

Report to the Forum on the Funding Group Meetings.

1. Introduction

- 1.1 The Funding Group was established to look in detail at the principles enshrined in the 'Five Heads' report of 1997 and the 'Modernisation Report' of 1999 and in the light of changing circumstances and inflation, to report to the forum on the current funding of Buckinghamshire Schools.
- 1.2 In addition the Funding Group was asked to look at the relative needs of all schools in the light of the LEA's stated intention of funding schools at the level of FSS in the 2004/05 financial year.
- 1.3 A third element of our work was to consider the situation with Special Educational Needs, and in particular the relative needs of Special Schools, which neither of the earlier reports addressed.
- 1.4 The Funding Group met on 22nd May, 22nd October, 18th November and 1st December. They were supported by finance officers including Alan Mander, Jane Brown and Andrew Joyce.
- 1.5 The work of the group was further complicated by the emerging pattern of Government statements about funding in the coming year. The 4% (approx.) minimum guarantee and the transitional funding for schools in greatest need meant that certain decisions have been taken at central government level.

2. Consensus views

- 2.1 The group started their work by looking back at the underlying assumptions in the Five Heads and Modernisation reports, and upgraded the resulting costs in line with current costs and practices. We did not have the time to start from first principles so this paper does not claim to present as detailed a picture as that provided by those earlier reports. Future work will be needed to ensure current and future expectations are built into activity-lead funding models.
- 2.2 Nevertheless, as a result of the upgrading exercise it became clear that on the basis of those principles, all schools in Buckinghamshire remain underfunded to the tune of some £7m. (The exact figure is £6,917,875 shortfall against fully funded needs-led analysis)
- 2.3 This shows that there has been significant new money put into the schools' budgets over the intervening years, some of which has come from the County Council decisions and some from central government.
- 2.4 However, it remains the case that both the Primary and Secondary sectors are underfunded, but the primary sector is relatively more underfunded than the secondary sector. The most underfunded element is Key Stage 2 funding.
- 2.5 In looking at available money to distribute we stuck with principles enshrined in the Five Heads and modernisation reports – that no school should lose money, that all schools should have some – but the schools in greatest need should have greatest proportion. The government guarantee of 4% per pupil increase has also 'locked in' previous allocations and has restricted our freedom for action .
- 2.6 In looking at the Special Schools the view emerged that these were relatively poorly funded in comparison with previously announced DfES staffing levels,

and the special schools had not been considered in terms of needs led analysis previously. Additional work is needed to produce such a needs led funding analysis with underlying principles and expectations clarified.

- 2.7 We were also aware of the desire to use some of the additional money this year for some forward-funding of SEN to provide a small but significant sum that could be used to develop in-county facilities to reduce the SES budget spent on out-county and private provision places for children with Special Educational Needs.
- 2.8 In order to do all this we need to maximise the amount of money available for new distribution and we currently identify this as coming from two sources. First there is the additional money that will be available when the LEA increases school funding to FSS levels. Second there is additional headroom available as the LEA is going to be funded approximately 6% higher than last year and has to meet a minimum 4% pupil funding guarantee.

3. Conclusions

- 3.1 Providing the total new distribution money available is at least £2M the Funding Group recommends to the Forum that £200,000 should be allocated to special needs. This should be on the basis of the LEA producing a business plan which reduces the SES budget on out-county and private provision, which is monitored outside SES services.
- 3.2 Of the remaining new distribution money, we believe that the Special School Sector should get a proportional share in line with the distribution we would recommend to mainstream schools. On the basis that the special schools account for 7% and the mainstream schools account for 93% of total schools' budgets we would recommend to the Forum that 7% of the new distribution money be allocated to special schools.
- 3.3 Of the remaining money to be distributed, we wish to implement item D of the consultation that has gone out to schools and been supported by the Forum at its last meeting, namely that: - "Every school is allocated its minimum guaranteed budget, plus a proportion of headroom, and the balance of the headroom is allocated on the basis of need." We therefore recommend that the 93% remaining for mainstream schools be allocated on the basis that 5/8ths of this money is allocated equally across all key stages to target general underfunding. The balance of 3/8ths is allocated to target the more pronounced underfunding at Key Stage 2.

- 3.4 This would result in a proportional recommendation for allocation of money according to the following table: -

| Foundation | Key Stage 1 | Key Stage 2 | Key Stage 3 | Key Stage 4 |
|------------|-------------|-------------|-------------|-------------|
| 1 | 1 | 4 | 1 | 1 |

or overall, a distribution which recognises that both primary and secondary sectors are underfunded but that Key Stage 2 is particularly under-resourced.

- 3.5 We therefore would like the Forum to make specific recommendations to the County Council regarding the distribution of funding for next year, and then we wish the Forum to accept the need for further funding work to be undertaken once this funding round is completed.

4. Formal Recommendations

The Funding Group therefore proposes three resolutions to the Forum:

- 4.1 That the Forum urges the County Council to fund its schools at the level of full FSS in the coming financial year (2004/05).
- 4.2 That the Forum recommends that the County Council combines all available new money, including the additional money resulting from getting to FSS (£2.6M) and available headroom from government, to distribute to schools in the ratio we propose.
- 4.3 That the Forum recommends that the County Council distributes the available new money according to ratios suggested in this report, namely
 - i) Providing there is at least £2M the first £200,000 to a Special Needs Project with business plan and monitoring procedure in place
 - ii) 7% of remaining new money to Special Schools
 - iii) All remaining new money to be distributed to mainstream schools in the ratio of 1:1:4:1:1 for Foundation:KS1:KS2:KS3:KS4

5. Future Work

- 5.1 Having identified that the current formula allocations are 'locked in' for the forthcoming two years we need to begin work now on the implications for funding our schools in two year's time.
- 5.2 This will include generating a Special Schools Activity Led Funding Model
- 5.3 It will also include looking at the way in which funding is split within sector at the secondary level between Upper and Grammar schools using prior attainment to identify need.
- 5.4 We also need to revisit the Activity Led Funding for all mainstream schools in line with current and forthcoming expectations, not least of which is the workforce implementation expectations which will impact on all schools.

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