

Schools Forum

18th October 2012

The Schools Funding Reforms – Final Recommendation

This report is relevant to both maintained and academy schools

Recommendation

The Schools Forum are requested to

- Note the further analysis carried out since the Schools Forum meeting in September
- Note that the Early Years Funding Formula will not be changed for 2013/14
- Note the changes to the Special Education Needs funding
- Recommend an option for the Local Main Schools Funding Formula for Warwickshire to be implemented in April 2013 which will be presented to the Cabinet for final approval in December.

1.0 Introduction

1.1 This report details the final Local Main Schools Funding Formula options that have been developed to comply with the new funding regulations, laid down by the Department for Education (DfE) and due to be implemented in April 2013.

1.2 The basis of the findings within this report are as detailed to the Forum in September. However, as a reminder, the key issues are as follows:

- Reduced formula headings
- Limited data to allocate funding to schools
- Use of October census data and submission of schools budgets to the DfE by October 31st
- Increased delegation of centrally retained funding
- New compliance role of the Education Funding Agency

1.3 The delegation and agreement of baseline budgets of centrally managed funding is covered within a separate report on this agenda.

1.4 There are four final options that had been considered which are summarised at Appendix A, along with the impact of each of them.

2.0 Update on feedback from the previous Schools Forum

2.1 At its meeting in September, the Forum requested that a final opportunity be given to those schools that had not responded to the consultation. This was undertaken and the response rate increased from 52% to 64%.

2.2 Further analysis of the options was also requested. These were as follows:

1. Amalgamation of the consultation responses to determine the most popular cumulative options rather than one single option
2. Development of an alternative option where prior attainment is included at a lower weighting in comparison to the Free School Meal element and EAL is re-introduced.
3. Review of the criteria for split sites
4. Impact of changes in geographical area without the Minimum Funding Guarantee

2.3 This analysis was carried out and reported to the Project Board on October 2nd.

2.4 Amalgamation of the consultation responses to determine the most popular cumulative options

2.5 The final response to the consultation is as follows:

Table One – Responses in terms of number of schools

	Number of Schools who voted this option as their first choice	Number of Primary schools who voted for this as their first choice	Number of Secondary schools who voted for this as their first choice
Option One	53 (36%)	44	9
Option Two	38 (26%)	32	6
Option Three	22 (15%)	20	2
Option Four	33 (23%)	22	11

2.6 In terms of the number of schools that voted, overall Option One and Two are the most popular although Option Four is the most popular with secondary schools.

Table Two – Responses in terms of number of pupils represented in the schools

	Number of Schools who voted this option as their first choice	Number of Primary schools who voted for this as their first choice	Number of Secondary schools who voted for this as their first choice
Option One	16,275	8,334	7,941
Option Two	10,347	6,147	4,200
Option Three	5,973	4,858	1,115
Option Four	14,318	4,153	10,165

2.7 In terms of the number of pupils represented by the schools who voted, Option One and Four are the most popular overall.

2.8 In terms of amalgamating the responses, the tables below show the cumulative effect of the first ranked options:

Table Three – Cumulative first options based on Option One and Two being most popular

First options - with Option 2 as the 2nd most popular	No. of schools	want this option(s)	don't want this option(s)	No. of pupils	want this option(s)	don't want this option(s)
Option one	53	36.30%	63.70%	16,275	34.69%	65.31%
Option one & two	91	62.33%	37.67%	26,622	56.75%	43.25%
Option one, two & four	124	84.93%	15.07%	40,940	87.27%	12.73%
Option one, two, four & three	146	100.00%	0%	46,913	100.00%	0%

Table Four – Cumulative first options based on Option One and Four being most popular

First options - with Option 4 as the 2nd most popular	No. of schools	want this option(s)	don't want this option(s)	No. of pupils	want this option(s)	don't want this option(s)
Option one	53	36.30%	63.70%	16,275	34.69%	65.31%
Option one & four	86	58.90%	41.10%	30,593	65.21%	34.79%
Option one, four & two	124	84.93%	15.07%	40,940	87.27%	12.73%
Option one, four, two & three	146	100.00%		46,913	100.00%	

2.9 These results show that in terms of the number of schools voting, Option One and Two are most popular with 62.33% of the schools voting preferring these options which represents 56.75% of the pupils that the responses represent.

2.10 In terms of the number of pupils that these schools represent, Option One and Four are the most popular which covers 58.9% of schools and 65.21% of pupils.

2.11 Development of an alternative option where prior attainment is included at a lower weighting in comparison to the Free School Meal indicator and EAL is re-introduced.

2.12 Appendix B shows an alternative option that was developed with a lower prior attainment rate and an element for English as an additional Language (EAL). The parameter of retaining funding overall and within the sectors dictates to a degree the values that can be assigned, as with the other options.

2.13 The impact is that 119 schools will lose out as opposed to 120 in Option One and Two and 124 in Option Four. Further analysis shows that the schools losing or gaining are essentially the same, maximum and minimum losses are the same as Option One and Two as is the impact on small schools.

2.14 As the impact was not greatly advantageous to schools overall, the Project Board agreed to retain the options that had been consulted upon.

2.15 Review of the criteria for split sites

2.16 The Project Board noted the comments made at the Schools Forum regarding the split site values and criteria. It was agreed that the criteria was still considered relevant and that the value represented a contribution to these costs at a level that allowed the majority of funding to be pupil focused, as per the national agenda. Where schools will have seen a reduction in funding due to this factor, as with other changes, the Minimum Funding Guarantee will mitigate the impact.

2.18 Impact of changes in geographical area without the Minimum Funding Guarantee

Appendix C summarises the level of the Minimum Funding Guarantee and capping of each of the options on a geographical basis.

3.0 Other supplementary Issues

3.1 Early Years Funding

3.2 The Early Years Single Funding Formula (EYSFF) was introduced in Warwickshire in April 2010 and consists of a unit hourly rate, varying depending on type of institution, and a deprivation rate based on pupils who live within the 30% most deprived areas. This formula was reviewed in 2011/12 to assess its relevance. Evidence suggested that the rates were comparable to costs incurred and that there was no necessity to introduce further supplementary factors.

3.3 Since this review, the DfE has issued further guidance and recommended that the EYSFF should be kept simple and that the only 2 mandatory elements should be a basic rate and a deprivation rate. As such, the formula in Warwickshire has not been subject to further review in 2012/13.

3.4 However, there are changes to the Dedicated Schools Grant (DSG) in terms of disadvantaged 2 year olds. Currently the funding for these is included within the Early Intervention Grant, a grant which is received by the Local Authority from the

Department for Communities and Local Government. This is to be transferred to the DSG for September 2013 and is to be increased to expand the range of 2 year olds that are targeted. However, at this stage, the monetary values are not known.

3.5 It is suggested that further consideration of the formula, in light of the changes, should be given once more information is known.

3.6 Special Education Needs

3.7 Within the schools budgets, there will remain a “notional SEN” budget made up of the additional needs specific funding and a percentage of the basic pupil entitlement. As Forum members will be aware, the funding reforms will impact to a significant degree on the way that both lower level and high level additional needs are funded.

3.8 To summarise, this is the position:

- The expectation is that all low level additional needs will be funded from within the schools main budget. This equates to learning support (school action or school action plus) and low level statement pupils who would previously have been funded on a band A,B or B/C. The funding that would have been allocated to these pupils in 2012/13 is included in the schools budgets, although the way that it is allocated will be either on a FSM ever 6 years or prior attainment basis rather than being pupil specific. An agreement of what actions should be undertaken within schools to cover these pupils needs is being developed by Jessica Nash and the SEN team in conjunction with school SENCOs and head teachers.
- If a school has a pupil with high needs, that is, in excess of a £6,000 threshold, then the school will need to contribute from its main schools budgets the initial £6,000. An agreement will then need to be made with the Local Authority for “top up” funding from the High Needs Block for the additional support that the pupil requires. Again, a set of criteria in order to allocate this top up is being developed. However, due to the timing of the reforms and the need for a practical approach to be in place to inform schools budgets in January, the current statement matrix will be used as a basis for top up funding in 2013/14.

3.9 Special schools funding arrangements are also subject to change in April 2013. These schools will be funded on the basis of £10,000 per place within the school with top up funding, if required, being agreed between the Local Authority and the school on a pupil by pupil basis, depending on needs. Work is underway with special school head teachers to determine the impact of this and to develop a universal set of top up rates. However, again as a result of the rapid introduction of these reforms, it is intended that 2013/14 is used as a transitional year with the

continuation of current top rates used in 2013/14 but with the intention of having a revised, consistent approach in 2014/15.

3.10 This period of funding reform has also been an ideal opportunity to consider the relevance of the current Dual Funding Scheme that exists between main stream and special schools. Currently Warwickshire County Council has a policy whereby Special School pupils may also attend mainstream schools in order to support their individual Statement objectives. For a tier 1 pupil, the Special School is funded for the pupil according to the Special Needs Resources Unit Matrix and the main stream school receives funding for the child as a subsidiary pupil into their own school funding. For tier 2 arrangements, both the Special School and mainstream school is funded for the pupil according to the Special Needs Resources Unit Matrix. However, it is proposed that the policy in its current format ends as at March 31st 2013.

3.11 The reason for this is twofold. Firstly, the DfE will now be providing the Local Authority with the pupil data for each school and will only be using the main registered pupil on roll. Whilst previously the Local Authority has added to this figure the subsidiary/dual registered pupils, we will no longer be able to do this. Secondly, in a time of real cuts in funding, it is imperative that value for money is achieved in all aspects of education and that schools are accountable for the outcomes of their pupils. Analysis of the dual funding arrangements has shown that, in the majority of instances, outcomes are either not clearly defined or are not achieved.

3.12 The proposal is that appropriate resources to support individual Statement objectives is instead included in the Top Up funding for the respective Special and it will then be the decision of the Special School to commission provision from the mainstream school if such an approach is in line with promoting and achieving the outcomes for the pupil. The impact of this proposal is that the funding previously received directly by the mainstream school for these subsidiary pupils will not be included in the Main Schools Funding from April 2013 onwards. However, the existing arrangement has always been contingent on individual Statement objectives being supported by a dual placement arrangement which have had to be reviewed under the 2001 SEN Code of Practice on an annual basis.

3.13 Finally, there will be additional funding transferred into the High Needs Block for post 16 SEN provision. This funding has previously been managed by the Education Funding Agency but, as with the disadvantaged 2 year old funding, the value is currently unknown. However, with the Local Authority needing to take on new roles and responsibilities with regard to this, this could be a high risk area. Further details will be brought to the Forum once known.

4.0 Options for recommendation

4.1 As has been noted in the last report to the Schools Forum, there are two key differing principles within the 4 final options. These are:

- The use of only FSM ever 6 years to allocate additional needs funding or the use of both FSM ever 6 years and prior attainment data
- A differing relationship between a basic pupil entitlement and the additional needs unit rate.

4.2 Option One and Three use FSM ever 6 years only to allocate additional needs funding and the basic pupil entitlement is higher in Option One and Two to that in Three and Four.

4.3 The consultation responses are a fundamental part of the School Forum decision making process but, depending on the data used to identify the most popular options, there is no one option that most of the schools who responded wanted to have in place in Warwickshire from April 2013.

4.4 As such, based on the cumulative position of the voting, the Schools Forum are asked to vote for one of the following options.

- Option One
- Option Two, or
- Option Four

5.0 Voting

5.1 The voting will be undertaken as follows:

5.2 Each of the 3 options will be selected separately and members at the meeting will be asked to vote.

5.3 If at this stage there is no option with a majority, then the members who have voted for the least popular option will be asked to vote again for their second choice. The option with the most votes at this stage will be option that will be taken forward for Cabinet approval.

6.0 Final Agreement of the option

6.1 Further to the recommendation of an option by the Schools Forum, a report will be taken to the Cabinet in December, detailing the process taken during the

review, the basis on which the final 3 options were selected and the final recommendation.

6.2 At least one option will need to be recommended; otherwise the Local Authority will not be compliant with the new regulations from April 2013.

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Option One

SUMMARY OF KEY VALUES			
AWPU	Primary		2,855
	KS3		3,740
	KS4		4,985
Lump sum			95,000
Additional Needs (FSM ever 6)	Primary		1,180
	Secondary		1,390
Additional Needs (Prior Attain)	Primary		0
	Secondary		0
LAC			1,590
Split Site Rates	£38,500 base as actuals		

Option Two

AWPU	Primary		2,855
	KS3		3,740
	KS4		4,985
Lump sum			95,000
Additional Needs (FSM ever 6)	Primary		680
	Secondary		950
Additional Needs (Prior Attain)	Primary		680
	Secondary		950
LAC			0
Split Site Rates	£38,500 base as actuals		

Option Three

AWPU	Primary		2,640
	KS3		3,540
	KS4		4,720
Lump sum			95,000
Additional Needs (FSM ever 6)	Primary		2,400
	Secondary		2,600
Additional Needs (Prior Attain)	Primary		0
	Secondary		0
LAC			2,800
Split Site Rates	£38,500 base as actuals		

Option Four

AWPU	Primary		2,640
	KS3		3,540
	KS4		4,720
Lump sum			95,000
Additional Needs (FSM ever 6)	Primary		1,460
	Secondary		1,780
Additional Needs (Prior Attain)	Primary		1,460
	Secondary		1,780
LAC			0
Split Site Rates	£38,500 base as actuals		

Proposal	Primary Funding	144,295,879
	Secondary Funding	136,521,851
	TOTAL	280,817,730

Primary Funding	144,289,240
Secondary Funding	136,533,844
TOTAL	280,823,084

Primary Funding	144,278,484
Secondary Funding	136,553,667
TOTAL	280,832,150

Primary Funding	144,306,731
Secondary Funding	136,525,233
TOTAL	280,831,965

% AWPU	Primary	77.26%
	Secondary	90.21%
	Overall	83.56%

Primary	77.27%
Secondary	90.21%
Overall	83.56%

Primary	71.45%
Secondary	85.38%
Overall	78.23%

Primary	71.44%
Secondary	85.40%
Overall	78.23%

Variance in geog area	
North	-0.07%
Central	-0.02%
South	0.12%
East	-0.02%

Variance in geog area	
North	-0.05%
Central	-0.03%
South	0.11%
East	-0.03%

Variance in geog area	
North	0.07%
Central	-0.03%
South	0.02%
East	-0.04%

Variance in geog area	
North	0.08%
Central	-0.05%
South	0.04%
East	-0.05%

PRIMARY	
Number of schools losing	103
Number of schools gaining	89
Max loss	-30,259
Max gain	19,238
Average loss	-8,086
Average gain	9,440
SECONDARY	
Number of schools losing	17
Number of schools gaining	18
Max loss	-90,483
Max gain	85,276
Average loss	-52,704
Average gain	50,062

Number of schools losing	103
Number of schools gaining	89
Max loss	-30,259
Max gain	20,987
Average loss	-8,181
Average gain	9,475
Number of schools losing	17
Number of schools gaining	18
Max loss	-90,483
Max gain	85,276
Average loss	-53,045
Average gain	51,051

Number of schools losing	118
Number of schools gaining	74
Max loss	-19,603
Max gain	30,259
Average loss	-6,957
Average gain	10,957
Number of schools losing	18
Number of schools gaining	17
Max loss	-90,483
Max gain	85,276
Average loss	-47,226
Average gain	52,179

Number of schools losing	106
Number of schools gaining	86
Max loss	-19,603
Max gain	30,259
Average loss	-7,279
Average gain	9,183
Number of schools losing	18
Number of schools gaining	17
Max loss	-90,483
Max gain	87,199
Average loss	-47,722
Average gain	51,031

Secondary schools less than 600 pupils and primary schools less than 100 pupils	-147,758
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Secondary schools less than 600 pupils and primary schools less than 100 pupils	-147,758
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Secondary schools less than 600 pupils and primary schools less than 100 pupils	-280,072
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Secondary schools less than 600 pupils and primary schools less than 100 pupils	-336,865
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SUMMARY OF KEY VALUES			
AWPU	Primary		2,855
	KS3		3,740
	KS4		4,985
Lump sum			95,000
Additonal Needs (FSM ever 6)	Primary		990
	Secondary		1,260
Additonal Needs (Prior Attain)	Primary		200
	Secondary		260
EAL			200
LAC			1,000
Split Site	£38,500 base		
Rates	as actuals		

Proposal	Primary Funding	144,291,399	2,843
	Secondary Funding	136,514,797	-1,902
	TOTAL	280,806,196	941
Inlcuding MFG			

% AWPU	Primary	77.27%
	Secondary	90.22%
	Overall	83.56%

Variance in geog area	
North Warks	-0.07%
Central	-0.02%
South	0.12%
East	-0.03%

PRIMARY	
Number of schools losing	102
Number of schools gaining	90
Max loss	-30,259
Max gain	19,238
SECONDARY	
Number of schools losing	17
Number of schools gaining	18
Max loss	-90,483
Max gain	85,276

Small schools - overall	-147,758
Small schools - details	See separate worksheet

Minimum Funding Guarantee and Capping - Geographical Analysis of Options

Option One	MFG	Capping
North	2,348,337	-749,952
East	891,070	-441,978
South	1,149,592	-691,210
Central	1,255,221	-844,110

Option Two

North	2,450,815	-736,017
East	848,642	-440,313
South	1,142,661	-679,043
Central	1,276,874	-853,083

Option Three

North	1,230,323	-701,141
East	661,099	-138,277
South	1,412,739	-235,046
Central	991,215	-344,436

Option Four

North	1,356,530	-923,727
East	520,370	-118,028
South	1,325,896	-330,742
Central	1,064,618	-339,760