

DERBYSHIRE COUNTY COUNCIL

CABINET

13th March 2012

**Joint Report of the Strategic Director for Children
& Younger Adults and the Director of Finance**

Schools' Budgets 2012-13 – (Education)

1. Purpose of Report

To seek approval for the allocation of funding to schools for 2012-13.

2. Information and Analysis

2.1 Background

At its meeting on 10th January 2012 Cabinet agreed to implement a number of changes to the LMS formulae for 2012-13 following consultation with schools and the Schools Forum. As a result of agreeing those changes, indicative formula multipliers were published to schools and academies on 20th January 2012. These multipliers effectively show the value of each indicator based on 2011-12 levels of Dedicated Schools Grant (DSG). The intention of publishing indicative multipliers for 2012-13 was to give schools more time to plan their spending which would be of particular help to those schools which are expected to lose resources next year either through the formula changes or because of other factors e.g. falling rolls. A copy of the multipliers based on this starting position is attached as Appendix 1.

It should be noted that the per pupil values at Key Stages 3, 4 and Post 16 in Appendix 1 are slightly different to those presented to Cabinet in January. The figures in January reflected the delegation of the High Performing Specialist Schools funding on the basis of the number of pupils aged 11-16 when the intended delegation was based on the 11-18 pupil count. Cabinet is asked to confirm the intended delegation methodology.

Publication of the indicative multipliers in advance of the completion of the schools' budget data collection exercise was predicated on an assumption that any shortfall in funding for 2012-13 would be met by a transfer of resources from centrally held DSG budgets. This approach was shared with the Schools Forum at its meeting on 25th January 2012 and was supported.

This paper now updates this position and seeks approval from Cabinet to a range of recommendations. Any references to schools in this report should also be taken to include academies unless specified otherwise. A glossary of key terms is attached at Appendix 3.

2.2 2012-2013 Budget

2.2.1 Overall Context

The Government has confirmed that the 2012-13 Guaranteed Units of Funding, which drive the DSG allocations to local authorities, will stay at 2011-12 levels; Derbyshire's rate therefore remains at £4,765.51 per pupil. The Government has now published a Minimum Funding Guarantee for 2012-13 of minus 1.5% per pupil. In broad terms this means that no school can see more than a 1.5% per pupil reduction in its 2012-13 budget (excluding sixth form funding) compared with 2011-12 and before the Pupil Premium is added. This provides slightly more protection than the minus 2% per pupil which had been assumed in the 2011 LMS consultation document. It should be noted that the new multipliers in Appendix 1 have been pared back by around 12% because of the need to fund the MFG for those schools which would otherwise have experienced a reduction in formula funding of more than the minus 1.5%.

2.2.2 Derbyshire Formula Pressures

The schools' funding settlement, although better than other parts of the public sector, is tighter than previous years' and this is likely to remain the case for the foreseeable future. The challenges brought about by the national settlement will be compounded locally by falling rolls, increased SEN and free school meal entitlement pressures and the impact of the formula changes beginning April 2012. Table 1 below shows the net reduction in pupil numbers and impact on DSG income for 2012-13.

Table 1 – Estimated DSG

	2011-12	2012-13	Chg
Pupil Numbers:			
Nursery – mainstream	400	407	+7
Nursery – PVI	3,355	3,379	+24
Primary	56,888	57,395	+507
Secondary	41,928	40,914	-1,014
Special	624	638	+14
Other	321	299	(22)
Total	103,516	103,032	(484)
Reduction in Number on Roll	-	(484)	(484)
DSG GUF £k	4.765	4.765	-
DSG (£k)	493,307	491,000	(2,307)
Reduction on previous year (£k)	-	(2,307)	(2,307)

Table 2 sets out the DSG pressures for 2012-13.

Table 2 – DSG Pressures/Savings

Item	Nurs/ PVI	Prim	Sec	Spec	Total
	£k	£k	£k	£k	£k
AWPN/EYSFF/Spec Schl Places	(59)	596	(3,534)	(180)	(3,177)
Early Years PVI payments	(1,000)	0	0	0	(1,000)
Deprivation	0	536	465	0	1,001
SENTA hours	29	1,987	656	0	2,672
ERS places	0	83	0	0	83
Other SEN changes	0	99	(241)	0	(142)
Premises	0	30	(100)	5	(65)
Rates	2	230	(276)	3	(41)
Specialist schools	0	0	71	120	191
AST Outreach	1	31	(25)	(7)	0
Extended Services	2	902	(834)	3	73
MFG impact of data changes	32	138	(276)	0	(106)
Other changes	(4)	(169)	169	1	(3)
Total	(997)	4,463	(3,925)	(55)	(514)

Brief comments on the key items in Table 2 are included in Appendix 2. The difference between the loss of DSG income in Table 1 (£2,307k) and the net saving from formula allocations in Table 2 (£514k) is a pressure of £1,793k.

2.2.3 Other allocations/changes

In addition to the above it is proposed that a further allocation of £500k be made representing a small contribution to schools' costs generally e.g. incremental drift, prices inflation. This sum equates to either £1,200 per school or, alternatively, around £4.80 per pupil. It is proposed that this sum be delegated by a pro rata increase in the pre-16 pupil (mainstream), places (special schools) and block allowance multipliers. Taken together the above measures, including the loss of grant and formula savings, would require a transfer from central DSG budgets of £2,293k. The forecast central DSG underspend for 2011-12 based on spending to December 2011 is £5,380k and this level is expected to continue in 2012-13. The proposed transfer into the ISB is therefore affordable.

The strategy of a phased transfer of resources from central to delegated budgets to maintain formula multipliers over the medium term was discussed at the last meeting of the Schools Forum on 25th January 2012. The Forum welcomed the approach, particularly as the current level of centrally held budgets exceeds the Central Expenditure Limit (CEL).

Provisional budgets were published on 28th February 2012 and schools advised that they were subject to the decisions taken by Cabinet at this meeting today.

2.3 2012-13 Other Matters (Information only)

The Secretary of State's funding announcements on 13th December 2011 also included updates on Post 16 allocations and Pupil Premium Grant. With regards to Post 16, the transitional protection introduced in 2011/12 in order to help schools and colleges to manage unit cost savings as part of the "Funding Convergence" changes will now continue until 2015/16. Derbyshire's post 16 schools and academies were set to lose £5m over a 2 year period and this will now instead be phased over 4 years.

The Pupil Premium Grant (PPG) rate has been set at £600 per eligible pupil for 2012-13. Whilst this might appear to be lower than estimated, the Government has extended its reach to cover any child who is on the roll of a school in January 2012 that has been registered for Free School Meals (FSM) at any point in the past six years. This is known as the "Ever 6" count and will take account of data from the 18 censuses from summer 2006 to January 2012 inclusive.

The DfE has published exemplar figures of what the 2012-13 allocations would have been for Derbyshire schools based on census data up to and including January 2011. This analysis shows that Derbyshire is set to receive around £1m more than anticipated in 2012-13 as a result of the change to the count. The DfE have also announced that from September 2012 schools will be required to publish on line information about how they have used their PPG funding. New measures will be included in future performance tables to capture the attainment of children covered by the PPG.

2.4 LMS Funding 2013-14 and beyond.

At the last Schools Forum the notion of retaining the current formula multipliers for 2013-14, and possibly 2014-15, was discussed. Such stability would be welcomed by schools as a valuable aid to planning. However, given the falling rolls in Derbyshire secondary schools, future levels of DSG are likely to fall. The aggregate reduction is likely to exceed the potential formula savings by £3-£3.5m. Stabilising the multipliers over this period would therefore rely on further equivalent transfers in funding from central DSG budgets.

Despite the planned reduction in central budgets, the Authority's central DSG budgets for 2012-13 will still be higher than the CEL. The Schools Forum gave approval to exceed the CEL at its meeting on 25th February 2012.

3. Financial Considerations

As contained in the report.

4. Other Considerations

In preparing this report the relevance of the following factors has been considered: - prevention of crime & disorder, equality of opportunity; and environmental, health, legal & human rights, human resources, property and transport considerations.

5. Key Decision? Yes.

6. Background Papers

Supporting papers held in CAYA Finance Section.

7. Officers' Recommendations

Cabinet is asked to:

- (i) Note the current position with regard to schools' funding;
- (ii) Confirm the delegation of funding for High Performing Specialist schools on the basis of the number of pupils aged 11-18;
- (iii) Approve the funding of pressures as set out in Table 2;
- (iv) Approve the delegation of £500k of further funding to schools as set out in section 2.2.3 of the report; and
- (v) Approve the transfer of resources from central budgets to the ISB to cover the loss of DSG and other pressures as set out in section 2.2.3 of the report.

Ian Thomas, Strategic Director for Children & Younger Adults

Peter Handford, Director of Finance

2012-13 PRIMARY SCHOOL MULTIPLIERS

		2012-13 MULTIPLIER £	
PUPIL LED:	AWPN: KS1 Per Pupil	2,298.17	Note (1)
	AWPN: KS2 Per Pupil	2,464.86	Note (1)
BASIC ALLOCATIONS:	Base Allowance	47,266.19	Note (2)
	Very Large School Management	336.16	Note (3)
	Large School Management	87.28	No Change
	Small School Management	197.35	No Change
SMALL SCHOOL ALLOCATIONS:	Small School Protection	340.04	No Change
	Very Small School Protection	1,500.51	No Change
SOCIAL DEPRIVATION:	Deprivation (FSM) (Jan 2012 Count)	1,026.08	New
SPECIAL NEEDS:	School Action Allocation (SA+) (5 Yr Ave Profiles)	948.99	New
	Personalised Learning (Prior Attainment)	451.83	Note (4)
	Teaching Assistant Statements - Corrections	634.54	No Change
	Teaching Assistant Statements - Estimate	634.54	No Change
PREMISES INDICATORS:	Swimming Pool	25,353.16	No Change
	Rates	N/A	Cash Allocation
	Rents	N/A	Cash Allocation
	Buildings - Condition B	5.72	No Change
	Buildings - Condition C	11.44	No Change
SPLIT SITE:	Inter Site <500m	2,446.93	No Change
	Inter Site >500m	34,482.37	No Change
ENHANCED RESOURCE SCHOOLS:	Category A	12,219.25	No Change
	Category B	13,492.31	No Change
	Category C	14,689.21	No Change
	Category D	24,849.55	No Change
OTHER:	VA/Foundation - Additional Resp'y	4.16	No Change
	Salary Safeguarding	N/A	Cash Allocation
	Catering (if opted for delegation)	N/A	Sub Formula - No Change
	Insurance (if opted for delegation)	23.51	No Change
	Merger and Closure Payments	N/A	Cash Allocation
FORMER GRANT MAINT'D SCH'LS:	Add On (Per Pupil)	2.80	No Change
FORMER STANDARDS FUNDS:	KS1 Class Size Funding	N/A	Sub Formula - No Change
EARLY YEARS SINGLE FUNDING FORMULA (EYSFF):	Hours Provided at Basic Hourly Rate (38 weeks)	3.70	No Change
	Hours Provided at Non Term Time Rate (14 wks)	1.73	Note (5)
	Social Deprivation (IMD)	24.67	No Change
FORMER GRANTS:	Advanced Skills Teachers: Salary (per FTE)	9,925	No Change
EXTENDED SERVICES:	Extended Services Subsidy (FSM) (Jan 2012 Count)	79.80	New
	Extended Services Subsidy (50% of Historic)	N/A	Cash Allocation
	Extended Services Sustainability (Pupils) (Yr R-6) (14 Week Count)	4.18	New
	Extended Services Sustainability (50% of Historic)	0.012	New

NOTES:

- (1) 2011-12 Multiplier + Formularised Grants (KS1 & KS2 Pupils) + AST Outreach
- (2) 2011-12 Multiplier + Formularised Grants (Block)
- (3) Increase as per Cabinet Report 26 April 2011
- (4) 2011-12 Multiplier + Formularised Grants (Personalised Learning)
- (5) 2011-12 Multiplier + Formularised Grants (Nursery Pupils) + AST Outreach

2012-13 SECONDARY SCHOOL MULTIPLIERS

		2012-13 MULTIPLIER	£
PUPIL LED:	AWPN: KS3 Per Pupil	3,234.00	Note (1)
	AWPN: KS4 Per Pupil	3,829.46	Note (2)
	Post 16 Per Pupil	233.76	Note (3)
BASIC ALLOCATIONS:	Base Allocation 11-16 School	257,269.22	Note (4)
	Base Allocation 11-18 School	195,753.92	Note (4)
SMALL SCHOOL PROTECTION:	KS3 + KS4 Funding Population <650	380.83	No Change
SOCIAL DEPRIVATION:	Deprivation (FSM) Pre 16 (Jan 2012 Count)	1,668.05	New
	Deprivation (FSM) Post 16 (Jan 2012 Count)	534.69	New
SPECIAL NEEDS:	School Action Allocation (CATs)	4,217.83	No Change
	School Action Allocation (SA+) (5 Yr Ave Profiles)	5,031.73	New
	Personalised Learning (Prior Attainment)	294.74	Note (5)
	Teaching Ass't Statements - Corrections	634.54	No Change
	Teaching Ass't Statements - Estimate	634.54	No Change
PREMISES INDICATORS:	Rates	N/A	Cash Allocation
	Non AWPN Deduction (Rates)	N/A	% Deduction
	Rents	N/A	Cash Allocation
	Buildings - Condition B	12.20	No Change
	Buildings - Condition C	24.40	No Change
SPLIT SITE:	Index	34,562.46	No Change
	Base	24,030.31	No Change
ENHANCED RESOURCE SCH'S:	Category A	12,219.25	No Change
	Category B	13,492.31	No Change
	Category C	14,689.21	No Change
	Category D	24,849.55	No Change
OTHER:	VA/Foundation - Additional Resp'y	3.11	No Change
	Salary Safeguarding	N/A	Cash Allocation
	Catering FSM (Prior Year Correction ONLY)	2.12	No Change
	Non AWPN Deduction (FSM)	N/A	% Deduction
	Insurance (if opted for delegation)	23.51	No Change
	PFI Allowance	N/A	Cash Allocation
	Merger and Closure Payments	N/A	Cash Allocation
FORMER GRANTS:	Advanced Skills Teachers: Salary (per FTE)	9,925	No Change
	Specialist School Adjustment (Per Pupil - ALL)	(60.54)	Note (6)
	Specialist School Adjustment (Block)	(9,588.42)	Note (6)
EXTENDED SERVICES:	Extended Services Subsidy (FSM) (Jan 2012 Count)	79.80	New
	Extended Services Subsidy (50% of Historic)	N/A	Cash Allocation
	Extended Services Sustainability (Pre 16 Pupils)	4.18	New
	Extended Services Sustainability (50% of Historic)	N/A	Cash Allocation
YPLA 6th FORM BUDGET:	Per YPLA	N/A	
	Threshold Pay (for 6th Form Pupils)	TBC	Note (7)

NOTES:

- (1) 2011-12 Multiplier + Formularised Grants (KS3 Pupils) + LSU + Specialist School (Pupil) + HPSS + AST Outreach
- (2) 2011-12 Multiplier + Formularised Grants (KS4 Pupils) + KS4 Practical Activities + LSU + Specialist School (Pupil) + HPSS + AST Outreach
- (3) New: Formularised Grants (6th Form Pupils) + Specialist School (Pupil) + HPSS
- (4) 2011-12 Multiplier + Formularised Grants (Block) + EMBC + Specialist Schools (Block)
- (5) 2011-12 Multiplier + Formularised Grants (Personalised Learning)
- (6) Phasing of the increase in funding for the 3 non specialist secondary schools
- (7) The level of YPLA Threshold funding is not known. However, it can be assumed that the 2011-12 multiplier (£149.68) will reduce by around 33% to approx. £100

2012-13 NURSERY SCHOOL MULTIPLIERS

		2012-13 MULTIPLIER	
EARLY YEARS SINGLE FUNDING FORMULA		£	
HOURS PROVIDED:	Basic Hourly Rate (38 weeks)	3.70	No Change
	Non Term Time (14 weeks)	1.68	Note (1)
BLOCK ALLOCATION:	Nursery School	87,318.92	Note (2)
SOCIAL DEPRIVATION:	Index of Multiple Deprivation	24.67	No Change
SPECIAL NEEDS:	Teaching Ass't Statements - Corrections	634.54	No Change
	Teaching Ass't Statements - Estimate	634.54	No Change
PREMISES INDICATORS:	Rates	N/A	Cash Allocation
ENHANCED RESOURCE SCHOOLS:	Teaching Assistants	686.10	No Change
OTHER:	Salary Safeguarding	N/A	Cash Allocation
EXTENDED SERVICES:	Extended Services Sustainability (EYSFF Hrs) (14 Week Count)	0.012	New

NOTES:

(1) 2011-12 Multiplier + Formalarised Grants (Per Hour) + AST Outreach

(2) 2011-12 Multiplier + Formalarised Grants (Block)

2012-13 SPECIAL SCHOOL MULTIPLIERS

		2012-13 MULTIPLIER £	
DAY PLACES:	Band 1	10,183.65	see below (1)
	Band 2	11,049.54	see below (1)
	Band 3	12,303.15	see below (1)
	Band 4	13,907.21	see below (1)
	Band 5	14,911.64	see below (1)
	Band 6	15,506.49	see below (1)
	Band 7	16,920.44	see below (1)
	Band 8	18,144.39	see below (1)
	Band 9	19,607.45	see below (1)
	Band 10	21,070.52	see below (1)
	Band 11	23,317.45	see below (1)
RESIDENTIAL PLACES:	Multi-Sensory Impairment	32,018.60	No change
	Extremely Challenging Behaviour	32,018.60	No change
	Exceptional Learning Difficulties	13,625.37	No change
	Severe Communication Difficulties	3,353.28	No change
	Emotional and Behavioural Difficulties	3,538.99	No change
	Severe Emotional and Behavioural Difficulties	3,538.99	No change
	Extreme Communication Difficulty	20,772.32	No change
	Severe Learning Difficulties	3,141.05	No change
	Severe Physical Impairment	3,133.09	No change
	Severe Hearing Impairment	2,077.23	No change
	Severe Sight Impairment	2,077.23	No change
	Other Learning Difficulties	2,077.23	No change
	Diagnostic and Assessment	2,077.23	No change
PUPIL LED:	Day Numbers	455.80	see below (2)
	Residential Numbers	7,247.68	No change
BASIC ALLOCATIONS:	Base Allocation Day School	239,144.03	see below (3)
	Base Allocation Res School	402,444.70	see below (3)
SMALL SCHOOL ALLOCATIONS:	Small School Protection	4,383.86	No change
PREMISES INDICATORS:	Swimming Pool	26,202.49	No change
	Buildings - Condition A	54.33	No change
	Buildings - Condition B	72.44	No change
	Buildings - Condition C	90.55	No change
EARLY YEARS SINGLE FUNDING FORMULA:	Hours Provided at Basic Hourly Rate (38 weeks)	3.70	No change
	Hours Provided at Non Term Time Rate (14 wks)	0.93	see below (2)
	Social Deprivation (IMD)	24.67	No change
SOCIAL DEPRIVATION ALLOCATIONS:	From BIP & EiC 2011-12 Allocation	74.59	New (4)
FORMER GRANTS:	Specialist School Adjustment	(40,000.00)	New (5)
EXTENDED SERVICES:	Extended Services Subsidy	184.10	New (4)
	Extended Services Sustainability - Places	4.18	New (6)
	Extended Services Sustainability - Early Years (14 week count)	0.012	New (6)

NOTES:

- (1) Addition of Advanced Skills Teacher Outreach Funding
- (2) Addition of Formularised Grants: Per Pupil
- (3) Addition of Formularised Grants: Block and Specialist School Allocation (£60,000 for all schools)
- (4) Allocated by FSM Entitlement count from January Census
- (5) Adjustment for those schools who previously did not receive Specialist School Funding
- (6) Allocated by No of Places and Early Years Hours (Stubbin Wood only)

- (i) Pupil/Place numbers: – this reflects the net change in the number of pupils and places funded by the formula. The main points to note being: a significant reduction in secondary numbers; a moderate increase in primary numbers and savings in special schools' places as a result of the change in Peak School's status.
- (ii) Early Years PVI– this is the estimated saving in the payments to Early Years providers. The saving reflects the impact of an increasing proportion of pupils transferring to mainstream provision in September.
- (iii) Deprivation – this reflects an increase in the number of pupils “known to be eligible” for free school meals as recorded on the January 2012 census.
- (iv) SENTA hours – there continues to be significant demand for SENTA support. The 2012-13 pressure reflects significant increases in the number of hours for new statements, particularly in respect of autism and behaviour.
- (v) Specialist Schools – this is the first year's cost of a phased move to level up the funding for secondary and special schools and thus absorb the former specialist schools indicators into the main LMS formulae.
- (vi) MFG – this is the estimated impact on the MFG protection bill as a result of changes in schools' LMS data between 2011-12 and 2012-13.
- (vii) Other changes – the net impact of other data changes used by the LMS formulae e.g. Key Stage 1 class size support, small school protection, block allowances etc.

Glossary of Terms

Appendix 3

AWPU	Age Weighted Pupil Units	The number of pupils in a school is the main factor for driving mainstream schools' formula allocations. The pupil count is based on the previous January's pupil numbers. Different pupil age groups attract different weightings to reflect the differential costs of their education. AWPU is therefore the amount of funding per pupil after it has been weighted according to age
CEL	Central Expenditure Limits	The CEL operates by restricting the increase in a local authority's centrally retained schools related expenditure from one year to next to the same percentage as the increase in the ISB. So, if for a particular year a local authority's ISB grew by 5%, its central expenditure could only grow by a maximum of 5% also. The CEL is designed to ensure that the greater proportion of any increase in funding finds its way into schools' delegated budgets. School Forum approval must be obtained if the local authority wants to exceed the CEL.
DSG	Dedicated Schools Grant	The DSG is the major source of Government funding to support schools' spending. It is currently based on a Guaranteed Unit of Funding per qualifying pupil count, regardless of age. The DSG is to provide for pupils up to, and including, Year 11, i.e. not post 16 provision, but it does include Early Years, pre statutory age provision in schools and other private and voluntary providers.
ERS	Enhanced Resource School	A school with additional facilities to support the requirements of pupils with a greater level of special educational needs than an ordinary maintained school.
-	Formula data	The data used by an authority to allocate funding to individual schools
FSM	Free School Meals	Numbers of pupils taking up free school meals. Used as a measure to allocate some elements of funding within the formula. Also a cost to the authority as it bears the cost of the provision of these meals to children from its budgets.
GUF	Guaranteed Unit of Funding	A per pupil rate of funding which, when multiplied by the number of children, determines each local authority's DSG
ISB	Individual Schools Budget	An authority's Individual Schools Budget is the funding distributed to its maintained schools based on its agreed Local Management of Schools formula.
LMS	Local Management of Schools	The Local Management of Schools (LMS) arrangements for the financing of schools were first introduced in 1990/1 and allow for the delegation of financial and managerial responsibilities to schools. School budgets are determined by a locally agreed formula and the management is delegated to the Boards of Governors of individual schools.
MFG	Minimum Funding Guarantee	The MFG is expressed as a percentage change per pupil. It is designed to set either a maximum reduction or minimum increase in budget that a school will receive compared with the previous financial year.
	Multiplier	The value given to each indicator (measure) in the LMS formula
NOR	Numbers on roll	The number of pupils attending a school
PPG	Pupil Premium Grant	An allocation of funding to support children from

		deprived backgrounds who generally perform less well. The amount is now calculated on the basis of the “Ever 6” free school meal entitlement count
PVI	Private, Voluntary and Independent (Providers)	Term used to refer to providers of early years education which are not part of the local authority
SEN	Special Education Needs	Additional support required by some children to assist in achieving their potential.