

Notes from the 06/11/2013 National Fair Funding Conference

Set out below are notes on the key note speeches and workshops from the 6th November 2011 DfE Fair Funding conference together with some contextual information relating to the implications for Swindon

2015/16 CSR Implications

DSG for reception to year 11 pupils will grow at more than flat cash per pupil nationwide

- Unclear whether this meant just inflationary increases (which is probable)
- Early years and post 16 not mentioned therefore real term cuts possible

Pupil Premium will grow in real terms

- DfE Speaker then said “in line with inflation” which suggests this is not a real terms increase
- After very significant stepped increases since the premium was introduced in 2011/12 the secondary deprivation rate is only going up from £900 to £935 next year (3.9%) and this level of increase is more likely in future years

Education Services Grant to reduce nationally by £200m in 2015/16 (20% cut)

- Current grant (which replaced LACSEG arrangements from April 2013) is unfenced and provides funding to LAs and Academies on a per pupil basis according to the number of pupils for whom they are responsible
- ESG is intended to pay for those LA services which are referred to as “central functions” – current grant provides funding as follows;
 - LAs with £15 for every pupil for statutory duties
 - LA's / Academies with £116 per pupil for other central functions. LAs lose £116 per pupil whenever a school converts to academy status

<u>Central Services</u>	<u>ESG Funding</u>
Statutory / regulatory duties – DCS role relating to education, school place planning, safeguarding, ensuring fair admissions, promoting collaboration and sharing of information etc.	£15 per pupil paid to the LA for all pupils in state funded schools in their areas
Monitoring national curriculum assessment	Funding of £116 per pupil is paid to LAs for all maintained pupils and to Academies for their pupils
Therapies and other health related services	
Premature retirement and new redundancy costs in schools where not funded from the school budget	
Central support services	
Education Asset Management	
School Improvement	

- Definitions of the above items are not precise and the costs to LA of providing these functions (which are largely % of staff time) are also unclear – DfE used Section 251 returns to determine the pupil values
- The DfE expectation is that LAs can reduce their spending as and when schools convert.
 - The conversion of a 420 place primary school represents the loss of £48,720 to the LA

- The conversion of a 900 place secondary school represents the loss of £104.400to the LA
- Relevant to note that the impact of ESG is dramatically different across the country
 - North Yorkshire County Council – 373 maintained schools and 11 academies (2.9% of schools are academies)
 - Swindon Borough Council - 44 maintained schools and 34 academies (44% of schools are academies) with 3 conversion applications outstanding
- Government to consult in Autumn running through to Spring 2014 on the detail of how the 20% cut will be applied but this will affect both LAs and Academies.
- Expectation that reductions will be implemented through “realising efficiencies and enabling LAs to focus on their core role in schools”
 - Deep dive visits to 18 LAs and 13 Academies
 - Public consultation with wider audience
- DfE concerned at huge differences in ESG related spend as derived from S251 statements
 - Are some LAs more efficient (and therefore savings can be made by other LAs) or is S251 unreliable? - answer probably both
 - DfE asked if
 - they would be clarifying LA role and responsibilities – No
 - there would be any transfers of responsibilities from LAs to schools and/or academies – Probably not
- LA view that ESG cuts will be unfair and arbitrary and will affect other services to the public
- Academies similarly concerned that they will need to make cuts as there was no potential to pass costs on to parents

National Fair Funding Formula

Government will consult on the introduction of an ambitious **national fair funding formula for schools** in 2015/16

- **Details not yet decided** – timetable acknowledged as being vague
 - proposal by late 2013
 - public consultation early 2014
 - Spring/summer 2014 DfE will announce NFFF policy
 - Summer to Spring 2015 school level budgets to be decided
 - April 2015 schools to receive new 2015/16 budgets
- **Options are**
 - School Level Formula - DfE decide individual school level budgets which LAs just passport through (without any strategic role for DCS or Schools Forum)
 - Hybrid Formula - DfE allocate DSG to LAs based on the aggregated amount of individual school budgets but with an expectation that the DCS and Schools Forums will still have scope to revise them in line with school finance regulations
 - LA Level Formula - DfE allocate DSG to LAs via a new national formula leaving DCS and schools forums to set school budgets within the finance regulations

- Key consideration should be whether national or local government and their Schools Forums are able to make the best decisions regarding funding in their areas
- Reasons for NFFF reiterated;
 - A primary school in Birmingham with 3% FSM pupils receives more funding than a school in Shropshire with 33% FSM pupils
- **Potential Impact**
- Evidence supports the high effectiveness of early intervention and that a rebalancing of funding towards earlier ages may be appropriate via enforced primary/secondary funding ratios either at BPPE or total funding levels
- Institute of Fiscal Studies (IFS) have looked into the issue and advise that
 - Although the current funding system is unfair there is no reason to believe that the lowest funded LAs are the most underfunded as this will depend on whatever weightings are given to the new formula
 - Disruption will mainly occur in areas where LAs have historically given levels of priority to funding factors which are different to whatever a new national formula imposes. LAs should therefore benchmark their funding and takes steps to move away from any outlying factor values
 - The impact on individual schools will depend on the formula chosen and the period of implementation
 - They have modelled the impact of a “Low Disruption” model which still results in 1 in 6 schools losing at least 10% of their funding and 1 in 6 schools gaining at least 10% - therefore very significant impact probable
- **MFG will continue** – “ministers are very alive to the need to avoid excessive turbulence” but DfE want changes sooner rather than later and don’t want to lock funding in via MFG for years. DfE are trying to determine an appropriate transition period by assessing;
 - How much funding can a school realistically afford to lose each year?
 - How much extra spending could a school realistically incur each year?
 - Should changes be made sooner rather than later whilst school balances are still relatively high - with a continuation of flat cash DSG school balances will erode over time?
 - Are schools reluctant to spend and are building up balances due to the uncertainty of the new funding arrangements?
- **Scope of NFFF** - No major changes to High Need funding envisaged – the new national formula will only apply to mainstream schools. DfE are considering whether a national formula for Early Years funding should be introduced but early stages and nothing imminent
- **Sixth Forms** - For mainstream sixth forms funding protection introduced in 2010 will end enabling schools and colleges to be funded at the same level for similar types of teaching and learning (probable funding cut for schools)

School Funding and Spending

DfE concerns over school funding/spending;

- £40 billion of public funding is allocated to schools each year which has been protected in real terms despite the public sector austerity programme - therefore value for money needs to be achieved/demonstrated to gain best possible outcomes for pupils
- Plotting spend per pupil against attainment shows very different results are achieved by schools which spend the same and higher spending does not

correlate to higher achievement (Anecdote “Good teaching doesn’t cost any more than bad teaching”)

- Many examples of similar schools achieving similar outcomes with very different levels of resource – need to understand how schools spend their money not just how much they spend.
- Big variations noted in how school budgets are deployed. For example in secondary schools the % of the school budget spent on;
 - Teaching staff varies from 51% to 61%
 - Support staff varies from 7% to 12%

DfE research into the characteristics of the most efficient schools;

- Deploy the workforce efficiently with a focus on developing high quality teachers
- Make use of evidence to determine the right mix of teaching and education support staff
- Employ or have access to a skilled school business manager who takes on a leadership role
- Make good use of financial benchmarking information to inform the school’s own spending decisions
- Make use of school clusters, sharing expertise, experience and data, as well as accessing economies of scale when making shared purchases
- Manage down back office and running costs
- Have in place a strong governing body and leadership team that challenges the school’s spending

DfE review of efficiency in schools to be published with a view to this information being seen by School Governors via a benchmarking report card comparing financial and performance data so they can compare themselves to statistically similar schools

- DfE keen to strengthen expectations of governors role in driving financial efficiency by developing financial training via the national college
- DfE are looking to remove unnecessary restrictions which constrain how workforce decisions can be tailored to individual school requirements (i.e. allowing schools to set their own pay policies)