TRAFFORD COUNCIL

Report to:	**Executive Member**
Date:	**12 October 2012**
Report for:	**Decision**
Report of:	**Corporate Director, Children & Young People's Service**

Report Title

School Revenue Funding Reform

Summary

The Secretary of State for Education has announced arrangements to try and simplify the school revenue funding system for 2013-14. It is aiming to introduce a new approach to high needs funding that will help to improve transparency, quality and choice for young people and their families. The objective of the new arrangements are to help secure greater consistency and equity in how funding is distributed to schools to move towards a pupil-driven funding system promoting choice and raising quality.

As part of the timetable to achieve this reform each Local Authority has to submit a revised formula based on the new guidance to Education Funding Agency (EFA) by 31st October 2012. This requires substantial revision of the current Dedicated Schools Grant (DSG) creating three notional blocks of funding;

- Early Years
- Schools
- High Needs

The Local Authority is responsible for proposing and deciding upon the allocation of funding and the criteria used in the formula but must formally consult with the School Funding Forum and schools.

Due to the timescale for submission of the information to EFA we have previously requested the Key Decision is delegated to Executive Member for Education. Proposals and recommendations were submitted to the School Funding Forum on the 18th September 2012. The outcome of this consultation with Funding Forum was that they unanimously voted to accept the recommendations. All schools have since been informed of the decision and given the opportunity to comment, although we have not received any responses.

Recommendation(s)

To approve the recommendations agreed by School's Funding Forum at their

meeting on the 18th September 2012 regarding the School Funding Reform as contained in this report

Contact person for access to further information:

Name: John Pearce, Director Commissioning, Performance & Strategy, CYPS
Extension: 5100

Implications:

Relationship to Policy Framework/Corporate Priorities	Report has an integral link to corporate priority: 'Preserving Educational Excellence'
Financial	Funding reform will have a significant impact on the allocation of funding to Schools, although this is mitigated by the Minimum Funding Guarantee. Some risks identified in the report to centrally retained budgets including Behaviour Support and English as an Additional Language (EAL) from 2014/15. School finance team have a critical role in interpreting the technical notes attached to the guidance to ensure any financial implications are identified.
Legal Implications:	School funding reform is being undertaken as a result of statutory guidance referenced in Section 1.5 of the report.
Equality/Diversity Implications	A key component of the funding reform proposals are to establish a high needs block of funding targeted at equitable support for children and young people with special educational needs. Key risk in relation to behaviour support and EAL has implications for equality and diversity.
Sustainability Implications	None identified
Staffing/E-Government/Asset Management Implications	Staffing implications may arise depending on the impact of the new formula on centrally retained services.
Risk Management Implications	N/A
Health and Safety Implications	N/A

1.0 Background

1.1 School funding is distributed through the Dedicated Schools Grant (DSG) which is ring fenced and allocated to schools based on a funding formula decided upon by the Local Authority (LA) in consultation with the School Funding Forum. Although funding for Academies comes from the Education Funding Agency (EFA) rather than the LA their allocation of funding is still based on the same LA formula used for all schools in the area.

1.2 In Trafford incremental changes to the parameters used to calculate the Funding formula have been introduced on an annual basis. As is the case in most LA's this

means a complicated formula has developed and evolved based on some specific issues and anomalies as they have arisen.

1.3 To simplify the process and ensure it is equitable the government is committed to establishing a national schools funding formula. As a first step towards a national formula proposals to reform the school revenue funding system have been published confirming the arrangements for 2013-14.

1.4 These arrangements establish a new approach with three notional blocks of funding covering early years, schools, and high needs. A key component of the reform is the high needs funding block for those children with special educational needs. It is intended to improve transparency, quality and choice for young people and their families. The new arrangements will also help to secure greater consistency and equity in how funding is distributed to schools and will move towards a pupil-driven funding system which promotes choice and raises quality.

1.5 This is supported by a Department for Education (DfE) document *School Funding Reform: Arrangements for 2013-14* which sets out the proposals following the formal consultation period and confirms requirements for 2013-14. The full document is available at the following link;
http://media.education.gov.uk/assets/files/pdf/s/school%20funding%20reform%20-%20final%202013-14%20arrangements.pdf

1.6 The guidance documents were published by DfE on the 28th June 2012. Since then working groups of officers and headteachers have been considering the implications for both the schools block and the high needs block. There has been excellent engagement from schools and key officers in this process and proposals from both working groups were presented to the Schools Funding Forum on the 18th September 2012.

1.7 Schools Funding Forum unanimously accepted the recommendations proposed as detailed in section 2 below.

2.0 Recommendations proposed and agreed at School's Funding Forum 18th September 2012.

2.1 The split of funding between the primary and secondary sectors should remain the same as the current (2012/13) split;

All statemented funding should be put in the high needs block;

No funding should be transferred to the Early Years block for schools until the DfE have clarified what changes are to be made to the EYSFF in the future;

One rate should be used for secondary schools for Basic Entitlement instead of 2 (KS3 & 4);

All monies currently allocated for threshold pay should be allocated to basic entitlement;

The following services should be de-delegated for maintained schools:
Contingencies
Support for schools in financial difficulty

Licences/subscriptions
Staff costs supply cover (mainly maternity)

The above services will still need to be delegated to Academies so Basic entitlement should be used for all;

Monies for school milk to be delegated through basic entitlement to primary schools only;

Behaviour Support Service (BSS) & EMAS (Ethnic Minority Achievement Service) should be de-delegated. The funding will be delegated to Academies using deprivation for BSS and EAL (English as an Additional Language) for EMAS (the Funding Forum are insistent that these 2 services are reviewed for 2014/15 with the possibility of SLAs being introduced);

EAL funding should be provided to pupils with EAL up to the maximum of 3 years;

All De-Delegation of Budgets to be reviewed for 2014/15;

Free School Meal (FSM) Ever 6 should be used not FSM;

50% IDACI and 50% FSM Ever 6 should be used to allocate deprivation;

50% of the funding previously allocated through the catering factor should be allocated through FSM Ever 6;

The LA should not apply to secretary of state for infant class size funding to be excluded from the MFG calculation; and

The scenario allocating 75% via Basic entitlement, £150,000 lump sum, 50% FSM 50% IDACI & using 5 IDACI bands should be submitted to the DfE on the required pro-forma by the 31st October. Appendix 1 shows the allocations by school and the amounts that schools will win and lose.

2.2 The Minimum Funding Guarantee (MFG) will continue at -1.5% and must be financed during the transition by capping increases to schools under the new formula.

2.3 Since School's Funding Forum, all schools have been consulted on the decision made and what this means for each school, and given the opportunity to comment, although we have not received any responses.

2.4 Appendix 2 is the presentation that was delivered to Funding Forum on the 18th September.

3.0 Timeline and Decision Making

3.1 The information submitted to EFA on 31st October 2012 will cover the split between the three notional blocks and the parameters to be used within the Schools block. Decisions on key factors relating to inclusion of funding in the schools block have been taken prior to the deadline for submission to EFA on 31st October 2012. However further work on the detailed formula to be used for allocation of the funding within High Needs block will continue beyond that point.

3.2 LAs have the opportunity to submit final school budget pro-forma, and underlying data, to EFA by 18th January 2013 using the October 2012 Census data.

4.0 Reason for Recommendation

4.1 To ensure the Council complies with the directions from the Secretary of State for Education relating to schools funding by the appropriate deadlines.

Finance Officer Clearance *(type in initials)*.....*PH*.....
Legal Officer Clearance *(type in initials)*.....*PD*.....

CORPORATE DIRECTOR'S SIGNATURE *(electronic)*