
- Element 2 – additional funding (notional SEN budget for maintained settings), and
- Element 3 – top-up based on assessed need.

5.16 Under place-plus, funding in mainstream settings will comprise elements 1 and 2. Core funding will comprise the relevant AWPU and additional funding will be delivered through a notional SEN budget. The expectation is that the combined element 1 and 2 budget will be c£10,000.

5.17 Funding for specialist settings will be based on £10,000 per commissioned place. Top-up funding will come from the commissioner, either Slough or another local authority, based on assessed need. This arrangement is not applicable to Early Years. Further detail is awaited for how this arrangement will be applied to independent and INMSS providers.

5.18 Place-plus will be a significant change for specialist settings. Slough special schools for example, currently receive place-led funding £5.6m, supplements £0.4m and fair funding formula funding £2.7m. The local authority manages recoument for pupils who are placed by other local authorities. Under the proposals, the special schools will receive £10k for each commissioned place. Top-ups, which in some cases will be significant, will then be paid by the commissioner whether Slough or another local authority. The special schools will take on responsibility for recovery of the top-up funding. Special schools will require robust support to adjust to the new arrangements.

- 5.19 There will also be consistent funding for post 16 SEN and LDD students and providers.
- 5.20 Alternative provision settings will also move to place-plus funding. The proposed level of base funding is £8k for each commissioned place. Top-up funding will come from the commissioner, whether the local authority (permanent exclusions) or schools (fixed term exclusions). The implications of these changes are largely consistent with those for special schools, although the increased mobility will provide additional challenges.
- 5.21 Further details are awaited on arrangements for hospital schools.
- 5.22 Roles and responsibilities within this place-led system are clarified for providers, commissioners (schools, Academies and local authorities) and the EFA. For the local authority, the arrangements remove the need for the recoupment process under which other local authorities are charged for pupils placed in Slough schools.
- 5.23 The DfE recognise that, due to the scale of change for specialist and alternative provision providers, transitional protection will be required. There is an expectation that 2013-14 funding will be distributed on the basis of 2012-13 actuals.

### **Simplification of Funding Arrangements for Early Years**

- 5.24 The Early Years Single Funding Formula (EYFSS) is relatively new, so as a result less change is proposed in this area.
- 5.25 The allowable factors within the EYSFF will be reduced and include a requirement that the deprivation factor is based on the circumstances of the child, as opposed to the setting.
- 5.26 As previously stated, the 3YO floor reduces to 85% for 2013-14 and then to nil for 2014-15. As Slough participation is in excess of 85% but under 90%, there is a small loss of £63,000 in 2013-14 and future years.
- 5.27 Currently, the YPLA fund Academies which opened before September 2010 for 3 and 4 year old early education. In future, all providers will be paid by the local authority.

## **Conclusion**

- 5.28 The arrangements set out above will require significant work by the local authority, supported by Schools Forum, over the next six months to ensure that Slough is in a position to implement the arrangements for the financial year 2013-14. The key points in the timetable leading through to next year's budgets are:

Mar-Apr	LAs complete section 251 budget statements
Apr-Jun	LAs undertake detailed modelling of new formula in conjunction with schools forum
May-Sep	LAs able to request exceptional factors and MFG exclusions to EFA
Jun-Oct	Consultation with all schools and Academies on new formula
By Jul	Reconstitution of schools forum where necessary
To Sep	EFA will confirm baselines with LAs once section 251 statements have been submitted
End of Oct	LAs submit pro-forma to EFA
Dec	Census data and schools/high needs blocks confirmed
Mid Jan	LAs submit any final changes to pro-forma to EFA

- 5.29 A workplan, setting out the detailed tasks and deadlines is attached at Appendix A.
- 5.30 Local authority officers will work with individual schools and groups to try and ensure that there is a robust understanding of the proposals and their implications.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 The relevant legal provisions are contained within the main body of this report.

### Section 151 Officer – Strategic Director of Resources

- 6.2 The financial implications of the report are outlined in the supporting information.

### Access Implications

- 6.3 There are no access implications.

## 7 CONSULTATION

### Principal Groups Consulted

7.1 None.

### Method of Consultation

7.2 Not applicable.

### Representations Received

7.3 Not applicable.

### Background Papers

Consultation document and associated reports on the consultation section of the DfE website

### Contact for further information

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