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**Meeting:** Schools Forum  
**Date:** 22 October 2012  
**Subject:** School Funding Reform: Arrangements for 2013/14  
**Report of:** Deputy Chief Executive and Director of Children's Services  
**Summary:** To note the update on the Funding Consultation with Schools and propose the formula factors for distribution of the DSG for 2013/14

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Contact Officer: Dawn Hill, Technology House

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency  
(if appropriate)

**RECOMMENDATIONS:**

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| <b>1.</b> | <b>To note the School Funding Reform Consultation process.</b>  |
| <b>2.</b> | <b>To propose the following factors are included for distributing the Dedicated School Grant School Block for the 2013/14 financial year:</b> <ul style="list-style-type: none"><li><b>i) Basic Entitlement for Primary, Key Stage 3 and Key Stage 4</b></li><li><b>ii) Deprivation based on weighted banded IDACI data</b></li><li><b>iii) Lump Sum £120,000</b></li><li><b>iv) Split Site £120,000</b></li><li><b>v) Rates based on actual cost</b></li></ul> |
| <b>3.</b> | <b>To propose that those schools that gain due to the change in formula factors are capped at a sufficient rate to fund the Minimum Funding Guarantee.</b>  |
| <b>4.</b> | <b>To propose to de-delegate Facilities Time for the following phases:</b> <ul style="list-style-type: none"><li><b>i) Lower Schools</b></li><li><b>ii) Upper Schools</b></li></ul>   |
| <b>5.</b> | <b>To propose to de-delegate School Specific Contingency for the following phases:</b> <ul style="list-style-type: none"><li><b>i) Lower Schools</b></li><li><b>ii) Middle Schools</b></li><li><b>iii) Upper Schools</b></li></ul>  |

## Background

1. Since the beginning of the financial year 2006/07 local authorities have received allocations of Dedicated Schools Grant (DSG) to finance the Schools Budget in each authority. The DSG is a specific ring-fenced grant based on historical spending levels. The allocation is the full time equivalent number of pupils as at January census multiplied by the Guaranteed Unit of Funding (GUF) applicable to each local authority. The GUF for Central Bedfordshire is £4,658 for 2012/13.
2. The Department for Education (DfE) held 2 Consultations in 2011; 'Rationale and Principles' and 'Proposals for a fairer system'. The second Consultation proposed replacing the current schools funding distribution mechanism. The aim for a transparent, fairer and less complex system.
3. On the 26<sup>th</sup> March 2012, the Department for Education (DfE) launched a third Consultation 'Next steps towards a fairer system' which ended on the 21<sup>st</sup> May 2012. This consultation built on how a fairer system may be implemented and operated. The final arrangements for 2013/14 were announced on the 28<sup>th</sup> June 2012.

## Funding Arrangements 2013/14

4. From 2013/14 the DSG will be split into three notional blocks; Schools (£142.5M), Early Years (£10.5M) and High Needs (£20.9M). Authorities are free to move funding between the blocks provided that they comply with the requirements of the Minimum Funding Guarantee (MFG) and central expenditure. The entire Schools block must be delegated to Schools with a few exceptions.
5. There will be no additional funding before at least 2015. The DfE have confirmed they will introduce a national funding formula in the next Spending Review period. The 2013/14 settlement will be based on 2012/13.
6. In order to support the movement towards a national funding formula, all local authorities are required to simplify local arrangements for distributing funding to schools and other providers. The current School Funding Regulations allow authorities to use up to 37 funding factors within their formulae. Central Bedfordshire's local arrangements operate with 27. From 2013/14 only 12 factors will be permitted, two of which are not applicable to Central Bedfordshire.
7. Funding will be now based on October pupil census, uplifted to reflect the difference between October and January counts. Early Years will be calculated based on three January counts e.g. 13/14 estimates based on Jan 12, updated for Jan13 in the summer 2013 and adjusted at year end for Jan 14 count.
8. The Minimum Funding Guarantee (MFG) is set at negative 1.5% per pupil for both 2013/14 and 2014/15. There will be a separate Early Education MFG for all providers for the first time but only for the base rates.

## Consultation with Schools

9. Following extensive discussions between the LA and the Technical Funding sub group of the School Forum, modelling work was carried out during the summer break and well considered before proposed formula were put forward. The draft School Funding Consultation Document was presented to the full School Forum on the 3<sup>rd</sup> September 2012. Following full agreement the Consultation document was launched on the 4<sup>th</sup> September 2012 with an end date of 28<sup>th</sup> September 2012. A Frequently Asked Question (FAQ) document was also provided to help with initial questions. Schools and Governors were advised in July 2012 that the Consultation responses would need consideration during September 2012.
10. Articles were placed in both Central and Governor Essentials highlighting the consultation and reminders posted. Finance surgeries were held at both Dunstable and Shefford to allow schools to discuss their own individual circumstances. Forty three people attended which represented twenty eight schools. The FAQ's were updated and made available through Central Essentials following those discussions. A revised Financial Summary was also provided as requested to show the increase in Pupil Premium in 2013/14.

## Consultation Responses

11. The Technical Funding sub group met with LA officers on the 3<sup>rd</sup> October to discuss the analysis of the consultation responses.
12. Seventy responses were received, including two late submissions. This represented 58 schools; 50 Maintained schools and 8 Academies. Some schools sent in multiple responses and it was agreed for the purpose of the analysis has been counted as one per school. The table below shows the response per phase:

Phase	Number of School responses	Schools in phase	Response per phase
Nursery	1	4	25%
Lower	41	95	42%
Middle	9	24	38%
Upper	5	10	50%
Special	2	3	67%
<b>Total</b>	<b>58</b>	<b>136</b>	<b>43%</b>
<b>Maintained</b>	50	100	50%
<b>Academy</b>	8	36	22%

13. The following table shows each question asked and grouped the number of responses that either strongly agreed or agreed together and compared to those that strongly disagreed or disagreed. The percentage column shows the number of responses in favour of the proposals compared to those against, as a percentage of the overall responses.

Question	Number of responses that Strongly Agreed + Agreed	Number of responses that Strongly Disagreed + Disagreed	Agree	Against
Separate unit values for KS 3 and KS 4	28	3	48%	5%
Banded IDACI to direct Deprivation funding	41	8	71%	14%
Exclude LAC as a factor	33	13	57%	22%
Exclude HILLN as a separate factor and distribute through basic entitlement	34	18	59%	31%
Exclude EAL as a factor	27	18	47%	31%
Lump Sum of £120,000	38	15	66%	26%
Rates funded on actual	52	0	89%	0%
Exclude PFI as a factor	32	0	56%	0%
Cap schools that gain to fund MFG	41	11	71%	19%

14. It was agreed that the FAQ would be further updated to cover some confusion that is still evident from the general comments provided in the consultation responses. This has been distributed through Central Essentials week ended 5<sup>th</sup> October 2012 (Appendix A).

15. EAL was also further discussed; there are 55 pupils across Central Bedfordshire schools that are registered as EAL in year one of entering compulsory school age. The numbers are low across Central Bedfordshire schools and the amount provided per school would be small.

16. A definition had also been provided for split site and has been updated following the consultation responses. Eligibility for the factor is focused on single schools, based on two or more sites, each separated such that they do not share a common boundary and where use of a public highway is necessary to travel between each distinct site. Each site must be centres of class teaching and learning.

17. It was confirmed that the exclusion of PFI as a factor would be revisited in 2014/15.

### **De-Delegation**

18. The entire School Block must be delegated to schools with a few exceptions, one of which is where Schools Forum agrees that a service should be provided centrally. Funds are allocated through the Schools Individual Formula in the first instance. De-delegation only applies to the Maintained sector and has therefore removed the need for the DSG Local Authority Central Spend Equivalent Grant (LACSEG) for Academies.

19. Where a service is to be provided centrally, School Forum approval must be given for each individual phase.

20. The two services that were included in the consultation were Facilities Time (Union representation at meetings etc) and School Contingency (Closing and re-organising schools, schools in financial difficulty etc).

21. The table below shows the number of responses for both Academy and Maintained schools for each central service. The proposal will be made based on Maintained schools only; Academy responses have been included for information only.

Academies	Number of responses that Strongly Agreed + Agreed			Number of responses that Strongly Disagreed + Disagreed		
	Lower	Middle	Upper	Lower	Middle	Upper
Facilities Time	0	1	2	0	1	1
School Contingency	0	1	2	0	1	1

Maintained	Number of responses that Strongly Agreed + Agreed			Number of responses that Strongly Disagreed + Disagreed		
	Lower	Middle	Upper	Lower	Middle	Upper
Facilities Time	22	1	1	5	3	0
School Contingency	24	2	2	3	2	0

22. A query is still outstanding from the Department as to the treatment of de-delegation for Nursery and Special Schools as these schools are funded from outside of the Schools Block.

23. The proposals for de-delegation will be based on the consultation responses and subject to School Forum agreement per phase. Middle school de-delegation for Facilities Time will therefore not be recommended as a proposal for 2013/14 due to 3 out of the 5 responses being against the proposal.

### **Growth Funds**

24. Funds can be retained from the Schools Block before allocating formula, with agreement of School Forum, for funding significant pre-16 pupil growth and expenditure incurred in order to make provision for extra classes (to comply with School Admissions (Infant Class Sizes) Regulations). Funds must be used on the same basis for the benefit of both maintained schools and Academies.

25. Any funds remaining at the end of the financial year must be added to the following year's DSG and reallocated to maintained schools and Academies through the local formula.

<p>26. Local Authorities are required to produce criteria on which any growth funding is to be allocated, and set out the circumstances in which a payment could be made and a basis for calculating the sum. The criteria will need to be proposed to the Schools Forum and again its agreement before growth funding is allocated. The LA will also need to consult on the total sum to be top-sliced from each phase and must regularly update the Schools Forum on the use of the funding.</p>
<p>27. Criteria and details for payment are currently being drafted and will be brought to a future meeting of the School Forum.</p>
<p><b>Pupil Premium</b></p>
<p>28. Pupil Premium is in addition to the Schools Block and will remain a separate grant in 2013/14, although the Departments long term intention is to merge with the DSG. The Premium for 2013/14 has increased to £900 and will continue to be based on Ever 6 (Free School Meals). The summary Financial Model has been updated to include a memorandum column to show the increase in Pupil Premium for 2013/14 (Appendix B).</p>
<p><b>Recommendations of the Technical Funding Group</b></p>
<p>29. The sub group agreed that the proposals in the Consultation would be put forward to School Forum for agreement.</p>

**Appendix A:** Frequently Asked Questions updated 2<sup>nd</sup> October 2012

**Appendix B:** Summary Financial Model updated for memorandum Pupil Premium