

Committee:	School Forum
Meeting Date:	15 th July 2014
Title:	Fairer Funding Consultation
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Decision making / consultative / information:	Decision Making

What is the Forum being asked to decide?

1. Schools Forum are being asked to endorse the recommendations made by the Resource Allocation Working Group (RAWG) to allocate the additional £9.2m available to Suffolk in 2015-16 based on option 6. We will come back with a firm proposal/figures once we have confirmation of the amount of funding, this will be after the consultation ends.
2. A decision must be made at this meeting to enable the decision to be fed in the October pro-forma which forms the basis of your school budget.

Reason for recommendation

3. RAWG made proposals to the Forum on the 25th April 2014 about the distribution of the £9.2m; Schools Forum rejected this proposal and asked for further options to be investigated.
4. Further options were presented to the RAWG on the 19th June; the group are proposing that the Forum support option 6. After each option in the paper there is a statement as to why RAWG rejected the proposal, RAWG did not feel any of the original five options put forward for consideration met the concerns and resolved the issues identified at the forum and by school and early year's representatives since. Therefore RAWG has put forward option six which the group felt took on board all sectors concerns and financial pressures. While ensuring the High needs provision in Suffolk is sustainable in the future.

Alternative options

5. Forum could choose any of the options outlined in the main body of the report or suggest alternatives.

Who will be affected by this decision?

6. All Schools in Suffolk including academies.

Main Body of the Report

7. Under the national funding formula the Local Authority receives its Dedicated Schools Grant (DSG) in three blocks, Schools, High Needs and Early Years. The DSG is ring fenced and has to be spent to support education however the individual blocks are not ring fenced and money can be moved between the blocks based on demand. Suffolk DSG for 2014-15 less Academy recoupment is £326.288m
8. The schools block funds all maintained schools (not Special or PRU's) individual delegated budgets which are allocated based on the pro-forma. Academies are funded on the same pro-forma but the funding is recouped from the LA by the EfA and paid over to the Academies. The Schools block also holds the centrally retained elements of DSG and the funding that Schools vote to de-delegate. The Schools block accounts for £250.567m of the DSG, of which the centrally retained element including de-delegation is £10.943m
9. The High needs block funds the Special schools and PRU's individual budgets. It also funds all maintained schools, nurseries, FE and Academies top up funding for high needs pupils, the specialist equipment budget, outreach services, and all out of county specialist provision. The high needs block accounts for £41.850m of Suffolk DSG in 2014-15.
10. The Early year's budget funds all school based nurseries and PVI's based on the early years pro-forma, it holds the funding for the 2 year old places and funds the early year's team. The Early Years block accounts for £33.871m of the Suffolk DSG in 2014-15.
11. The government have identified £350 million of additional funding to support the lowest funded authorities, of which Suffolk will indicatively receive £9.2m from April 2015 which will become part of schools budgets in 2015-16. The consultation has stated that MFG will remain at -1.5% there is no changes to the formula for 2015-16 apart from a suggestion to revisit sparsity.
12. The proposal was put to the RAWG on how the £9.2m should be allocated in 2015-16.
13. **Option 1** – Original proposal
The RAWG suggested distribution was as follows:
 - I. £7.2m is allocated to schools. This is divided by the number of pupils in Suffolk and added to the AWPU values as a flat increase.
 - II. No other factors in the formula are changed, to provide some stability to schools with the exception of sparsity which may be revised by the government following the consultation.
 - III. £2m is put aside for High needs. The £2m would be used as start-up funding/double running costs to get out of county provision "set up" in Suffolk if the review finds that this would be cost effective or to re-design services following the review, this would be invest to save funding which would only be available for 2015-16.
14. This proposal was rejected by forum and did not address the concerns of early year's providers so RAWG felt there was no value in reviewing the proposal again. So it was rejected by RAWG.

15. **Option 2** – Suggested at Schools Forum. Funding split in direct proportion to the blocks.
 - I. £7.6m is allocated to schools; this is divided by number of pupils and added to AWPU as a flat increase. Equates to approx. £80 per pupil.
 - II. £600k is allocated to Early years, it is suggested it is added to the basic rate so all providers benefit. It equates to 11p per hour.
 - III. £900k is allocated to High needs. This could be split between providers and used to increase the top up values or used for service redesign.
16. Although RAWG recognises that this could be considered fair, it is based on an assumption that the current allocation of funds between blocks is optimal and it does not address the long term issues in high needs. If these issues are not addressed and the high needs block continues to overspend the funding will eventually have to be taken from the other blocks or the provision to our most vulnerable pupils is reduced. The Local Authority has already started a review of high needs services to look at how these services could be re-designed to manage demand and built capacity in Suffolk but it is unlikely that the Local Authority will be able to achieve the level of savings required without some investment. Therefore RAWG rejected this proposal.
17. **Option 3** – Suggested at Schools Forum. The funding is split between early years and High needs. No funding would go to the Schools block.
 - I. If the demand for the high needs block continues to increase the funding will have to eventually be taken from the schools block.
 - II. By investing now in re-designing services we can future proof the service, we can also increase top up funding which will benefit all schools and support the most vulnerable pupils. We would allocate £7m to High needs, £3m to service redesign, £1m to special schools and PRUs and £3m to increase the top up values for all schools.
 - III. We know that intervention in the early stages of education provides the best results in terms of attainment; therefore £2.2m would be invested in early year's block, allocation to be decided.
18. This proposal addresses the concerns of early years and benefits the most vulnerable pupils in Suffolk. However it does not benefit all pupils in Suffolk and we recognise that all Schools/education settings in Suffolk are working hard to drive up standards across the whole education system. Therefore RAWG rejected this proposal.
19. **Option 4** – Suggested at Schools Forum. All funding goes to the schools block. This would equate to approx. £100 per pupil.
20. This option does not benefit all students in Suffolk as early years and high needs providers would not receive any funding therefore all pupils in these setting would miss out on additional funding. Therefore RAWG rejected this proposal.
21. Nicola Grayson has collected responses on behalf of the Suffolk Association of Primary Heads. Six responses were received and can be seen in Annex A. Of the six responses only one suggestion (School 3 and School 6) is not covered by the four options above.

22. **Option 5** –Proposal put forward by the Suffolk Association of Primary Heads. A larger proportion of funding goes to High needs to future proof the service and protect schools budgets in future years and then the balance is split between Early years and Schools Block.
- I. £4m is allocated to the high needs block. It is suggested this is split between service re-design and increasing top-ups/lower % for targeted support for schools. This would ensure that mainstream schools with a reputation for supporting SEN pupils and smaller schools are not financially disadvantaged through taking on SEN pupils.
 - II. £2.6m is allocated to the school block through AWPU. This equates to approx. £29 per pupil.
 - III. £2.6m is allocated to the early years block, added to the basic rate this equates to 47p per hour.
23. A couple of the schools also suggested that additional funding was put into the central services element of the schools block to increase support to schools. Under the new funding formula we are unable to increase the amount in central expenditure. However we could as a separate exercise review the funding held centrally and potentially re-allocate. For example for the last few years the redundancy budget has been underspend by about £500k, so we could re-allocate this.
24. RAWG felt that this proposal did not allocate sufficient funding to all schools to help raise standards in Suffolk and that as a % share of the increase funding available the early years proportion was too high compare to the current spend. Therefore RAWG rejected this proposal
25. RAWG members had recently attended Suffolk Association Secondary Heads (SASH), Association of primary heads and the meeting of the special heads and fed back that most schools concerns were around high needs and insufficient capacity. Feedback was also received by the group from early year's colleagues outlining their concerns with the original proposal. Those members of the group who attended forum also fed back the discussion that had taken place there. Taking on board all of this feedback the group felt that none of the proposals suggested above addressed all groups concerns. Therefore RAWG has put forward option 6 and it is this option that forum are being asked to agree.
26. **Option 6** – model put forward by RAWG.
- I. Early years receives £600k it is suggested it is added to the basic rate so all providers benefit. It equates to 11p per hour.
 - II. £6m is allocated to schools, distributed via the AWPU this equates to approx. £68 per pupil.
 - III. High needs receive £2.6m. £500k is set aside so we could lower the % set for the targeted support for schools to around 6%. This means that any school who has more than 6% of their pupils in receipt of top up funding would receive additional funding to help support the £10k they have to find from within their delegated budget. This would benefit 22 schools. £1m would be used to help increase capacity in the special schools ensuring that have the funding needed to support pupils in

Suffolk to reduce the future use of out of county places at the high end of the need spectrum. £1.1m would be put aside to support the service re-design. i.e provide double running costs while new provision was set up in Suffolk. It is unlikely that the service will be in a position to do this all in 2015-16, so for the next financial year (2015-16) the £1.1m will be used to fund the overspend. In 2014-15 the high needs block overspent by £2m, without radical changes it will overspend by at least that in 2015-16. The Local authority has already started reviewing the high needs block and would have the target to find £900k of savings in 2015-16 to close the gap.

27. It is our understanding that the £9.2m would be a permanent increase to our DSG until such time as the government moves to a truly national formula. Therefore RAWG ask that this split be approved to stand for the next three financial years 2015-16, 2016-17 and 2017-18, at which point the High needs block will have transformed its services and the £1.1m service re-design funding can be released to the schools and early years block.
28. In addition to the above funding there is £1.182m non recurrent funding available in 2015-16 this is the underspent DSG from 2014-15 as discussed in paper B presented earlier. It is proposed that this funding in split £1m to the schools block this would increase AWPU by approx. £11 per pupil. The £182k to early years which would equate to approx. 3p per hour on the base rate.

Annex A

PRIMARY HEADS RESPONSE TO THE ALLOCATION OF THE GOVERNMENT'S ADDITION £9MILLION FOR SUFFOLK 6TH JUNE 2014

School 1 (rural small school):

Factor	%	Amount
AWPU		£50 per pupil
Early Years		£20 per pupil
High Needs Funding		£20 per pupil or whatever is needed to cover shortfall
Other		£10 per pupil - Ed. Psychs, SALT, Family Support Workers etc.
Primary Key Stage 1-2		
Secondary Key Stage 3-4		
Comments		

School 2 (outer town small school)

Factor	%	Amount
AWPU		
Early Years		
High Needs Funding		
Other		
Primary Key Stage 1-2		
Secondary Key Stage 3-4		
Comments	<p>I am not really sure about % but I would rather some of the money be used for high needs funding if there is a shortfall rather than have it taken from our budgets! Is always good to receive a little extra funding per head - especially for us schools that are on a tight budget - even an extra £50 a head would have a significant impact for us!</p> <p>Agree re early years - I also know that Hackney have rolled out programmes of specific interventions in EYFS and KS1 (reading catch up etc) that has been targeted at specific children - now that the LA are looking at our data so specifically is there any capacity for this to be delivered?</p>	

School 3 (rural small school):

Factor	%	Amount
AWPU	30	£2.7m
Early Years	30	£2.7m
High Needs Funding	40	£3.6m
Other		
Primary Key Stage 1-2		
Secondary Key Stage 3-4		
Comments		

School 4 (town large school):

My view is that all additional funding should go directly to schools to enable them to improve teaching and learning. If the HTN funding has been wrongly budgeted for then the LA should take whatever steps they would have taken, without the knowledge of the additional £9m funding, to put that right.

School 5 (town large school):

100% AWPU

School 6 (town mid-size school):

Factor	%	Amount
AWPU		
*Early Years	22.22%	2.0 million
High Needs Funding	50.00%	4.5 million
\$%^Other	05.56%	0.5 million
Primary Key Stage 1-2	11.11%	1.0 million
Secondary Key Stage 3-4	11.11%	1.0 million
Comments	*includes monies for early family intervention work \$consider support to schools in Good/Outstanding to maintain improvement %Support to schools to federate ^Increase capacity in LIS service to support all schools	