

## **Schools funding update**

### **Purpose of report**

For information.

### **Summary**

This report updates members on recent developments in schools funding issues.

### **Recommendations**

That members:

1. Note this report and
2. Agree to receive further reports on any future developments.

### **Action**

Officers to continue to provide updates to the Board.

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## **Schools funding update**

### **Schools' Funding**

1. The DfE confirmed on 28 June that it is to proceed with reforms to local funding formulae as outlined in the consultation document "School Funding Reform; Next Steps towards a Fairer System" which was issued in March.
2. The key points are:
  - 2.1. Ministers have said that their aim remains to move towards a national funding formula. But they will not do this until the next Spending Review period.
  - 2.2. The proposals concentrate wholly on local funding formulae. From April 2013 local authorities will be constrained to a small number of factors in the formula (the consultation says that the current 37 permitted factors will be reduced to 12). These are:
    - 2.2.1. Basic Entitlement. The Government has confirmed that there will be a separate basic entitlement for key stages 3 and 4. They have also confirmed that they will not introduce any thresholds, at least for 2013-14.
    - 2.2.2. Deprivation. Only free school meals (FSM) at school level or IDACI (income deprivation affecting children index – a DCLG developed measure which aims to measure deprivation affecting children in small areas) will be permitted. The IDACI banding system will be slightly different to that first proposed.
    - 2.2.3. Looked after children.
    - 2.2.4. SEN at school level ('low cost'); authorities will not be able to use direct measures such as numbers of children on school action or school action plus and will have to use measures of prior attainment.
    - 2.2.5. English as an additional language for a period of 3 years in the school system.
    - 2.2.6. A lump sum – this has been increased to a maximum of £200,000.
    - 2.2.7. Premises factors – split site schools and rates.
    - 2.2.8. PFI costs.
    - 2.2.9. A new factor for mobility, based on in year changes to rolls.
    - 2.2.10. The Schools Forum will be permitted to agree to a ring-fenced sum for pupil number growth to be held back from initial distribution. It will be distributed to schools and academies at a later stage.

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- 2.3. The proposals confirm that there will be no provision for a small schools factor other than the lump sum.
- 2.4. All schools will get a minimum funding guarantee of -1.5% per pupil. It will be up to authorities in consultation with schools forums as to the level of any ceiling.
- 2.5. It is confirmed that Schools Budget LACSEG will disappear in its current form. Instead the resources currently provided in LACSEG will be delegated to both academies and maintained schools. Maintained schools will be allowed to 'de-delegate' allowances for services such as insurance and services for ethnic minority pupils. Academies will also be allowed to buy in if they want to but not to 'de-delegate' as they do not have delegated budgets. This will replace LACSEG within the schools budget.
- 2.6. The LGA issued a response to the consultation with ADCS, which was cleared by members. This is on the LGA's website:  
[www.local.gov.uk/c/document\\_library/get\\_file?uuid=6cfb0a25-fe75-4e61-91bf-697eb164d66a&groupId=10171](http://www.local.gov.uk/c/document_library/get_file?uuid=6cfb0a25-fe75-4e61-91bf-697eb164d66a&groupId=10171)

**Capital**

3. There has also been no Government response to the consultation on the James Review into schools capital; which reported in April 2011. The key issues remain the scope of any single capital pot to distribute funding locally and how new school building is to be procured.
4. Allocations for the Priority Schools Building programme were announced on 24 May; it was confirmed that 261 schools, of the 587 which applied, will be rebuilt, with the first schools opening in 2014.
5. The LGA's response to this announcement quoted Cllr Simmonds as saying that the funding was the result of councils' pressure on DfE and will go some way to addressing the problems facing some of our most dilapidated schools, but that we were still in a situation where more than 300 run-down schools had been left in limbo after lengthy delays in Government decision making. This was reported by the 'FT Online', 'Times Online', 'Independent Online' and 'BBC Online' as well as dozens of regional and trade publications.

**Academies top-slice**

6. There have not been any formal developments on 11-12 and 12-13 LACSEG since your last meeting. However there have been contacts between the DfE and LGA officers with a view to settling the legal case pursued by 29 councils, which is currently stayed, with the LGA officers acting as a sounding board for

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the authorities involved in the legal action. On that basis we understand that the DfE will shortly issue revised proposals for the top-slice in 11-12 and 12-13.

7. We also understand that the consultation on 2013-14 and the future will come out at the same time as the consultation on the baseline for business rates retention, before 17 July. This is likely to involve DfE paying a national rate of LA LACSEG. Local Authority central education functions will be removed from funding through formula grant and will be funded by separate DfE grant. There will be one grant to local authorities for central functions which remain with the authority or which are performed on behalf of maintained schools and a separate grant for academies for functions formerly covered by the local authority LACSEG element.
8. The key issue will be how to establish the correct baseline for the services to be removed. Initial contact with the DfE suggests that this baseline will be high. LGA officers are meeting DfE officials to consider this in detail on Thursday 11 July.

**Financial/Resource Implications**

9. None specific to this report.