

TELFORD & WREKIN COUNCIL

SCRUTINY LEADERSHIP BOARD – 13th MAY 2010

BRIEFING PAPER – SCHOOL FUNDING

REPORT OF HEAD OF LEARNING & ACHIEVEMENT

1.0 PURPOSE

1.1 The purpose of this paper is to provide a concise summary of the system for school funding, as it operates in Telford & Wrekin.

2.0 INTRODUCTION

2.1 The system for schools funding broadly comprises two aspects:

- Allocation of Dedicated Schools Grant (DSG) to the Local Authority based on a national funding formula (i.e. determined by the national government);
- From this LA allocation, funding to individual schools based on each Local Authority's funding formula. This formula now has to be developed with the consultation and agreement of the school's local representative group, the 'Schools Forum'.

3.0 NATIONAL FUNDING SYSTEM FOR LOCAL AUTHORITIES

3.1 LA's receive government funding for schools and the education service via the DSG, a specific ring-fenced grant. Legislation, principally the School Standards and Framework Act 1998, decrees that the DSG must be used in support of the authority's Schools Budget. The Schools Budget incorporates both delegated budgets for schools and central services in support of schools. Funding is determined in multi-year periods.

3.2 Each LA's DSG for 2008-11 was based upon their 2007/08 allocations, increased by a minimum percentage per pupil (3.1% for 2008/09 & 2.9% for both 2009/10 & 2010/11).

3.3 The government then distributed some additional funding for 3 'ministerial priorities';

- Personalisation / Special Educational Needs (SEN)
- Pockets of deprivation
- 'Day 6' provision (i.e. funding to educate pupils excluded for more than 5 days)

3.4 A number of other grants, principally Standards Fund & School Standards Grants, also supplement DSG funding. Allocations to individual schools from these sources are based on national funding mechanisms, rather than being subject to local decisions.

4.0 TELFORD AND WREKIN (T&W) ALLOCATIONS 2008/09 – 2010/11

4.1 Table 1 overleaf shows allocations to T&W in the current 3 year funding period:

Table 1: School funding to T&W 2008-2011

	DSG Total	Per Pupil	Other Grants/ Contributions	Academy Deductions from DSG	Total Schools Budget
2008/09	£96.6m	£3,911	£16.9m	(£1.9m)	£111.6m
2009/10	£99.3m	£4,052	£18.1m	(£3.1m)	£114.3m
2010/11	£102.4m	£4,219	£18.4m	(£3.1m)	£117.7m

- 4.2 DSG allocations are based upon the actual number of pupils included in the January School Census pupil count preceding the financial year (e.g. January 2010 for financial year 2010/11).
- 4.3 There are now 2 Academies in T&W (Madeley and Abraham Darby), receiving most of their funding directly from the government. Funding for individually statemented pupils continues to be paid to the schools by the LA. Abraham Darby's funding is allocated to the school by the DCSF based on T&W's calculation of the budget that they would have received if the school was still maintained by the Local Authority. The DCSF also deduct the central element of DSG driven by Abraham Darby pupils, i.e. there is that much less funding for central school services. Academies also receive significant 'start up funding' in addition to the equivalent LA formula allocations. The Academy deductions shown in Table 1 above relate to Abraham Darby, which became an Academy in September 2008.
- 4.4 Allocations from the DCSF to LAs are based around flat pupil rates. It makes no difference to the funding LAs receive if pupils are educated in special schools, have a statement of special educational need, etc. Thus, for example, if the numbers of statements increase in an LA, this is a spending pressure for the LA which is not funded by DCSF grant.

5.0 TELFORD & WREKIN'S SCHOOLS BUDGET

- 5.1 The Schools Budget has two major components:
- **Individual Schools Budget (ISB):** around 90% of T&W's School Budget. Distributed to schools via delegated budget shares in accordance with the local fair funding formula.
 - **Centrally managed budget:** around 10% of T&W's School Budget. Includes pupil referral units, early years provision by Private, Voluntary and Independent (PVI) providers and additional expenditure on pupils with SEN statements, including out-of-authority placements.
- 5.2 Central expenditure cannot increase at a faster %age rate than provision for the Individual Schools Budget, unless specifically approved by the Schools Forum.

6.0 THE ROLE OF THE SCHOOLS FORUM

6.1 Since 2003, each Local Authority has had to establish a Schools Forum. At least two-thirds of the membership of the Forum must comprise school representatives. Key aspects of the Forum's role are as follows:

- to approve any change in the school's funding formula within a funding period;
- to approve any increase in central expenditure from the Schools Budget which exceeds the percentage increase in funding delegated directly to schools;
- to be consulted on financial matters affecting schools, including arrangements for payment of central government grants to schools, arrangements for the education of pupils with special educational needs, arrangement for early years provision and arrangements for free school meals.

6.2 The membership of Telford and Wrekin's Forum currently comprises 7 primary school representatives, 5 secondary school representatives, 1 special school representative, 1 PVI representative and 1 14-19 representative. From September 2010, the Forum will also be required to have an Academy representative and a Nursery School representative.

7.0 FUNDING AT SCHOOL LEVEL

7.1 T&W school's delegated budgets are calculated using the locally determined Fair Funding Formula. This calculation incorporates around 40 sub-formulas – each of which covers a separate element of costs. These can be most easily categorised as pupil-led and non-pupil led funding.

Pupil Led Funding

7.2 Each pupil within a school attracts an allocation of funding. The amount of funding for each pupil is determined by the funding assigned to each year group. This is referred to as the Age Weighted Pupil Unit or AWPU funding.

7.3 In addition to AWPU funding, primary schools in T&W receive additional allocations of protection funding to allow them to maintain class sizes of a maximum of 30 pupils in KS1 and assist in preventing very large classes in KS2.

7.4 Schools also receive additional funding to meet the needs of pupils with Special Educational Needs or pupils living in a socially deprived household (based on qualification for Free School Meals).

7.5 Pupil numbers and characteristics as recorded on the January census are used to determine pupil led funding in most cases. Two significant exceptions are as follows:

- From April 2010 the Early Years Single Funding Formula takes effect. This will fund nursery age children in both maintained schools and Private, Voluntary and Independent (PVI) settings on the same basis: hourly rates based on termly censuses of pupils (i.e. rather than basing funding on an annual count);

- 6th Form pupils are funded using a national funding formula determined (until March 2010) by the LSC and from April 2010 by the Young People's Learning Agency (YPLA).

Non Pupil Led Funding

- 7.6 *Site Specific* funding is allocated via a range of sub-formulas which allocate funding to schools to meet the costs associated with running and maintaining the school buildings and grounds. These take into account factors such as floor and grounds area and the condition of the buildings.
- 7.7 *School Specific* funding is allocated to schools based upon factors which are specific to a particular group of schools, or which are not driven by either pupil or site specific factors. Examples are curriculum protection at small schools and funding for Newly Qualified Teachers (NQT's) or teachers on the Upper Pay Scale (UPS).

Additional Revenue Grants

- 7.8 In addition to Formula generated delegated budgets from the DSG, schools also receive a number of specific and direct revenue grants.
- **School Standards Grant - SSG.** A direct grant provided by the DCSF to schools. Allocations are calculated on a per pupil basis and can be used for any purpose which supports teaching and learning, and also to support extended school activities.
 - **School Standards Grant (personalisation) – SSG (P).** A direct grant provided by the DCSF to schools to support personalised learning at Key Stages 1 to 4. This grant is not ring-fenced, however, so can be used by the school for any purpose which supports teaching and learning.
 - **School Development Grant – SDG.** An amalgamation of previous grants. The amount of SDG paid to schools is based on previous years allocations. The grant is not ring fenced.
 - **Standards Fund Grants –** The number of standards fund grants paid to schools has declined significantly in recent years as grants have been incorporated into the SDG. The remaining grants tend to be for ring-fenced items (e.g. specialist school funding) or to support new initiatives.

Capital Grants

- 7.9 Schools receive the following ring fenced grants.
- **Devolved Formula Capital Grant – DFC.** To help support the capital needs of school buildings & IT hardware. In general, this funding should be invested in the priorities agreed locally and identified in the local Asset Management Plan. It can be carried forward for up to 3 years to enable larger projects to be planned.
 - **School Travel Grant.** A ring fenced grant awarded to schools who submit a successful bid via a School Travel Plan.

8.0 DIFFERENCES BETWEEN INDIVIDUAL SCHOOLS FUNDING

- 8.1 The local funding formula leads to schools receiving very different levels of funding per pupil. Schools in different sectors receive different amounts of funding, reflecting the varying costs of educating their pupils. Generally:

- secondary schools receive higher funding per pupil than primary schools (because providing subject specific teaching is more expensive, older pupils need a physically bigger and therefore more expensive premises, etc); and
- special schools receive higher funding than mainstream schools (both primary and secondary) reflecting the higher costs of specialist provision.

8.2 In addition to differences between sectors, there are also significant differences within sectors. Whilst all schools receive the same basic funding per pupil, for pupils of the same age (AWPU funding) the Deprivation and SEN funding allocations, site related allocations and protection / lump sums elements of the formula result in total funding per pupil varying significantly between individual schools

8.3 Appendix A provides an example of a school's funding summary sheet, showing an actual (although anonymised) primary school's funding for 2010/11.

9.0 SCHOOL FUNDING – FUTURE ISSUES

9.1 The result of the General Election on 6 May will obviously have an impact on school funding. At the time of writing this has yet to take place, but a constrained public finance environment is likely whoever forms the next government. Thus there is likely to be pressure to make cuts in overall public spending for several years to come.

9.2 The extent to which this impacts upon school funding is yet to be seen, but it suggests that the significant real terms increases in funding per pupil which have been a feature since 1997 are unlikely to continue, or at least only at a much reduced level.

9.3 Members will be updated at the meeting of any immediate implications resulting from the general election.

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