

Report to Buckinghamshire Schools Forum, October 2003

Recent developments in school funding changes and the impact on Buckinghamshire schools

The financial year 2003-2004 saw the introduction of a new way of allocating and distributing funds from central government to local councils. For education, this produced some significant changes from the previous system known as SSA (Standard Spending Assessment).

- a. the money to be spent on pupils and the money to be spent by LEAs on fulfilling their statutory functions are separately assessed. These are called the **LEA Block** and the **Schools Block**, but it should be noted that not all the money in the so-called Schools Block is spent in school establishments. Some is spent on meeting the needs of pupils educated outside mainstream settings. The money actually allocated to schools is called the Individual Schools' Budgets (ISB) and that is decided by the LEA in consultation with the Schools Forum.
- b. The calculation of the money for the Schools Block is done on the following basis: every pupil in the country receives a notional 'basic entitlement', topped up by extra funding for pupils with Additional Educational Needs. The definition and costing of AEN was done much more thoroughly than in the past. Extra money was also allocated to primary age pupils in areas of sparsity and extra money was allocated to meet the higher costs of providing services in some parts of the country, the Area Cost Adjustment (ACA). Money for pupils with Special Needs (High Cost Pupils) was allocated on a new basis, arising from research on incidence and cost.

These new formulae form the basis of the Education Formula Spending Share (EFSS). This provides a notional sum which the government estimates needs to be spent; it does not provide actual cash to spend. The sources of money to spend on education (and other locally administered services) come partly from central government (through the Revenue Support Grant and the Non-Domestic Rate grant) and partly from what a local Council decides to raise through its own Council Tax levy.

Buckinghamshire's EFSS shows that it receives a relatively low allocation for AEN as it has a disproportionately high number of well-off people. In measures of need Buckinghamshire stands at 135th out of 150, i.e. only 15 places from the top of the league table of 'well-being'. However, Buckinghamshire is an expensive part of the country and therefore benefits from the ACA. The base calculations for Buckinghamshire are increased by 9.23% to allow for the extra costs and this applies to the whole of Buckinghamshire even though the extra costs apply to one part of the county rather than the whole county.

What Buckinghamshire actually spends on its education service is a political decision made by the County Council. The sums allocated by central government are not hypothecated, i.e. ear-marked for specific uses. At the margins, a Council may decide to spend more on repairing roads than on providing more generously for education, or it might give greater priority to social services than to education.

In Buckinghamshire the Council spends **less** on schools than the government expects, by a margin of some £2.5 million (just over 1%). Conversely it spends **more** on fulfilling its statutory functions by £6 million and this is largely explained by the very high cost of transporting children to schools, (mainly because of the selective system of secondary education in Buckinghamshire).

The Council receives grant from central government and this is based on an assumed council tax income. Buckinghamshire sets its council tax at a lower rate than the most of the other South East authorities with which it is normally compared. The Bucks Band D figure is currently £26 below the average for the group of counties with which it is normally compared. If this had been added to the Council Tax this year, it would have increased the charge by 50p per week and added £5.4 million to the money available for expenditure on education.

A second set of issues arises from the distribution of funding within the school sectors in the county. The comparative data show that Buckinghamshire spends heavily on SEN statemented children (a country-wide phenomenon in areas which have a relatively low basic spend). As for the distribution between primary and secondary, grammar and upper schools, this is more elusive. What the Forum needs to have, before reaching a view on internal relativities, is a clear 'activity analysis' of what is being provided in schools as a result of the present Fair Funding formula distribution.

The concept of 'activity analysis' is based on the more widely used phrase 'activity led formula'. ALF is an approach to the funding of schools in which a school's activities (defined in terms of the needs of pupils) are disaggregated and costed. This approach was discussed in Bucks some years ago and not pursued as it produced a financial pressure too great for the Council to contemplate. An 'activity analysis' takes a similar approach but instead of starting from a wish-list of what we might like to see happen in schools, it starts from what funding is currently being allocated and analyses that in terms of provision (size of class, teacher contact ratio, support staff and technician hours, books and computers per pupil, etc). An activity analysis would give the Forum and the elected members a picture of the basic model of school they are funding. From that analysis might emerge some issues that need to be addressed, e.g. that primary schools need a greater input of technical and administrative support, or that upper schools are not adequately funded to meet the pressures of disruptive pupils, or that grammar schools are unable to meet the needs of the very able by diversified provision. Activity analysis also reveals more clearly other pressures such as split site functioning and sub-optimal cohorts and can throw light on policies such as the allocation of management allowances and the placing of senior members of staff on the Leadership Spine.

This approach to the costing of school provision will become even more essential as we move to a re-modelling of the workforce over the next two years and as curriculum changes are implemented, notably in Key Stage 4 as part of the 14-19 developments.

Recommendations

1. The Schools Forum should take steps to ensure that all those involved in education in Buckinghamshire (councillors, administrators, governors, heads, teachers, parents and pupils) have a clear understanding of the issues outlined in this paper.
2. The Schools Forum should maintain pressure on the County Council to increase its funding for schools to at least the level recommended by government and possibly to a level similar to that of comparator authorities.
3. The Schools Forum should support work on an activity analysis of provision so that, in the event of more money becoming available, it may be in a position to make recommendations for formula distribution changes on the basis of knowledge rather than sectoral prejudice.
4. In the longer term, the Schools Forum may wish to discuss whether the financial disbenefits of having a selective secondary system are outweighed by any perceived educational benefits.