



School Funding A New Direction

CYP Select Committee
4 July 2012



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What is happening?

Initial announcement and consultation Monday 26 March

Further information issued on **Friday 29 June**

The Department for Education is preparing to introduce significant change to **simplify** the way **school funding** (including academies and free schools) works at the local level from April 2013 onwards

The Department for Education has also signalled that there will be a move to a **national funding formula** in the next spending review period (2015/16 onwards)

Locally we will have to respond over the coming months, consulting on changes to our local funding formula and other arrangements. The timescales are challenging





Why is it changing?

The Department for Education believes that heads, principals and governing bodies should have much more control over funding. So more funding will be **delegated to schools in the first instance**. In most local authorities, this will mean more delegation to schools than previously.

94

Percent of schools budget delegated in Milton Keynes

7

/150 Local authorities delegate more than Milton Keynes



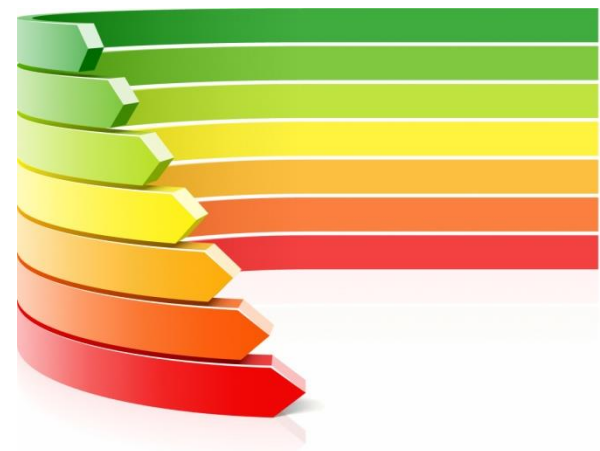
The Department for Education believes that **local formulae** are too complex. It says they create inconsistency and wants the emphasis to be on pupil led funding. They also make it difficult for the Education Funding Agency to calculate academy budgets.

37

Highest number of factors in use

20

Factors in use in Milton Keynes formulae



The Department for Education believes school budgets should be set earlier and is splitting Dedicated Schools Grant (DSG) into three notional blocks - **Schools Block**, **Early Years Block** and **High Needs Block** to enable the schools budget to be isolated and set earlier.

200

£m DSG received by Milton Keynes Council



The Department for Education believes that for local decision making to be consistent and fair, they need to 'secure greater confidence' in **Schools Forums** and ensure proportionate membership and limit the involvement of Local Authority attendees.

3 Year academy representation started in Milton Keynes

0 Number of 'excess' LA officers on our Schools Forum

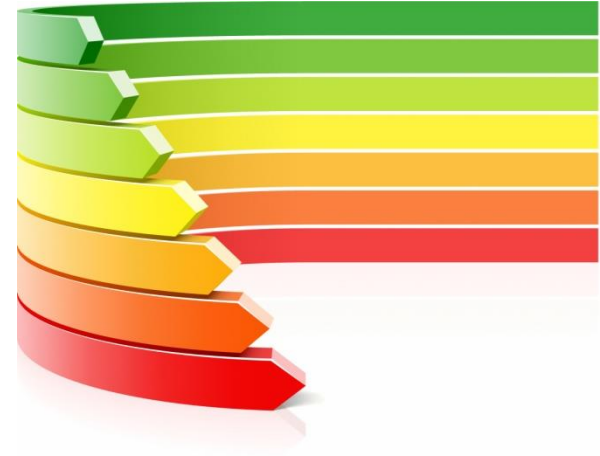
The consultation states 'Limit the number of other local authority attendees from participating in meetings unless they are a Lead Member, a Director of Children's Services (or their representative) or are providing specific financial or technical advice (including presenting a paper to the Schools Forum)





What does all this mean?

Early Years



Limited change

No major changes required to EYSFF

We can use any of the schools factors and the early years factors

Deprivation factor must be based on child circumstances not the setting

Pupil count will be adjusted throughout the year

Initially based on January 2012 and then updated termly in arrears

Schools Block



Pupil Count

Primary and Secondary Sectors

Count day will be first Thursday in October - Starting in 2012
No provision for funding pupils admitted 'in year' after count day

29 June update: Mobility can be a formula factor

Schools Block



All funding to schools initially delegated to schools

No need for some LACSEG payments to academy schools to continue
The only allowable exceptions will be:

Statutory functions

- Coordinated admissions
- Schools Forum administration
- Carbon reduction commitment

Prior commitments

- Capital expenditure from revenue
- Contribution to combined budgets
- Termination of employment costs
- Prudential borrowing costs

Spend not allowed to increase and with no new commitments
29 June update: Top slice for pupil growth to be permitted

Schools Block



All funding to schools except centrally retainable functions

Maintained schools can agree to fund a service centrally on the grounds of **economies of scale** or create a **contingency** on the grounds of pooled risk. Contingencies can be retained for a limited range of circumstances

The maintained school representatives on the Schools Forum can take decisions on 'de-delegation' on behalf of the whole LA maintained sector

Schools Block



Allowable Formula Factors

1. **AWPU** - One rate for primary and one (two?) rates for secondary
2. **Lump sum** - Same rate for all schools (£100k to £150k)
3. **Deprivation** - Measured by FSM, Ever 6 or IDACI (**now 6 bands**) only
4. **Low Costs High Incidence SEN** - Based on EYFS Profile and KS2
5. **EAL** - For first 3 years after entering compulsory school system
6. **Looked After Children**
7. **Split sites**
8. **NNDR**
9. **29 June update: Mobility**

Schools Block



Proposed approach

Underpinning principles:

1. The majority of current grant spend (not now an allowable formula factor) should be returned to individual schools budgets through basic of per pupil entitlement (AWPU).
2. The current level of funding allocated through pupil led factors that supplement basic per pupil entitlement (AWPU) should be maintained – and where funding is distributed through a pupil led factor which is no longer allowed then it should be realigned to the most appropriate allowable factor remaining.

Current Formula Element	Primary £'000	Secondary £'000
Mainstreamed grants	11,865	11,031
Personalisation	0	1,893
CAT scores	0	1,850
KS 1 reading scores	1,178	0
Tax credits – deprivation	1,005	658
Floor area	1,093	0
School action, action plus, and numbers of statements	278	207
KS 1 class size	354	0
Mobility	232	109
Differential lump sum according to school size	161	79
Admissions	43	49
Amalgamation funding	86	0
New school set up	23	48
Joint provision	0	69
Union duties	11	22



Schools Block



Minimum Funding Guarantee

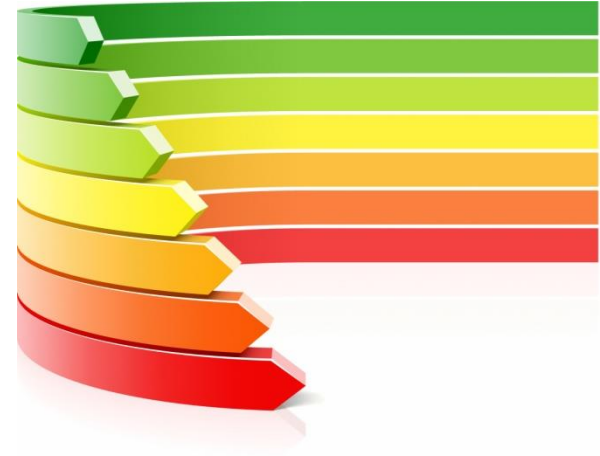
Simplified calculation that will only exclude post 16 funding, allocations from high needs block and lump sum factors

Set at **-1.5%** per pupil for 2013/14 and 2014/15 (consolidated)

Does not offer protection for falling rolls

Gains can be capped at a per pupil level to make changes affordable

Schools Block



Notional SEN in mainstream schools

Mainstream schools will continue to have a notional SEN budget

The local authority must decide the maximum level of funding which should be provided by mainstream schools before the school should access the high needs block - DFE recommends this level is set at £6,000

The local authority must define the circumstances where additional funding will be provided

High Needs Block



Coverage

Will include **all** funding for:

- Special schools
- All places in special units within mainstream schools
- Top ups for very high need pupils in mainstream schools
- Alternative Providers (PRUs/PECs)
- Independent providers where LA places very high need pupils

High Needs Block



Introducing 'Place Plus' Funding

Intended to make costs comparable between placements

Place led component (the **place**)

£10,000 per place for pre 16 specialist settings

£8,000 per place for alternative provision

Plus a pupil led component (the **plus**)

Top ups will be agreed with the commissioner based on individual need

High Needs Block



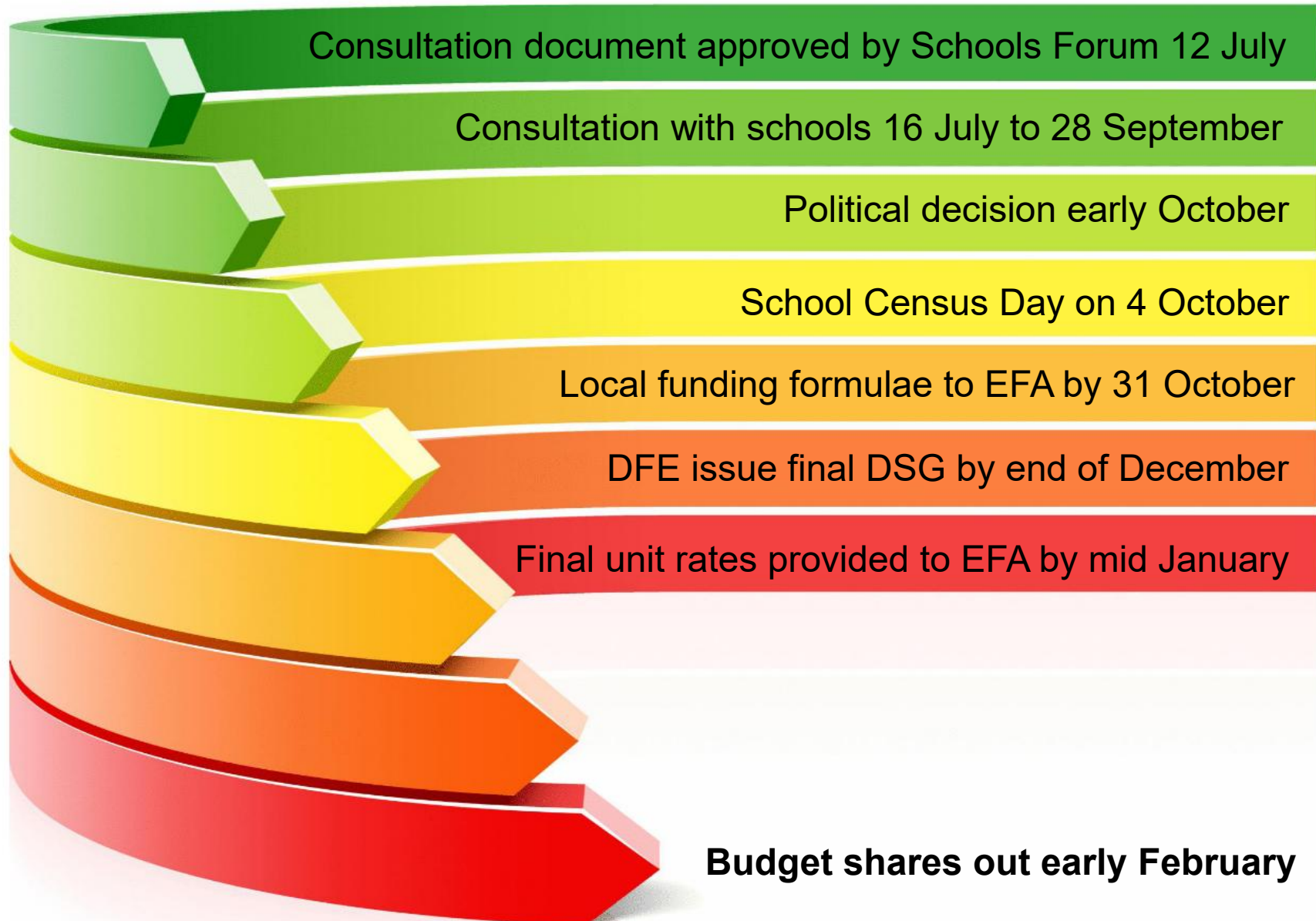
Commissioning places

Each local authority will be required to identify how many and what type of places to fund to maintained special schools, special units in mainstream schools and alternative provision

Recoupment between local authorities will be replaced by a direct funding relationships between commissioner and provider



When is it happening?





Keep up to date

www.milton-keynes.gov.uk/schools

For Schools Forum

<http://cmis.milton-keynes.gov.uk/cmیسwebpublic>

Pupil Premium



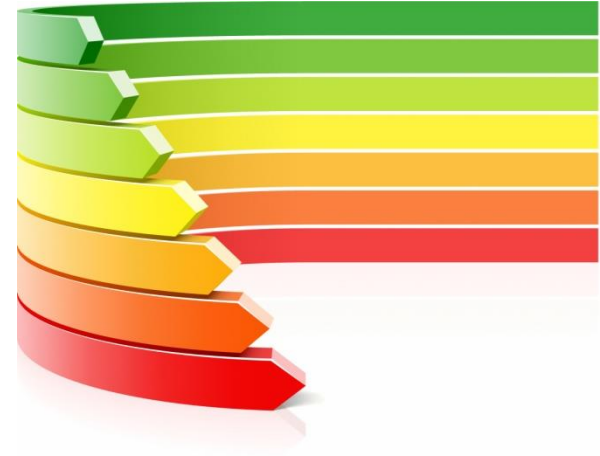
Introduced in the current academic year

Additional to main school funding

Designed to address the underlying inequalities between children eligible for free school meals and their peers by ensuring that funding to tackle disadvantage reaches the pupils who need it most

For individual schools to decide how the Pupil Premium is spent

Pupil Premium



One year on, Pupil Premium rate is increasing from £488 to **£600** and extended to pupils who have been eligible for free school meals at any point in the last six years ('Ever 6')

In 2011/12 funding ranges from zero to £100,000 in the primary sector and in the secondary sector Pupil Premium school payments can exceed £400,000. Next year this will increase in line with eligibility changes

Accountability arrangements have not yet been confirmed or introduced

