

APPENDIX C - GROWTH PROPOSALS 2002/03 – DETAILS

The following commitments exist:

	<u>£</u>
<p>1. Space for Sports/Arts The Authority has received a considerable grant to build additional accommodation. The associated additional running costs need to be included in the formula allocations for individual schools.</p>	90,000
<p>2. SENCO Funding There is a shortfall in this area because of a change in the SSA.</p>	100,000
<p>3. Behaviour Support Plan (Phase 3) Phase 3 implementation has been split over two years. This is the second part.</p>	75,000
<p>4. Pressures on Demand-led Budgets</p> <ul style="list-style-type: none"> • Independent Schools Budget • SEN Recoupment <p>Both these budgets are subject to upward pressures – in the case of the former this is a result of increased numbers and increased costs per place, and for the latter a reduction of income from the County following a lower take-up of places.</p>	150,000 80,000
<p>5. Salary Increase/Re-grading following national settlements and local evaluations</p> <ul style="list-style-type: none"> • SED • Educational Psychology Service • Student Support Service • Behaviour Support Team 	125,000
<p>6. Accommodation Costs The KS3 and KS4 team have had to be re-located from secondary schools sites that are no longer available. This results in ongoing accommodation costs.</p>	70,000
<p>7. Joint Funding Arrangements There has been a corporate commitment to enter into the following – YOT Joint Arrangement, and the Mental Health strategy.</p>	15,000
<p>8. Corporate IT Charges These are projected to rise given the increased level of service to the department/schools.</p>	15,000
	£720,000

In addition, the following proposals are also recommended for approval. With the exception of item 5, these have been subject to consultation with schools.

	<u>£</u>
<p>1. Health and Safety Monitoring Officer There are increasing pressures from the Health and Safety Executive to ensure we, the department and schools, carry out our statutory responsibilities. To assist this, additional capacity is needed to support the existing Health and Safety Officer.</p>	20,000
<p>2. SED Administrative Staff Following an increase in the number of professionals in this Division, a review has taken place of the administrative support needs of the service.</p>	27,000
<p>3. Behaviour Support Plan – development of the KS1/2 Pupil Support Centre Funding is for a Pupil Referral Unit for exclusions of primary aged pupils with a view to returning them to school. This is regarded as being more cost-effective than other methods. This is to compensate for the withdrawal of SRB funding.</p>	50,000
<p>4. Exclusion Policy</p> <ul style="list-style-type: none"> • Pool of additional staff • Transport provision in support <p>Funding is needed for the increase in the number of excluded pupils beyond those originally planned. There is a statutory requirement to provide full-time education for all pupils by September 2002.</p>	80,000 8,000
<p>5. Youth Strategy Proposals It is proposed to appoint additional staff to address the needs set out in the Youth Strategy</p>	£125,000
	£310,000

APPENDIX D - GROWTH AND REDUCTION PROPOSALS

Overview.

This section sets out:

- A projection of the resources currently predicted to be available for the Education Service.
- Departmental growth proposals.

To fund these proposals, Members have agreed to passport all additional government (Education Standard Spending Assessment) resources to the Education Service and also to contribute additional resources from the City Council's own budget.

The Education Service is now funded above SSA for the first time. This followed three successive years of closing the SSA funding gap. Education is currently funded at 101% of SSA.

The City Council has made a commitment to raising funding to schools by at least 4% over a 3 year period – the Leicester Pledge. For the current year (2001/02) funding increased by 2.1% leaving a further 1.9% over the two remaining years.

The current projected profile of additional resources per annum to Education for the next two years is as follows:

	SSA Passport £	Pledge £	Total £
2002/03	904,500	400,000	1,304,500
2003/04	1,496,700	500,000	1,996,700

In addition, these resources would be supplemented by reductions as follows:

	Lifelong Learning Reductions £	Roll Reductions Protection £	Total £
2002/03	125,000	200,000	325,000
2003/04	125,000	200,000	325,000

However, it must be borne in mind that these are estimated planning figures. They will be adjusted:

- according to future government announcements on their spending intentions for local authorities (for 2003/04).
- following an assessment of roll forecasts which will not be known until February.
- Possible further Somali pupils coming into the City

APPENDIX E - SCHOOLS BUDGET PROFILE

	2001/02		2002/03		2003/04	
	£000	%	£000	%	£ 000	%
SCHOOLS	740	0.7	300	0.3	1,490	1.3
	360	0.4				
S/FUND	300	0.3	300	0.3		
S/FUND (NR)	715	0.7*				
TOTAL		2.1		0.6		1.3

Note: Need to replace Neighbourhood Renewal funding in 2004/05 with growth funding in that year.

Note: Roll Reductions not known until February, could have an impact on the current position. Current budget built on an assumption of a reduction resulting in a saving of £200,000.

APPENDIX F - MEETING THE 87% DELEGATION

Overview.

Introduction.

This document sets out the proposed delegation options for 2002/03, against a background of an impending new national funding framework, which is likely to take effect from 2003/04. The key proposal for next year is to delegate SEN Home-to-School transport for Special Schools only.

DfES 87% Delegation Target.

The DfES has increased its delegation target from 85% (in the current year) to 87% in 2002/03. This represents approximately a further £3 million of services to be delegated to schools. This target is recognised by most LEAs as being very challenging for both schools and authorities, given the steps taken already by authorities to achieve previous spending targets, and with this the additional responsibilities transferred to schools.

A summary of the authority's progress in recent years against DfES spending targets is given below.

	DfEE target	Leicester	Unitary Average	England
1999/00				
ISB/LSB	80%	80.2%	81.9%	82.4%
Admin £ per pupil	£65	£38	£49	£49
Increase in delegated funding per pupil	6%	5.3%	5.9%	6.1%
Education SSA passport	YES	YES	Not available	Not available
2000/01				
ISB/LSB	80%	80.6%	81.6%	87.4%
SSA Passport	YES	YES	-	-
Admin £ per pupil	£65	£57	£47	£51
Increase in delegated funding per pupil	8%	9.4%	10.5%	9.8%
2001/02				
ISB/LSB	88%	85.12%	86.3%	86.5%
Education Passport	YES	YES	-	-
Admin £ per pupil	£60	£55	£50	£46
Increase in delegation per pupil.	5%	12.1%	7.5%	7.4%

New Education Funding Framework.

The government is currently reviewing the national funding framework for local authorities, including the education service. The DfES has established an Education Funding Strategy Group, which has already developed significant policy ideas for a new funding framework.

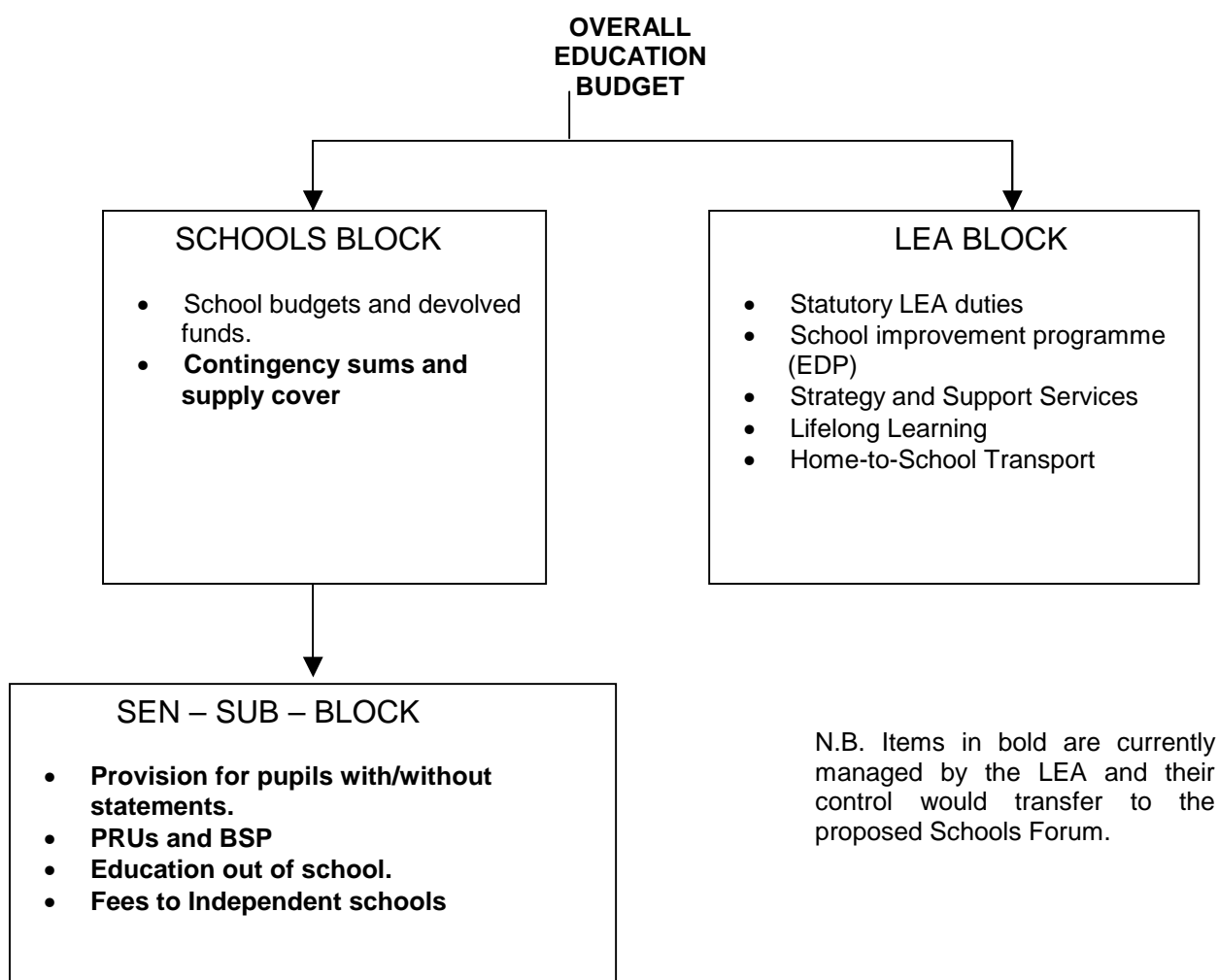
The DfES has said that there will be no changes to the existing funding model until 2003/04.

Schools/LEA Block

The new policy is to develop a new Schools and a new LEA block, replacing the existing Education model. This has the effect of creating a new dividing line between schools and LEA funding, and one, which has a dramatic effect on the current delegation model. It has been assumed that the national average for the division of resources between the schools/LEA block is 90%/10%. The position for Leicester at the present time is 90.82%/9.18% respectively and, therefore, we would already be meeting this target, i.e. before any further delegation this year.

The creation of a new Schools/LEA block as part of a new model for funding will make the current delegation targets redundant. This point has a fundamental impact on the authority's future decisions in delegating more services to schools in 2002/03, in order to achieve the 87% delegation target which is thereby only likely to be a meaningful target for next year.

Model the DfES' Proposed New Funding Framework



Schools Forum.

It has been proposed that a statutory 'Schools Forum' should be established in each LEA primarily to "oversee" the Schools block. The role of this forum is described from the policy papers, as being:

- Decisions on the distribution of some funds (e.g. contingency funds, supply cover).
- Advising on strategic issues (e.g. balance of expenditure on maintained and non-maintained SEN facilities, provision for PRUs and education otherwise)
- Decisions on whether certain expenditure should be handled collectively or by each school.
- Oversight of the client function for re-tendering of LEA-wide or area contracts for certain services.
- A role in the review of the LEA's funding formula.
- Establishing criteria for the guidance of LEA officers dealing with funding for individual pupils.
- Acting as broker to establish useful facilities

The Forum would consist of school based officers (presumably Head Teachers). LEA officers (and elected members) would not be members of the forum but would, instead, provide a supportive and facilitative role to the forum.

Transparency of LEA funding decisions.

In order to ensure LEAs are funding schools (i.e. passing on government funding to schools), there are proposals to monitor LEA budget decisions by checking that spending increases match funding increases, and that overall spending levels are at least at the government's funding – all for the Schools block.

Options for Delegation in 2002/03.

The Department has considered a range of options, to achieve the 87% delegation target, however, it is mindful that there will be a new fundamentally different framework in 2003/04.

The Department has continued to consider, at some length, over the last few years, the delegation options with the Fair Funding Reference Group. In addition, the Department has met with officials from the DfES to discuss the most appropriate strategy in the best interests to schools.

The following options have been considered for delegation to schools:

Service to Delegate	Value £	Comments
Admissions Section	£382,000	Delegation and therefore transferring responsibilities for admissions to individual schools would in practical terms, be difficult to operate effectively.
Education Welfare Service	£726,000	In principle this is possible as long as the enforcement function is retained by the LEA. Although Leicester is a Pilot study for devolving parts of the function to secondary schools, it is considered too soon to understand the benefits/impact of full delegation.

Service to Delegate	Value £	Comments
Insurance	£111,000 School contingency	The authority retains a contingency to purchase contingency cover to safeguard its assets and to minimise potential liabilities. Delegating this budget would significantly increase these risks.
Special staff costs – Maternity cover	£201,800	Delegation of cover for maternity leave for schools. This would mean that individual schools would need to cover the risk, or a new buy back scheme would have to be established.
Museum Services to schools.	£46,000	This is a notional cost for services to schools within the authority's Museum Service. The budget is not significant in size.
Student Support Service	£83,500	This service is currently subject to a corporate Best Value review. The results will not be known until after any delegation proposals could be put forward for next year.
Special Needs Teaching Service	£603,000	This service is currently subject to a corporate Best Value Review and Delegation issues as above.
Standards & Effectiveness Division	£1,988,500	The Standards and Effectiveness Division has been strengthened to reflect the needs of the authority. It is not considered appropriate, at this time, to delegate this service or any part of it.

The Department sought schools views about delegating these services to schools.

Delegation Proposals for 2002/03.

SEN Home-to-School Transport - £1.7m

It is proposed that SEN Home-to-School transport (for Special Schools only) should be delegated. It is proposed that the delegation would be a pilot exercise, for one year only, after which time the position would be reviewed.

The basis of the formula delegation would be using historical actual costs for each Special School concerned, subject to approval by the Secretary of State for Education.

APPENDIX G - LMS FORMULA REVIEW

Overview.

Introduction.

This document explains the background to a review of the mainstream schools formula. It clarifies the scope of the review work which has been undertaken, including what further work is necessary, and sets out the detailed proposals for amending the current formula.

Background.

PriceWaterhouseCoopers Consultancy.

Following the creation of the new unitary authority in April 1997 and the adoption of the County Council's funding formula, many schools have raised their concerns about the formula, considering it to be out-of-date and too complex to understand.

Since then, as part of the government's 'Fair Funding' policy, further delegation of services and budgets to schools has resulted in an increase in the number formula factors, thereby adding to the formula's complexity.

In 2000 the authority commissioned PriceWaterhouseCoopers (PWC) to review the mainstream funding formula, and a copy of their report was distributed to all schools as part of last year's budget consultation exercise. A summary of their findings is summarised:

- "There is significant scope to rationalise and simplify the LMS formula".
- Proposal for the rationalisation of pupil led allowances within the AWPU and a "flattening" of the AWPU across the Key Stages.
- Proposal for the rationalisation of different premises related allocations into one allowance.
- Proposal to amend the social deprivation sub-formula to allocate the same resources to all pupils entitled to free school meals rather than those having more than 10% of pupils qualifying for free school meals.
- Simplification of the small schools allocation and rationalisation of lump sum allowances.

It was proposed and subsequently supported by schools, to defer implementation of LMS formula changes until 2002/03, given that the proposals to delegate SEN statementing in 2001/02 was already a significant change issue for schools.

DfES LMS Formula Policy.

Subsequently, in June 2001 the DfES published a consultative paper on LEA funding formulae. This shared strong links with the PWC consultancy proposals. The DfES policy sets out the following principles for LEA funding formula,

- Simplicity.
- Objectivity.
- Measurability.

- Predictability.
- Clarity.

The thrust of the DfES's paper is to reduce or rationalise the number of funding factors within an LEA's formulae, to ask LEAs to undertake a regular assessment of their formulae, and specifically the formulae to reflect Key Stages.

The principles of the LEA's LMS formula proposals are therefore to:

- Improve upon the formula's transparency.
- Be simple to understand and more accessible to schools.
- Be consistent with DfES national policy and in general, adopt best practice.

Scope of the Review.

The review of the funding formula covers all mainstream schools except for:

- SEN delegation and SEN units attached to primary schools, and the formula for Special Schools, as these issues would be considered as being part of a wider SEN/inclusion strategy.
- Nursery top-up/nursery AWPU/pre-school funding as these issues are being considered as part of the Primary Review and Common Admissions Policy.
- Sixth Form pupils, as separately the DfES has agreed to transfer responsibility for Post 16 funding from April 2002, to the Learning and Skills Council (LSC).

Proposals for 2002/03.

The Department has undertaken a considerable amount of formula review work in consultation with the Fair Funding Reference Group. The PWC review proposals have been taken forward and developed in the context of DfES policy.

A summary of the Department's proposals for 2002/03 are given as follows:

- Inclusion of various pupil led allowances within the AWPU and a "flattening" of the AWPU weightings across the Key Stages.
- Rationalisation of different premises and buildings related allocations into one allowance – Premises Factor.
- Rationalisation of various lump sum allowances.

In addition to the above proposals the Department also proposes that:

- There should be a two year transition period which will limit the impact of the LMS Review proposals on individual schools in terms of individual gains and losses to:

	Year One	Year Two
Primary Schools	£1,000	£2,000
Secondary Schools	£1,500	£3,000

Detailed Proposals.

Current LMS Formula		Proposals for 2002/03
AWPU – 5+ and 6+		Combine into one Key Stage 1 AWPU
AWPU – 7+ to 10+		Combine into one Key Stage 2 AWPU
AWPU 11+ to 15+		Combine into Key Stage 3 and 4 AWPU's
Pupil led factors: <ul style="list-style-type: none"> - Library - Long Term Absence 		Combine into the above AWPU's.
Site Specific Factors	<ul style="list-style-type: none"> - Energy Management. - Energy Sub-Formula - Cleaning. - Repairs & Maintenance. - Grounds Maintenance. - Insurance. 	Combine all these factors into a single Premises Allowance allocated by: <ul style="list-style-type: none"> - Lump sum (buffer) allowance. - GIA unit allowance. - Square metres. - Square acres.
School Specific Factors	<ul style="list-style-type: none"> - Support Staff Cover. - Caretaking Buffer. - Curriculum buffer. - Payroll allowance. - 	Combine into a single support lump sum allowance and allocate the balance of funding into the AWPU's.

Proposals for 2003/04 and beyond.

Although the formula review considered a range of other formula factors it is considered too early to set out proposals for implementing these next year. A summary of this review work is given below, along with the reasons for deferring implementation beyond 2002/03.

Current LMS Formula	Review work	Comments
Social Deprivation Sub-Formula.	Proposals were: <ul style="list-style-type: none"> • Remove 10% threshold and fund all pupils entitled to free school meals (PWC proposals). • Amend the threshold to 15% (from 10%) • Transfer £1m from AWPU funding to the social deprivation sub-formula. 	Not progressed at present. DfES advice was not to support the removal of the threshold. National research/advice on alternative measures for social deprivation is very limited. Further analysis and research is required.

Current LMS Formula	Review work	Comments
	<ul style="list-style-type: none"> Review alternative indicators to Free School Meals for measuring social deprivation. 	
Rates (Actual costs)	None proposed.	
High Turnover (turbulence) Factor	<p>A number of new thresholds were considered, set at 25%, 17.1% and 11% respectively.</p> <p>In addition, formative research has been undertaken by SED on the educational policy issues concerning pupil mobility.</p>	Detailed data has not been collected to enable this to be modelled. Education policy needs to be developed to allow a resource model to help implement it. The Department/schools would have to consider any new additional funding requirements. These are likely to be considerable.
Small Schools Protection (SSP) Factor. Primary – schools with 180 or fewer pupils on roll receive SSP. Secondary – schools receive funding if the number on roll is less than 900 (11-16) and 1050 (11-18), depending upon the size of individual year groups.	<ul style="list-style-type: none"> Primary – a new threshold set at 220 pupils was considered using a new methodology to calculate SSP funding. Review of other LEA formulae (primary and secondary schools) was undertaken. 	Further research work is needed to ensure that a new formula is suited to city schools.
Schools meals – other costs. Formula based upon a range of historical costs associated with this service.	None considered	Consideration for 2003/04.

DfES Mandatory Changes.

The DfES has asked all LEAs to make amendments to their formulae for 2002/03. The changes required are addressed within the current LMS Review proposals. A summary of the issues includes:

- New Post 16 Funding arrangements concerning the Learning & Skills Council.
- New arrangements for voluntary aided schools.

- Rationalisation of a number of factors within the formula.

Post 16 Funding Arrangements.

The Learning & Skills Council assumes responsibility for Post 16 funding from April 2002. These policy changes will affect mainstream sixth forms and special schools with sixth forms/post 16 pupils.

Mainstream Sixth Forms.

The DfES has devised a new national funding formula for sixth forms from April 2002. The DfES will top-slice funding from LEAs, based upon the individual sixth forms within the authority, then transfer the funding to the LSC. The LSC will then directly fund sixth form pupils, although LEAs will continue to provide support services.

A range of transitional funding arrangements have been guaranteed by the DfES for schools, the details of which are yet to be finalised.

It will be necessary to change the remaining funding formula for sixth forms as a result of the impact of funds being top-sliced from LEAs.

As funding will be withdrawn from the formula for both pupil and non-pupil factors, it will be necessary to introduce a new 'negative' formula factor. This factor only has "cash neutral" effect on schools for the relevant share of non-pupil funding which is withdrawn.

It is, proposed therefore, to introduce a negative factor for LSC funding for sixth form colleges only.

Voluntary Aided Schools.

The DfES has consulted on a range of proposals concerning voluntary aided schools, particularly concerning buildings and premises issues. One of the proposals has an impact on the existing formula for voluntary aided school repairs and maintenance funding. It is proposed that voluntary aided schools will be funded on the same basis as LEA maintained schools, and there will no longer be a 'discount' applied to voluntary aided school funding.

Other Formula Changes.

Following the policy review of the LEA funding formula, it is required by the DfES that LEAs must amend their formula to ensure the following factors are deleted from the formula:

- Cleaning factors including buffers.
- Payroll allowances.
- Water related factors.
- Nursery nurses.

The first two factors above are only relevant to this LEA, and these issues have been addressed within the LMS Review proposals.

Impact on Individual Schools.

Modelled exemplifications showing the impact that the LMS Review proposals will have on individual schools are available in the Members' Library. The maximum gain or loss for each school is as follows but would be reduced initially given approval to the above transitional arrangements.

	Maximum Gain £	Maximum Loss £
Primary	5,642	7,759
Secondary	9,508	5,705

APPENDIX H – FEEDBACK ON THE FAIR FUNDING PROPOSALS

<p>Concern re: loss of the split site allowance</p>	<p>There is no proposal to change the current split site allocation. However, it is proposed to carry out further work to see if additional levels of funding are appropriate.</p>
<p>Views re: the need for differential funding</p> <ul style="list-style-type: none"> • Primary v. secondary • AWPV v. deprivation • Prioritise KS2 • Prioritise KS3 • Prioritise schools affected by secondary review • Single Sex Schools 	<p>Not an issue for the formula itself – it is a decision made each year re: allocating funds across phases or Key Stages. It is proposed that for 2002/03 the extra funding should be allocated evenly across all schools through the Key Stage factor.</p> <p>The formula cannot be focused on particular schools, such as those affected by the Secondary Review, or single sex schools.</p>
<p>Concerns re:</p> <ul style="list-style-type: none"> • Turbulence • Deprivation 	<p>Neither of these were part of the consultation:</p> <ul style="list-style-type: none"> • Further data is being collected to enable exploration of a possible turbulence factor for 2003/04 • Further work is needed to develop an alternative deprivation model.
<p>Concern that simplification / rationalisation of the formula means it is not possible to see how much is being funded for specific items and, therefore, becomes less transparent</p>	<p>Headteachers have requested simplification, and this is now required by the DfES also.</p> <p>The intention is that schools should strategically manage the total sum of their resources in the context of school priorities, not against specific sums in the formula.</p>
<p>Concern re: the length of the transitional period</p>	<p>Consultation was on the basis of one transitional year – it is proposed to make this two.</p>
<p>Concern re: the basis for the premises factor</p>	<p>A few schools queried this. The alternatives put forward have been assessed but are not sustainable. Considerable effort went into this, prior to consultation, as it is difficult to model. The consultation option was the 'best fit'. The options were discussed with the Fair Funding Group who agreed the consultation option.</p>
<p>Concern re: the range of site sizes across the City</p>	<p>Officers will continue to keep this under review as part of the Asset Management planning process.</p>

Concern re: the number of small primary schools and the resulting subsidy/cost implications	Officers will continue to keep this under review in the context of the current primary review policy. The potential financial savings are small compared with the Secondary review.
Concern re: the SEN funding formula and the review of the proxy indicators	This is part of the separate SEN formula review. This is subject to ongoing monitoring and review.
Concern re: secondary review savings	Secondary headteachers have been notified of the interim demands on this budget, and the timetable for the release of funds into the Local Schools Budget (LSB).
Concerns re: additional clawback under the retrospective funding rules, given the change in the formula	This will only have a very small impact. Retrospective funding is a statutory requirement on LEAs.

Education Welfare Service – a few schools felt part of this service should be delegated	This will be included as part of the consideration for next year's consultation.
SED admin staff – some concern was expressed as to whether this is needed	This has been subject to an independent review carried out by the Housing Department. The needs will continue to be kept under review.
Behaviour Support – a number of schools feel this policy needs strengthening and that more funds are needed	It is not possible to identify further funds at this stage, but will be considered for next year's budget process.

The burden of delegation – a number of schools expressed concern that more delegation equals more work for schools	The proposals only delegate one further service, and this only affects special schools. Also, this will be subject to a buy back.
--	---