

<b>MEETING:</b>	<b>SCHOOLS FORUM</b>
<b>DATE:</b>	<b>19 OCTOBER 2012</b>
<b>TITLE OF REPORT:</b>	<b>REPORT OF THE BUDGET WORKING GROUP</b>
<b>REPORT BY</b>	<b>GOVERNANCE SERVICES</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To consider a report from the Budget Working Group (BWG) on the following issue: National Schools Funding Formula.

### **Recommendation(s)**

- That (a) **subject to the final outcome of responses to the Authority's consultation document on the National School Funding Formula, the Forum be recommended to approve the proposals for the local application of the Formula as set out at Appendix 1 to the report for recommendation to the Cabinet Member – Education and Infrastructure; and**
- (b) **that in the interim, the funding formula values, as set out in Appendix 1, be submitted to the Education Funding Agency by the deadline of 31<sup>st</sup> October marked "pending cabinet member approval" as necessary.**

### **Key Points Summary**

- The BWG has considered the responses received to the consultation paper for Herefordshire Schools on the local application of the National Schools Funding Formula (NSFF) 2013/14. As the BWG met on 4 October and the closing date for consultation was on 5 October the BWG's recommendations were made subject to review in the event that there are any material changes to the pattern of responses presented to the BWG. There are no material changes to report.
- There were very few areas where the responses to the consultation suggested any disagreement.
- The BWG gave particular consideration to mitigation of the impact on schools of having to find £6,000 for each Band 3 & 4 pupil who are currently largely fully funded for many primary

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Further information on the subject of this report is available from Malcolm Green Senior Finance Manager or (for administrative information) Tim Brown, Governance Services on (01432) 260239

schools. The BWG supports a proposal that a Minimum Funding Guarantee style protection scheme should be adopted based on limiting additional school expenditure on High Needs (Band 3 & 4) pupils to 1.5% per pupil. To fund the costs of protection it is proposed to reduce the cap on schools gaining from 1.52% to 0.94%. The cost of protection would be a budget transfer to the high needs block

- The financial values for the national school funding formula must be submitted to the Education Funding Agency by 31<sup>st</sup> October 2012. The final values must be confirmed in late December after any necessary minor adjustments due to confirmation of the final Dedicated Schools Grant. The consultation paper identified an expected reduction in the per pupil funding of £4 per pupil and the use of the lump sum from Holme Lacy primary school to fund projected growth in special school places.

## **Alternative Options**

- 1 The consultation paper set out a number of alternatives. No alternative options are proposed by the BWG. There are a number of options open to the Forum.

## **Reasons for Recommendations**

- 2 To consider the BWG's views on the response to the consultation paper for Herefordshire Schools and the local application of the National Schools Funding Formula (NSFF),

## **Introduction and Background**

- 3 On 6 July 2012 the Forum agreed the adoption of a number of principles to guide the preparation of the 2013/14 schools budget.
- 4 The BWG met in May, June and July to develop the funding proposals and again on 6 September to finalise the consultation paper on the local application of the National Schools Funding Formula (NSFF). The consultation document was issued on 10 September. The BWG met again on 4 October to consider the response to the consultation document. The closing date was 5 October. The BWG emphasised that its recommendations were subject to review in the event that there are any material changes to the pattern of responses presented to the BWG. Copies of the Notes of these meetings are being circulated separately to Members of the Forum.
- 5 The final responses to the consultation exercise are set out at Appendix 2 showing the final responses received and Appendix 3 summarises all of the comments received. There are no material changes to report from the information presented to the BWG on 4 October. The BWG's recommendations are in line with the views of the majority of respondents in each case. In relation to Q4 prior attainment (proxy SEN) and Q7pupil mobility the BWG recommends that the position be reviewed after one year.
- 6 The BWG wished to highlight to the Forum the apparent lack of engagement with the consultation process either through attendance at the consultation events or through submission of responses. The BWG considered that this was a matter of concern given the long term implications of these funding changes.

## **Special Educational Needs Funding**

- 7 The NSSF entails significant changes to the funding of special educational needs. The BWG gave particular consideration to mitigation of the impact on schools of having to allocate £6,000 for each Band 3 & 4 pupil who are currently fully funded for most primary schools. This was an emerging theme through the school budget consultation meetings.(Larger primary

schools already have to contribute to the costs of Band 3 pupils as funding is partially delegated on a sliding scale). Four band 4 pupils in a school would lead to additional expenditure of £24,000 (i.e. 4x £6,000).

- 8 A reduction in school budget i.e. income is protected by the Minimum Funding Guarantee of - 1.5% per pupil. Additional expenditure incurred by the school on SEN pupils is not protected by the MFG as it is additional expenditure and not income although the impact is the same.
- 9 The BWG supports a proposal to adopt a similar “MFG” style protection scheme based on limiting additional school expenditure on Band 3 & 4 pupils to 1.5% per pupil.
- 10 The average per pupil funding for primary pupils is approx £4,000 and using this figure as a standard for all schools this per pupil funding amount converts to a maximum reduction of £60 per pupil at the MFG percentage of 1.5% in 2013/14. It is proposed to limit any primary school’s extra SEN costs as follows

Number of primary pupils	Maximum cost of “£6,000” SEN – primary schools
50	£3,000
100	£6,000
150	£9,000
200	£12,000
250	£15,000
300	£18,000
400	£24,000
500	£30,000
600	£36,000

- 11 The additional cost would be £175,000 in 2013/14 and would protect 20 primary schools. To fund the costs of protection it is proposed to reduce the cap on schools gaining from 1.52% to 0.94%. The reduction in the gains cap was original expected to be 1.05% but has had to be tightened further to 0.94% to fund the pupil mobility funding transfer to the high needs block. The cost of protection would be met from a budget transfer of £175,000 to the high needs block.
- 12 In line with the MFG in 2014/15, the % would become a cumulative 3% and so the table would be based on £120 per pupil. 9 schools would receive a total of £48,000 protection. In 2015/16 it is likely that the cumulative MFG would increase to 5% and 3 schools would receive protection at a cost of £12,000.
- 13 Full details of how the protection proposals are set out in Appendix 4 – attached.

## **Community Impact**

14 No direct impact.

## **Financial Implications**

15 The recommendations, if agreed, will not have an impact on the overall Dedicated Schools Grant as the funding charges will pass directly between schools.

## **Legal Implications**

16 The proposals comply with the Council's legal duties and the legal duties of schools.

## **Risk Management**

17 The BWG reviews proposals in detail prior to making recommendations to Schools Forum. This two stage process helps to ensure greater scrutiny of budget proposals.

## **Appendices**

Appendix 1 – Proposals for the local application of the National Schools Funding Formula

Appendix 2 – Summary of Responses to the Consultation Paper

Appendix 3 - Comments Received in response to the consultation

Appendix 4 – Details of protection proposals with regard to SEN funding

## **Background Papers**

None