

MEETING:	SCHOOLS FORUM
DATE:	10 JUNE 2011
TITLE OF REPORT:	CONSULTATION ON SCHOOL FUNDING REFORM
OFFICER	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider a presentation on the national consultation papers on school funding reform and academies' pre-16 funding.

Recommendation

THAT Schools Forum notes both consultation papers and considers the possible future implications for schools in Herefordshire.

Key Points Summary

A summary of key points arising from the consultation papers and the Department for Education (DfE) presentations from Birmingham on the 11th May will be presented to Schools Forum on 10th June.

Alternative Options

- 1 There are no alternative options at this stage as the consultation papers are mainly concerned with principles; options will follow in further consultation.

Reasons for Recommendations

- 2 To inform Schools Forum of the national consultation papers on school funding reform.

Introduction and Background

- 3 In the White Paper "The Importance of Teaching" the Government set out its view that the current school funding system is opaque, full of anomalies and unfair and therefore in need of reform. The Government agreed to consultation the merits of moving from the current funding system to a national funding system, including the right time to begin the transition to a formula, the transitional arrangements necessary to ensure schools and local authorities do not suffer undue turbulence and the factors necessary to assess the needs of pupils for funding purposes.

- 4 The document “A consultation on school funding reform: Rationale and principles” – attached as Appendix 1 represents the first stage in that consultation and will be followed by further proposal later in the summer.
- 5 The DfE considers that the current system for funding academies is over complicated and needs reform because the process is not transparent, it does not quickly reflect local circumstances, there is a risk of error during the replication process, becomes more difficult with an increasing number of Academies, its not sustainable and is not administratively efficient. The DfE has published more detailed interim proposals for the funding of Academies alongside this consultation – attached as Appendix 2 “ Academies’ pre-16 funding: Options for the 2012/13 academic year”.
- 6 Julie Powell, Schools Forum Chairman and Malcolm Green, Schools Finance Manager attended the national schools fair funding conference in Birmingham on 11th May as the proposals for change to the school funding system was the main theme of the conference.. Speakers from the school funding and academies funding teams presented the DfE’s proposals in greater detail than set out in the consultation papers.
- 7 Because the copies of the DfE presentations are not available at the time of writing this report a separate presentation will be made to Schools Forum on 10th June.

Key Considerations

- 8 The outcome of the DfE consultation will have a significant impact on school funding in Herefordshire and it is important that Schools Forum is well informed of the potential changes.
- 9 The DfE’s view is that an ideal school funding system should have certain key characteristics as follows;
 - a. Distributes money in a fair and logical way
 - b. Distributes extra resources towards pupils who need them most
 - c. Is transparent and easy to explain
 - d. Supports a diverse range of school provision
 - e. Provides value for money and ensures proper use of public funds
10. The current school funding system has up until now paid money to local authorities for schools through a number of different grants. The largest of these is Dedicated Schools Grant (DSG). The amount of DSG per pupil for each authority is calculated based on what the local authority received the previous year which in turn is based on funding in 2005/06 plus locked in historic decisions on spending including subsequent additional funding for ministerial priorities. This method is called “spend plus”.
11. So, current levels of school funding are based on an assessment of needs which is out of date, and on historic decisions about levels of funding which may or may not reflect precisely what schools needed then. It is inevitable that over time needs have changed and historic local decisions may no longer reflect local or national priorities.
12. This system falls wells short of the ideal characteristics set out above, in particular it is;
 - a. Opaque and extremely complex

- b. Unfair as it leads to schools with similar intakes receiving very different levels of funding
 - c. Fails to reflect need accurately
 - d. Does not support the new school system
13. All these problems with the current school funding system are set out in some detail in Annex 2 (pages 14-21) of the Rationale and principles consultation paper on school funding reform.

Community Impact

14. None yet assessed

Financial Implications

15. It is still too early to know whether there will be any implications for the 2012/13 Schools Budget as the detailed schools settlement and the outcome of all the consultations will only be available from DfE in late November/early December.

Legal Implications

16. None at this stage.

Risk Management

17. Schools Forum and the Budget Working Group will have further opportunities to consider the DfE consultation papers and the implications prior to recommending a final budget in March 2012. The risks in moving to a national school funding formula will be analysed in detail when the second DfE consultation paper is published. Clearly it is possible that Herefordshire schools may gain or lose funding and this will depend on the precise make-up of the proposed national funding formula and any protection arrangements that may be phased in nationally.

Consultees

18. None at this stage.

Appendices

1. "A consultation on school funding reform: Rationale and principles"
2. "Academies' pre-16 funding: Options for the 2012/13 academic year"

Background Papers

None