

**SLOUGH SCHOOLS FORUM**  
**12 September 2012**

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**School Funding Reform 2013-14**

**Proposed Arrangements – Notional Schools Block**

**(Director of Education & Children's Services)**

**1 PURPOSE OF REPORT**

- 1.1 To inform Schools Forum of the proposed arrangements for the notional Schools Block for the financial year 2013-14.

**2 RECOMMENDATIONS**

- 2.1 That Schools Forum notes the notional Schools Block Analysis, endorses the draft consultation proposals for a simpler, compliant 5-16 funding formula for schools and endorses the associated arrangements for the notional Schools Block 2013-14.

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 Schools Forum has a key role in the implementation and approval of the reformed funding arrangements.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Not applicable.

**5 SUPPORTING INFORMATION**

- 5.1 Members of Schools Forum will recall that in March 2012, the Department for Education (DfE) issued consultation on School Funding Reform: Next Steps towards a Fairer System and in June issued School Funding Reform: Final Arrangements 2013-14. The implementation of the new arrangements from 1 April 2013 will be challenging in view of the considerable changes required within tight timescales.

- 5.2 Each year, Schools Forum approves a statutory Schools Budget which allocates budgets between the ISB (individual school budgets), school specific contingency and local authority managed budgets. The Schools Budget is mainly funded through the Dedicated Schools Grant (DSG), supplemented by 6<sup>th</sup> form funding from the Education Funding Agency and a Slough contribution towards PFI costs. In future, the DSG will be split into three notional blocks: Schools, High Needs and Early Years.

- 5.3 This report focuses on the decisions to be made within the Notional Schools Block, including the requirement to implement a compliant 5-16 formula for funding Slough maintained primary and secondary schools and Academies. The notional Schools Block has been derived from an analysis of the 2012-13 statutory section 251 budget return as follows:

Gross DSG £128.235m

Notional High Needs Block £19.790m

Notional Early Years Block £8.699m

Notional Schools Block £99.746m.

#### Retained Budgets

- 5.4 The budgets for Admissions (£277,530), Servicing of Schools Forum (£53,055), Capital Expenditure Funded from Revenue (£149,100) and Contribution to Combined Budgets (£1,192,735) can continue to be centrally retained. No new commitments or increases in expenditure from 2012-13 budgets are allowed. Schools Forum approval is required to confirm these amounts.
- 5.5 The budget for 14-16 practical learning options (£339,000) must now be delegated to all maintained schools and Academies and cannot be de-delegated. Maintained schools and Academies could buy into services where relevant.
- 5.6 The budgets for contingencies (£122,000 after Growth Fund and reduction in final DSG), Staff costs – supply cover (£40,000) and Behaviour Support Services (£587,000 for primary and secondary schools and Academies) now also have to be allocated through the formula but can be de-delegated for maintained schools only. Following consultation on the issue of de-delegation, a final decision will be made by the relevant phase members of Schools Forum.
- 5.7 A budget for funding significant pre-16 pupil growth can be centrally retained before allocating formula with the agreement of Schools Forum. Slough proposes to hold a Growth Fund of £384,000, comprising former contingency funding for school places and significant September intake. Schools Forum approval is required to the specific criteria for allocations from the Growth Fund. The proposed criteria, relating to new forms of entry and bulge classes, will be subject to consultation before a final decision is made by Schools Forum.
- 5.8 Local authorities are responsible for approving and applying a formula, meeting statutory requirements, to distribute funding to schools. The reform arrangements require the creation of a new, simpler pre-16 funding formula.
- 5.9 The major changes are the reduction in allowable formula factors from 37 to 12 factors, the requirement to only use Department for Education (DfE) issued datasets and the move from a January to October pupil count for Schools Block funding and school budget share purposes.
- 5.10 The current primary and secondary formula factors have all been reviewed and assessed for compliance. In addition, a joint meeting of Slough Strategic Education Forum (SSEF) and Schools Forum members on 7 September provided officers with a policy steer. The general steer was that a great deal of work has

gone into developing the current Slough formula to target funding to meet local needs so that, as far as possible, mapping should distribute funding in line with the current formula. The DfE issued a modelling tool to support authorities and detailed work has taken place during the summer to develop a proposed formula for Slough.

- 5.11 The formula must include two mandatory factors, namely a basic per-pupil entitlement and a deprivation factor. In addition, there are a further ten optional factors that can be used depending on local need.
- 5.12 There is a process by which local authorities can request the inclusion of additional factors in their formula for exceptional circumstances. The DfE intend through regulation that the additional factors will only apply to cases where the nature of the school premises gives rise to significant additional cost greater than 1% of the school's total budget, and where such costs affect fewer than 5% of the schools in the authority. Slough does not believe that any such exceptional formula factors are required so does not intend to submit a case to the Education Funding Agency (EFA).
- 5.13 The DfE dataset includes Reception uplift data which will be applied to the overall funding distributed to Slough through the notional Schools Block DSG. The data is calculated using the net difference in numbers on roll in Reception between the October 2010 and January 2011 census. Local authorities will have the choice to either apply the uplift to all their schools or to none of their schools. Subject to consultation, it is not intended that a reception uplift is applied in distributing funding to schools.
- 5.14 The Minimum Funding Guarantee (MFG) will continue to be set at minus 1.5% per pupil in 2013-14 and 2014-15, albeit that the calculation will be substantially simplified. Factors will only be excluded from the MFG where not doing so would result in excessive protection or be inconsistent with other policies. The only factors which will be automatically excluded from the MFG are:
- Post 16 funding from the EFA;
  - Allocations from the High Needs Block, including those for named pupils with SEN and Resource Units above the sum delegated through the notional SEN budget;
  - The lump sum;
  - Rates; and
  - Early Years Single Funding Formula Allocation (separate protection).
- The proposed formula has been modelled using the MFG of -1.5% per pupil with the exceptions listed above. Exceptional requests to disapply the MFG can be made to the EFA but will only be considered where the inclusion of a factor in the MFG will lead to significant inappropriate levels of protection. Slough does not intend to submit a request to disapply the MFG for specific factors or schools.
- 5.15 Attached at Appendix A is a draft Consultation Document and supporting appendices. The document sets out the current and proposed arrangements, including the proposed 5-16 formula which takes into account the new statutory requirements. The effect for each school and recouplement Academy of moving from the existing formula to the new formula is also demonstrated.

- 5.16 Formal consultation will follow Schools Forum and is planned to run from Thursday, 13 September until Thursday, 11 October. In addition to sending out the consultation document to all schools and Academies, three consultation sessions are planned. All head teachers, Governors and Bursars are encouraged to attend.
- 5.17 A verbal update on any feedback from the consultation will be provided to members of Schools Forum on 3 October, before a final report regarding feedback and final proposals to Schools Forum on 24 October. Following Schools Forum on 24 October, CMT will formally approve the Slough 5-16 formula on behalf of elected members. The completed Slough proforma will then be submitted to the DfE on 31 October.

## **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 proposed changes will be managed within the Dedicated Schools Grant funding envelope. The specific financial implications for the local authority, maintained schools and Academies are being kept under review and will be reported to Schools Forum as appropriate.

### Access Implications

- 6.3 There are no access implications.

## **7 CONSULTATION**

### Principal Groups Consulted

- 7.1 SSEF.

### Method of Consultation

- 7.2 Joint meeting with members of Schools Forum.

### Representations Received

- 7.3 Not applicable.

### Background Papers

DfE School Funding Reform: Next steps towards a fairer system (March 2012)  
DfE School Funding Reform: Arrangements for 2013-14 (June 2012)  
Schools Forum papers – April to July 12 (including Schools Budget 2012-13;  
School Funding Reform - various)

DfE 2013-14 Revenue Funding Arrangements: Operational Guidance for Local Authorities  
DfE School Funding Reform: Financial Modelling Tool v3, including technical guidance

Contact for further information

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