



Walsall Council

Walsall Children's Services

Report to: Schools Forum

Date: 6th November 2012

Subject: Schools Funding Formula Update

Contact: Dan Mortiboys (mortiboysd@walsall.gov.uk)

Purpose of the report: This report updates Schools Forum on ongoing funding formula progress

Recommendations: See final section of report

1. Introduction

1.1 Throughout 2012 there has been significant progress on developing new schools funding formulae for Walsall. This note updates Schools Forum on issues that have arisen and progress made since the meeting on 9 October 2012.

2. Department for Education (DfE)

2.1 On the 12 October 2012 a letter was received from the DfE (**Appendix 1**).

2.2 There were two key points of this letter. The first is that DfE will review the impacts of the new funding formulae in early 2013.

2.3 The second point is that DfE have guaranteed that there will be a Minimum Funding Guarantee (MFG) in 2015/16. Schools facing significant decreases will receive further protection in 2015/16. DfE have not yet stated at what level that protection will be.

3. Cabinet

3.1 The schools funding formula as developed and recommended by Schools Forum was endorsed by Cabinet on 24 October 2012.

3.2 The letter from Schools Forum (as agreed at 9 October) was read out at Cabinet.

4. Final Template for DfE

4.1 The DfE require submission of the template by 31 October 2012. At the time of writing it is planned to submit on 31 October. **Appendix 2** is the proforma.

4.2 Since 9 October there have been minor revisions to the funding formula template and these are summarised.

4.3 The first is that the template includes the impact of delegation. The funds previously held centrally are delegated out to schools before any de-delegation. As with many things in the new funding formula there are limited choices available on how to allocate funds to schools. With a maximum lump sum already having been used choices are restricted further. Allocating funding on a per pupil basis would be the only real option for most services. The only 2 exceptions that have been identified are Free School Meal (FSM) Eligibility and Behaviour Support.

4.4 After consultation with the working group, FSM Eligibility will be divided as part of deprivation. Logically the higher the FSM, the higher the cost of identifying eligibility. Behaviour Support has also been linked to deprivation as it is believed that current usage of the service suggests this is the best driver.

4.5 The template also requires a proportion of 'High Needs' funding to be identified and included. Work on High Needs is ongoing and we are working closely with colleagues in the Black Country area. Walsall currently has statementing funding fully delegated and an appropriate proportion of this funding needs to remain delegated and included in the DfE proforma. Based on current work 60% of funding has been delegated into the proforma. The remaining 40% will be held centrally, to be allocated as top up funding where the specific needs of pupils are more complex. This does not impact on a school's ability to meet the needs of children but is to ensure that schools receive the appropriate level of funding to meet the same need. If further High Needs work reveals an issue here then a revised template would be sent to DfE.

4.6 Finally the LA is required to publish a statement which defines the circumstances in which additional funding will be provided from the High Needs block where a school's formula funding does not adequately reflect the number of SEN pupils. Further work is needed here but for submission purposes the definition is currently, "Where a school's total contribution to the costs of high needs pupils (£6k per pupil) exceeds 60% of their notional SEN budget the local authority will provide additional High Needs funding."

5. Recommendations

5.1 Schools Forum is recommended to note the report.

5.2 Schools Forum is asked to endorse paragraphs 4.4, 4.5 and 4.6 while further work takes place.



Department
for Education

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10 October 2012

Dear Colleague

When we issued *School funding reform: Next steps towards a fairer system* at the end of March I wrote to you asking for your help and support in the implementation of funding reform for 2013-14. Six months later I want to follow up with an update on some of the key reform issues.

I would like to thank everyone involved for the work that has been done under considerable pressure to complete revised formulae in time for their submission to EFA on 31 October. The large majority of authorities seem well placed to make their submission. In parallel many authorities have been making good progress with the reform of high needs funding, which we recognise has been challenging.

The simplification of local formulae is a major change to how schools budgets are calculated and the first substantive step towards a national funding formula. It is therefore an important part of the move to a fairer and more transparent system.

Some authorities have reported to us their concern about the change in budgets produced by the introduction of a simpler formula. Moving to a simpler and ultimately national formula is bound to produce shifts in distribution. The purpose of the reform is to ensure that school budgets are driven more by the pupils in the schools and their needs than by other factors. However, Ministers are acutely aware of the need to manage the rate of change so that schools are not subject to very large funding changes from year to year. The Minimum Funding Guarantee is provided for this purpose so no school will lose more than 1.5% per pupil from these changes in 2013-14 and 2014-15.

Given the concerns we have heard about the impact of reforms on some schools, there are two assurances I want to give to you.

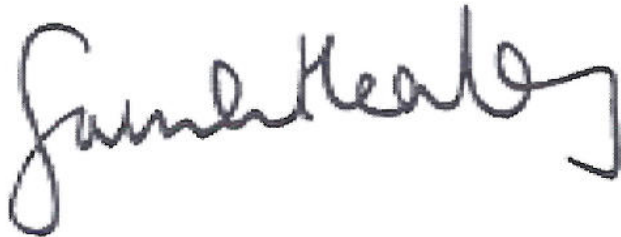
The first is that we will be carrying out a careful review in early 2013 of the impact of simpler local formulae. We will work with local authorities to explore the effect of different factors, for example the lump sum and deprivation factors. This will enable us to advise Ministers on making any necessary adjustments to prevent unacceptable consequences for schools.

The second is to respond to concerns expressed in some reports that schools will be faced with the full impact of the funding reforms in 2015-16 because we have given

no figure for the Minimum Funding Guarantee beyond 2014-15. Although we cannot give an exact figure for the Minimum Funding Guarantee in future years until after the next spending review, we can reassure you that a Minimum Funding Guarantee will continue to operate, in order to offer protection against unmanageable falls in school budgets. This will help us to make steady progress towards the goal of a consistent national formula.

I hope this makes clear that we are very conscious of the need to continue the careful management of change beyond 2014-15. I hope too that when we come to review the formula factors in 2013 you will want to be actively engaged in the discussion.

We look forward to the receipt of the funding proforma from your authority and thank you in advance for working to meet a tight timetable. If you need more information or to discuss any of this could you please call Dugald Sandeman at the Education Funding Agency (020 7340 8266) or email him at dugald.sandeman@education.gsi.gov.uk.

A handwritten signature in black ink, appearing to read 'Sarah Healey', written in a cursive style.

Sarah Healey
Director
Education Funding Group