

**Open Report on behalf of Debbie Barnes,  
Executive Director Children's Services**

Report to:	<b>Cllr Mrs Patricia Bradwell</b>
Date:	<b>26 October 2012</b>
Subject:	<b>School Funding Arrangements 2013/14</b>
Decision Reference:	<b>02065</b>
Key decision?	<b>Yes</b>

**Summary:**

In June 2012, the Government announced changes to school funding arrangements for 2013/14. The Local Authority (LA) has a duty to ensure that its local schools funding formula is compliant. Proposals have therefore been developed and have been the subject of consultation with various parties. They have commanded significant support and now need to be formally approved by the Executive Councillor. This will allow the LA to meet a key DfE requirement, i.e. the submission to the Education Funding Agency by 31 October 2012 of a proforma outlining Lincolnshire's proposed school funding formula for 2013/14.

**Recommendation(s):**

That the proposals for Lincolnshire's school funding arrangements in 2013/14, as set out in Appendix A, be approved.

**Alternatives Considered:**

1. The LA has no option but to ensure that its local schools funding formula complies with the Government's new arrangements from 2013/14. However, although LAs are required to reduce the number of formula factors to a maximum of 12 specified by the Government, a degree of local discretion remains. So, whilst developing its proposals, the LA has considered various options for the future treatment of each element of its existing formula and has also carefully considered which of the 12 permitted factors should be used.

**Reasons for Recommendation:**

The proposed new funding formula builds upon work undertaken in the last three years to overhaul all aspects of Lincolnshire's school funding formula. Indeed, the proposals seek to preserve many aspects of it. The LA has sought to minimise the degree of turbulence in school budgets that the new arrangements will create, by ring-fencing funding to each sector. The LA has

undertaken extensive consultation with various parties, and the proposals have secured significant support.

## **1. Background**

The DfE published a document entitled 'School Funding Reform: Arrangements for 2013/14' on 29 June 2012. On 7 September 2012, a report was presented to the Scrutiny Committee outlining the key issues. Since then the LA has:

- Consulted all schools (5 September to 20 September 2012);
- Held briefings for schools at three different venues (17, 18 & 19 September 2012);
- Consulted a working group of school representatives (24 September 2012).
- Consulted the Schools Forum (10 October 2012).

Throughout this process, there has been considerable support for the LA's original proposals. There was significant support from schools (although the response rate was disappointing – only 17% of primary and secondary schools responded). Likewise, when those results were considered by a working group of officers, governors and headteachers on 24 September, there was further substantial support for the proposals. Finally, the schools' and working group's views were considered by the Schools Forum on 10 October and, apart from one or two decisions that the Schools Forum had the power to make, the proposals were overwhelmingly supported. The proposals in this report are, therefore, substantially the same as those originally proposed by the LA.

Although the proposals have commanded widespread support, the LA remains very concerned about the Government's requirement for LAs to operate a single block allocation rate for both primary and secondary schools. Although transitional arrangements will offer a degree of protection in the short term, the LA will continue to lobby the government to allow LAs to operate a separate block allocation for secondary schools that reflects their greater level of fixed costs.

Anecdotal evidence suggests that the LA's proposed funding formula will be broadly in line with many other LAs' plans. In particular, approximately two thirds of LAs are expected to set a block allocation of between £0.101m and £0.150m. Also, the balance of funding between the primary and secondary sectors in Lincolnshire is expected to be very close to the national average, with the proportion of funding being distributed through pupil led factors being much higher than the lower limits that the DfE was contemplating introducing.

The LA is required to submit to the EFA on 31 October 2012, of a proforma setting out its proposals for the future funding of schools. That can be completed once formal approval to these proposals is secured. A copy of this report will be considered by the Children and Young People Scrutiny Committee on 19 October and comments from the Committee can be communicated before a final decision is made.

Thereafter, the data from the October schools census will be cleansed; the DfE will publish the Dedicated Schools Grant for 2013/14 in December 2012; the LA will re-

determine the values to be allocated to each formula factor, and; a revised proforma will be issued to the DfE in mid January. The LA should then be in a position to calculate and publish the budget shares for individual schools for the 2013/14 financial year and hopefully earlier than would normally be the case.

## **2. Conclusion**

The LA has responded to the DfE's requirement to alter local school funding arrangements by developing proposals which have secured widespread support following various consultations that have taken place. The proposals should help to minimise the degree of turbulence in school funding from next year.

### **3. Legal Comments:**

The options detailed in the report are lawful and within the remit of the Executive Councillor for Children's Services and Lifelong Learning.

### **4. Resource Comments:**

The proposals in this report appertain to the Dedicated Schools Grant. However, the government's requirement for LAs to delegate more services to schools may have some modest financial implications for other Council budgets.

## **5. Consultation**

### **a) Has Local Member Been Consulted?**

n/a

### **b) Has Executive Councillor Been Consulted?**

n/a

### **c) Scrutiny Comments**

At its meeting on the 9 September 2012, the Children and Young People Scrutiny Committee considered a report which included the consultation document that was issued to all schools on 5 September 2012. The Scrutiny Committee expressed no major concerns regarding the LA's proposals.

It was agreed that a copy of this report would be presented to the Scrutiny Committee at its meeting on 19 October 2012, to enable it to consider subsequent developments. As indicated above, there have been very few and only modest changes to the original proposals presented to schools as a result of feedback from the consultation.

Unfortunately, the timing of the DfE's original announcements in June, and its requirement that LAs submit a proforma to the EFA by 31 October 2012, has meant that a considerable amount of work has had to be compressed in to a very

short period of time. This has not provided sufficient time for a report to be published for Scrutiny Committee in accordance within the usual timescales.

#### **d) Policy Proofing Actions Required**

n/a

### **6. Appendices**

These are listed below and attached at the back of the report	
Appendix A	Proposed School Funding Arrangements 2013/14

### **7. Background Papers**

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Proposed School Funding Arrangements 2013/14	County Offices Lincolnshire County Council Lincoln

This report was written by Tony Warnock, who can be contacted on 01522 553250 or [tony.warnock@lincolnshire.gov.uk](mailto:tony.warnock@lincolnshire.gov.uk).

**Proposed School Funding Arrangements 2013/14**

Set out below are the LA's proposals for altering the current school funding formula. The changes are necessary to meet the DfE's requirements from 2013/14. Further details were set out in a report to Schools Forum on 10 October 2012 entitled 'School Funding Reform: Next steps towards a fairer system'.

1. The Key Stage 1 and Key Stage 2 age weighted pupil unit (awpu) will be combined, but the Key Stage 3 and Key Stage 4 weightings for secondary schools will remain separate.
2. Uncommitted Dedicated Schools Grant base funding will be used from 2013/14 to finance the loss of c.£1m in funding from the non-awpu deduction to post-16 funding.
3. The funding for Extraordinary Social Requirements will be re-distributed using free school meals data.
4. The elements from the three current SEN funding streams that are distributed according to deprivation will be amalgamated. The funding will be directed through the free school meals and IDACI factors (using the seven graduated bands permitted by the DfE), to mirror as far as possible the current distribution mechanism. The foundation stage points score of 73 will be used for low cost, high incidence SEN.
5. The funding provided for Band 6 to 8 statements will be reviewed and updated in light of current TA costs.
6. The pupil mobility factor will be removed. The existing funding will be ring-fenced by sector and redistributed via awpu.
7. The block allocation will be set at £0.115m and a rates factor will be created. The funding available from the reduction in the secondary school block allocations will be ring-fenced to that sector and will be redistributed through a new rates factor and the Key Stage 3 and Key Stage 4 awpus. The minimum funding guarantee will apply which will offer protection for schools. The minimum funding guarantee in the short term is -1.5% but it is not known what the longer term position will be set at.
8. The small schools factor will be removed. The funding will be ring-fenced by sector and redistributed through the block allocation (this will help finance the block allocation figure referred to in 7. above).
9. The free school meals factor will be removed. The funding will be ring-fenced by sector and distributed through the free school meals element of the deprivation factor.
10. As indicated in 7. above, a rates factor will be introduced to ensure greater fairness in funding. It will continue to remove the financial advantage that schools eligible for mandatory rate relief would otherwise receive.
11. The personalised learning factor will be removed. The funding will be ring-fence by sector and distributed through IDACI and the DfE's seven graduated bands, to mirror as closely as possible the current allocations.
12. A factor for Looked After Children will not be introduced.
13. The September trigger factor for in-year pupil growth will be removed with the funding allocated across awpus.
14. A factor for English as an Additional Language (EAL) will be retained and the LA will fund £1,000 p.a. for each eligible child based on the preceding

autumn census. As the existing threshold cannot be retained, the extra cost will be funded by the awpu in each sector.

15. The funding for each EAL pupil will continue to be provided for a maximum of two years.
16. Funding will be retained centrally to support planned pupil growth in maintained schools and academies, where this is brokered by the LA.
17. For special schools:
  - a. The new funding system introduced in April 2011 will be used as a basis for determining the funding, including the calculation of top-up fees.
  - b. The LA will negotiate the marginal costs payable with each school.
  - c. Unless there are exceptional circumstances (e.g. a strategic plan to increase or decrease the number of places) the LA will use the latest census as the starting point for determining the number of places to purchase at each school.
  - d. The variable costs derived for the current five bands will be used as the basis for determining the marginal costs.
  - e. The current arrangements for responding to pupil movements will be adapted.
18. The funding for Alternative Provision and the Pupil Referral Unit will be channelled through the Teaching and Learning Centre.
19. The funding for exceptional unforeseen costs in maintained primary schools (i.e. school intervention and provision of interim head-teachers) will be secured by de-delegation. This was a decision for the Schools Forum to make and the proposal was supported by the maintained primary school representatives at the meeting on 10 October 2012.
20. The funding for the Equality for Minority Communities service (EMC) in maintained primary and maintained secondary schools will be secured through de-delegation.<sup>i</sup> This was a decision for the Schools Forum to make and the proposal was supported by the maintained primary and secondary school representatives at the meeting on 10 October 2012.
21. The funding for Criminal Records Bureau (CRB) checks in maintained primary and maintained secondary schools will be secured through de-delegation. This was a decision for the Schools Forum to make and the proposal was supported by the maintained primary and secondary school representatives at the meeting on 10 October 2012.
22. The funding for Union activities for maintained primary schools will be secured through de-delegation. This was a decision for the Schools Forum to make and the proposal was supported by the maintained primary school representatives at the meeting on 10 October 2012, but it was rejected by the maintained secondary school representatives.
23. Sufficient funding for 'schools in financial difficulties' will be secured through de-delegation, to help deal with the financial problems caused by redundancy costs arising in maintained primary schools. This was a decision for the Schools Forum to make and the proposal was supported by the maintained primary school representatives at the meeting on 10 October 2012.
24. The LA will seek to develop a buy-back arrangement with schools for short audit inspections. This should help support the Schools Financial Value Standard.

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<sup>i</sup> Further work will be undertaken to ensure that any funding that is retained, is used for the purposes specified in DfE' regulations.