

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**FAMILY AND CHILDREN'S SERVICES SCRUTINY COMMITTEE -
4 MAY 2011****CHANGES TO SCHOOLS' FUNDING AND FINANCIAL PRESSURES****REPORT BY DIRECTOR FOR SCHOOLS, QUALITY AND STANDARDS**

This report provides a briefing about changes to schools' funding and financial pressures, as requested by the committee in February. The briefing was considered by the Schools Mini-Group on 12 April.

FOR INFORMATION

1 Overview

- 1.1 Some of the changes in the Local Government Finance settlement will affect the amounts of funding that schools receive directly and some of them will affect some of the services that are delivered to schools by the LA.
- 1.2 As well as changes to existing grants, there will be a new grant that will go to schools via the LA and this will be known as the Pupil Premium.
- 1.3 As the main funding stream that funds schools, the Dedicated Schools Grant (DSG), is completely based on pupil numbers, a very brief summary of some of the changes in the pupil number part of the calculation is given below.
- 1.4 As well as the changes arising from the Finance settlement there is also a new Early Years Single Funding Formula that is being introduced next year as well as a revised Schools Funding Formula. These will also affect the allocations that are made to some individual schools.
- 1.5 The Minimum Funding Guarantee (MFG) for schools has been set at -1.5%. This means that a school should not receive an allocation per pupil less than 1.5% of that which they received in 2010/11. In practice the formula to calculate this is fairly complex and some of

the factors in the formula will be excluded from the calculation as has been previously agreed by the Schools Forum.

2 Standards Fund Grants that have gone into Dedicated Schools Grant (DSG)

- 2.1 All of the Standards Fund grants that were allocated to schools in 2010/11 have now been incorporated into the DSG. There were also elements of some of these grants that were retained centrally by the LA to pay for services accessed by schools.
- 2.2 The following grants have been incorporated into the DSG through the mechanism of being converted into a per-pupil amount that is now part of the Guaranteed Unit of Funding (GUF) that will be used to calculate our 2011/12 DSG allocation:
 - London Pay Addition Grant
 - School Standards Grant
 - School Standards Grant (Personalisation)
 - Extended Schools Subsidy & Sustainability
 - School Development Grant
 - School Lunch Grant
 - One to One Tuition
 - Ethnic Minority Achievement Grant
 - Primary Strategy Targeted Support
 - Secondary Strategy Targeted Support.
- 2.3 For each of the above grants the Schools Forum has taken a decision about whether any portion can be kept centrally to continue to fund centrally provided services and where allocated to schools, the method that should be used to allocate.
- 2.4 In all of the above grants the Schools Forum has agreed to continue to allocate amounts to schools that they previously received in a way that closely replicates the way in which it was allocated previously. In respect of amounts that were kept centrally from these grants they have now decided to allocate these amounts to schools and thus in order for these services to continue as is, the schools would need to purchase the services back from the LA.
- 2.5 The Early Years Extension to Free Entitlement has been incorporated into the DSG as a "volume adjustment", i.e. it has been added to the control total nationally and individual LAs benefit from the increased value that 3 and 4 year olds have in the calculation as these were previously counted as 0.5fte and will in future be 0.6fte.

3 PUPIL PREMIUM

- 3.1 The Government has announced the introduction of a new grant known as the Pupil Premium from April 2011.
- 3.2 The indicator used to reflect deprivation for 2011/11 will be eligibility for free school meals (FSM). Coverage may be extended in future years to include pupils who have previously been known to be eligible for FSM.
- 3.3 The pupil premium will be £430 (in 2011/12) for every deprived child in maintained schools and Academies.
- 3.4 Children who have been looked after for more than six months will also attract the pupil premium for 2011/12.
- 3.5 Also deprived pupils in non-maintained settings who are publicly funded will attract the premium. This includes Non-Maintained Special Schools, Independent Schools, Hospital Schools, Pupil Referral Units and Not in School.
- 3.6 There is also a premium for children whose parents serve in the armed forces and for 2011/12 this is set at £200.

4 Grants that have either Ceased or been Incorporated into the Early Intervention Grant (EIG)

- 4.1 Included in Table 6 below is a breakdown of the grants that will either cease from next year or which will go into the new EIG. As the new EIG is not a ring-fenced grant these are treated together in this paper, as the decision making process that was applied sought to prioritise the work being done across the piece and thus in some instances work may be continued that was previously funded by a grant that has now ceased and will in future be funded by the EIG.
- 4.2 It is clear that a number of the expenditure reductions that are to be applied from 11/12 as a result of the reduced grant income are in areas that previously provided support to schools. A consequence of this is that schools may have to purchase some of these services in future out of their delegated budgets or utilise their existing resources in a different way to compensate.

5 PUPIL NUMBERS

- 5.1 Although, the government has decided to continue to carry on with the 3-year old Universal Provision top-up to 90% of the population, the population figure that they have supplied for next year's calculation (1,878) is significantly lower than the number that

was used this year (2,290). So although we gain 66 pupils based on the change from 0.5 to 0.6 fte, we lose 223 pupils due to the lower population figure being used. A query was raised with The DfE about the reason/s for the large change and they have responded by saying that the figure used in previous years was in fact too high. Although their response is not entirely satisfactory there does not seem to be much else that that is within our power to change it. The change in population figure on its own has reduced our DSG by £1.6m.

- 5.2 We are allowing for growth in pupil numbers from Reception to Year 11 of 180 pupils.
- 5.3 The change in weighting from 0.5 to 0.6 of the Early Years pupils (excluding the 3 year old top-up) has led to increased volume of 204 pupils across the maintained and PVI sectors.
- 5.4 Our estimated DSG for 2011/12 is based on pupil numbers of 11,150 which is an increase compared to 2010 of 225 pupils.
- 5.5 Based on pupil numbers of 11,150 we estimate that our DSG allocation for 2011/12 will be £78.453m. This compares to the total of 2010/11 grants received which are now rolled into this new DSG of £78.102m. This represents an increase of £351,000 (0.45%).

6 Summary of Grant Changes from 2010/11 to 2011/12

Specific Grant	Govt Dept	2010/11	2010/11	2011/12	2011/12
	Type	Type	Latest Position	Type	Provisional Allocation
	Text	Text	£'000	Text	£'000
Dedicated Schools Grant	DfE	DSG	67,579	DSG	78,453
London Pay Addition	DfE	G	355	DSG	-
School Standards Grant (Personalisation)	DfE	G	516	DSG	-
Schools Standards Grant	DfE	G	1,813	DSG	-
Standards Funds - 1 to 1 Tuition	DfE	G	370	DSG	-
Standards Funds - Early Years extensions of free entitlement	DfE	G	1,051	DSG	-
Standards Funds - Ethnic Minority Achievement Grant	DfE	G	1,428	DSG	-
Standards Funds - Extended Schools - Subsidy	DfE	G	269	DSG	-
Standards Funds - Extended Schools - Sustainability	DfE	G	277	DSG	-
Standards Funds - Primary Strategy Targeted Support	DfE	G	530	DSG	-
Standards Funds - School Development Grant	DfE	G	3,687	DSG	-
Standards Funds - School Lunch Grant	DfE	G	119	DSG	-
Standards Funds - Secondary Strategy Targeted Support	DfE	G	108	DSG	-
Early Intervention Grant	DFE	N/A	N/A	EIG	6,737
Area Based Grant 2010-11 In-Year (met from 2011/12 planned cuts)	DFE	ABG	-1301	EIG	-
Child Trust Fund	DFE	ABG	4	EIG	-
Children and Young People Revenue (Think Family)	DfE	G	355	EIG	-
Children's Fund	DFE	ABG	284	EIG	-
Children's Social Care Workforce	DFE	ABG	87	EIG	-
Connexions	DFE	ABG	1531	EIG	-
Contact Point	DfE	G	35	EIG	-
Positive Activities for Young People	DFE	ABG	722	EIG	-
Standards Funds - Foundation Learning at Key Stage 4	DfE	G	13	EIG	-
Sure Start Early Years (Revenue)	DfE	G	5110	EIG	-
Targeted Mental Health in Schools	DfE	G	223	EIG	-
Teenage Pregnancy	DFE	ABG	91	EIG	-
Young People Substance Misuse	DFE	ABG	21	EIG	-
Youth Opportunities Fund	DFE	G	131	EIG	-
14-19 Flexible Funding Pot	DFE	ABG	16	End	End
Capital Standards Funds - Building Schools For the Future	DfE	G	50	End	End
Capital Standards Funds - Harnessing Technology	DfE	G	121	End	End
Choice Advisors	DFE	ABG	25	End	End
Designated Teacher Funding	DFE	ABG	5	End	End
Education Health Partnerships	DFE	ABG	45	End	End
Extended Rights to Free Transport	DFE	ABG	3	End	End
Extended Schools Start Up Grant	DFE	ABG	169	End	End
Play Pathfinder	DfE	G	73	End	End
Primary National Strategy - Central	DFE	ABG	54	End	End
School Development Grant	DFE	ABG	1,586	End	End
School Improvement Partners	DFE	ABG	36	End	End
School Intervention Grant	DFE	ABG	22	End	End
School Travel Advisors	DFE	ABG	18	End	End
Secondary National Strategy - Behaviour & Attendance	DFE	ABG	68	End	End
Secondary National Strategy - Central	DFE	ABG	91	End	End
Standards Funds - Aim Higher 2009/10 Final Term	DfE	G	24	End	End
Standards Funds - Aim Higher 2010/11 First Term	DfE	G	13	End	End
Standards Funds - City Challenge	DfE	G	22	End	End
Young People Substance Misuse Partnership	HO	ABG	88	End	End
Standards Funds - Targeted Improvement Grant	DfE	G	32	End	End
Sustainable Travel - General Duty	DFE	ABG	11	End	End

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