

NORTH YORKSHIRE COUNTY COUNCIL

YOUNG PEOPLE OVERVIEW AND SCRUTINY COMMITTEE

9 September 2010

NATIONAL POLICY AND FUNDING CHANGES: HEADLINE BRIEFINGS

Covering Report

1. Purpose of Report

The purpose of this report is to brief Members of the Young People Overview and Scrutiny Committee on a number of national policy affecting services for children and young people

2. Introduction

2.1 Over the past few months, a series of legislative changes and policy developments have emerged that affect services for children and young people. The Young People Overview and Scrutiny Committee has requested briefings on a number of these as follows:

1. School Funding
2. Pupil Premium
3. Academies
4. End of Education Maintenance Allowances

2.2 The following pages contain briefing notes on each of these topics.

3. Recommendations

The Young People Overview and Scrutiny Committee is requested to note the briefing information in this report and is invited to identify any areas for further explanation or exploration.

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Background Documents: none

BRIEFING 1: SCHOOL FUNDING

BACKGROUND

In July the government issued the 4th consultation paper on school funding in 16 months. The “Consultation on School Funding Reform: Proposals for a Fairer System” is the culmination of a number of important changes and proposals in this area over the past 15 months, and these are summarised in this briefing note.

INITIAL CHANGES: THE MAINSTREAMING OF GRANTS

In July 2010, the government consulted LAs and schools on the funding of schools in 2011-12. The proposals focused on two main areas:

- the introduction of a pupil premium
- the mainstreaming of specific grants

Following this, the Government announced changes in the way in which some grants were to be funded to LAs and schools in 2011-12. This process, known as “mainstreaming” effectively meant that a number of specific revenue grants, while protected at 2010-11 cash values per pupil would be allocated as part of the overall Dedicated Schools Grant (DSG) and therefore the restrictions on how these could be allocated to – and spent by – schools were lifted.

In North Yorkshire around £49m of grants which had previously been defined this way were added to the DSG (which was at that point, £328m).

Following consultation with schools during December and January it was decided that for 2011-12, the mainstreamed grants would be allocated to schools largely on the same basis as in 2010-11. This was essentially to avoid significant turbulence at school level, although the national Minimum Funding Guarantee would in any case have restricted the Council’s ability to vary the methodology. It was agreed that work would continue throughout 2011-12 to review the position for future years.

However a small number of grants, which had previously been allocated to hub schools, were allocated to individual schools, thus increasing the spending power of headteachers and governors. Together with the further delegation of some centrally-managed budgets, the spending power of schools has been increased by over £5m this year – an increase welcomed by schools facing cash frozen budget allocations while costs continue to increase.

A new Pupil Premium was also introduced for schools at this time and this is dealt with in Briefing Paper 2.

NATIONAL FUNDING CONSULTATIONS

In November 2010, media reports suggested that the DfE was looking to introduce a national funding formula for schools, although shortly afterwards the Secretary of State clarified that “we will be funding schools through Local Authorities as we do at the moment.”

In April of 2011, a 6-week consultation was launched which asked for views on the rationale and principles of school funding reform and a potential move to a national funding formula either at LA or individual school level. Our response to this consultation was based on the following principles:

- any changes to the future funding of the DSG and individual school budgets cannot be judged in isolation to the current financial situation, which sees a real terms contracting envelope of funding; therefore the question should be asked: is the right time for school budgets in some areas to be reduced?
- local schools and authorities should have the final say in how money is allocated to schools
- the DfE principle that the funding system should not favour any one type of school – be it academy, free or local authority is correct
- the DfE statement that the current funding system for academies is “unsustainable” and that this should be remedied is also correct

Finally, in July 2011 a 12-week consultation – “School Funding Reform: Proposals for a Fairer System” – was launched (running till 13 October) which contains much more detail. In summary, this consultation proposes and addresses the following:

- 1) There will be a new national formula for allocating the DSG to LAs.
- 2) LAs will then continue to determine how budgets are calculated for individual schools, although the flexibility for LAs in this process will be more restricted in future.
- 3) The timing of Academy funding will be brought into line with funding for LA-maintained schools.
- 4) There will be more delegation for schools
- 5) Funding for High Needs Pupils will become more standardised, although this will take some years.
- 6) The Single Early Years Funding Formula, which resources free nursery education in schools and other settings, will be simplified.
- 7) LAs may become responsible for funding Academies in future.
- 8) The Pupil Premium will be expanded but remain separate from the main school funding allocations.
- 9) Any changes will not come into effect until 2013-14 and there is likely to be transitional arrangements which will mean that full implementation will be delayed for some time.

ONGOING WORK WITHIN THE COUNCIL

A programme of work is underway which will ensure that each proposal is evaluated and its impact on North Yorkshire measured. It should also be noted that the proposals will impact on the work referred to above with the Schools Forum to review the formula for 2012-13 following the mainstreaming of grants and the introduction of the Pupil Premium.

The work over the next few weeks will enable the Council to make a clear and comprehensive response to the DfE which points out the implications for schools in North Yorkshire and will help us to prepare for any implementation

BRIEFING 2: PUPIL PREMIUM

BACKGROUND

In March 2010, the previous government launched a consultation on the future of school funding. As part of this, a “Local Pupil Premium” was proposed, to come into effect from 2012-13, whereby LAs would be required to pass on all of their deprivation funding (already identified in the DSG) to pupils from deprived backgrounds.

The new government then consulted in July 2010 (see Briefing Paper 1) on introducing a national Pupil Premium, which is kept outside of the DSG. This was implemented in 2011-12.

Nationally some £625m has been allocated for the Pupil Premium in 2011-12 and this is due to increase to £2.5bn by 2014-15.

In 2011-12 schools are allocated £430 per pupil receiving Free School Meals (FSM). This applies to children from reception class to Year 11 (ages 4 – 15). There is a similar allocation for children who have been looked after (LAC) for more than 6 months and a smaller amount (£200) for service children. In North Yorkshire this means that over £3.5m has been allocated this year as described below:

Pupil Premium

	<i>Primary</i>	<i>Secondary</i>	<i>Special</i>	<i>Total</i>
Based on Deprivation Measures (FSM)	1,802,130	1,121,870	58,910	2,982,910
Looked After Children	46,010	45,150	9,460	100,620
Service Children	379,400	156,600	4,600	540,600
	<u>2,227,540</u>	<u>1,313,930</u>	<u>72,970</u>	<u>3,624,130</u>

DfE Guidance states that:

“Whilst schools will be free to spend the Pupil Premium as they see fit, they will be held accountable for how they have used the additional funding to support deprived pupils. New measures will be included in the performance tables that will capture the achievement of those deprived pupils covered by the Pupil Premium. From September 2012, we will also require schools to publish online information about how they have used the premium. This will ensure that parents and others are made fully aware of the progress and attainment of pupils covered by the premium.”

Academies and LA-maintained schools receive the same amounts.

FUTURE PROPOSALS

The current consultation (“School Funding Reform: Proposals for a Fairer System”) notes that the Pupil Premium will remain separate from the DSG for the moment and that government intends both to increase the amount available per pupil and to increase the number of pupils that attract the premium.

Two options are offered which will extend the coverage of the premium:

- a) to include pupils eligible for FSM in one of the last three years (known as “Ever 3”)
- b) to include pupils eligible for FSM in one of the last six years (“Ever 6”)

Using the first option would increase coverage from the 17% of pupils who are currently eligible by another 250,000 pupils (up to 21% of pupils). The second option would increase coverage from the 17% of pupils who are currently eligible by another 500,000 pupils (up to 24% of pupils).

BRIEFING 3. ACADEMIES

BACKGROUND

By 1st August 2011, there were 1,070 Academies in England, of which 274 had opened as sponsored institutions under the previous government. This represents 4.9% of schools in England, although this overall figure masks a much higher average in the secondary sector than the primary (26.2% compared with 1.2%).

A further 433 applications have been approved (which would bring the national total to 6.9%) and 232 more have applied. Should all of these schools convert, there will be 1,461 Academies, 8% of the schools in England.

Government has recently consulted on the top-slicing of LA budgets to fund the national Academies programme and has estimated that over the next 18 months, the number of open Academies will increase significantly to perhaps just under 6,000, although no basis for this assumption has been made available. Indeed the number of schools applying has actually decreased in recent months, partly as a result of uncertainties in the funding of Academies. The top-slicing consultation is in response to a legal challenge from some LAs regarding the recurring £265m which has been deducted from LA funds by 2012-13. The consultation paper explains this calculation but also suggest that it needs to increase further, based on the assumptions about the future numbers of academies stated above.

North Yorkshire's response to the consultation makes it clear that any top-slicing should be based on actual numbers (not future predictions) and on current, rather than historic budgets – the calculations continue to use 2009-10 budgets, some of which have been reduced in part or in whole.

The number of Academies in North Yorkshire stands at 6, with 2 further conversions expected on 1st September. One other school (Harrogate High) has been approved but we have been told will not convert on 1st Sept and one (Malton) has applied and been given an "Academy Order" which effectively formally starts the process. This total of 10 schools represents 2.6% of schools in the County, i.e. approximately 1/3rd of the national average. This has significant implications for any national top-slice. For example, North Yorkshire has been top-sliced £2.1m in 2011-12, rising to £3.8m next year. Were the calculations to be based on current budgets and actual numbers, the reduction would be nearer £900k, and would mean a return of nearly £3m to the Council. The figure is also lower in part due to the fact that North Yorkshire is a high delegator of funds to schools and a low spender of centrally-retained budgets.

In North Yorkshire our position is to support school autonomy by the high delegation of resources and this has been emphasised in 2011-12 by the increase in spending power through further delegation and the unringfencing of grants referred to in Briefing Paper 1. Academy conversion is a matter for individual schools and we respect any decisions made and continue to work with Academies, including providing services where requested. Our main focus however will be on the significant responsibilities we hold for Council-maintained schools, including performance, health and safety and finance. We try as much as we are able to ensure that schools are made aware of the full implications of Academy conversion and similarly work with DfE and the YPLA to ensure that we share knowledge of any issues affecting the schools. The support we have given to conversion costs on average around £29k per school, excluding services that can be recharged to the Academy.

BRIEFING 4: END OF EDUCATION MAINTENANCE ALLOWANCES (EMAs)

BACKGROUND

In October 2010 the Government announced that it was withdrawing EMAs to all students after July 2011 and introducing instead an enhanced learner support funding scheme. Following discussions with learners and providers, new proposals were made at the end of March 2011 which increased the amount of funding in the 16-19 bursary scheme and made provision for transitional arrangements for EMA to protect some of those learners who already receive EMA.

From September 2011, there will be a new 16-19 Bursary. This is a £180 million scheme to help young people from low income households to continue in education. The scheme is made up of two parts:

1. Around 12,000 of the most vulnerable young people will receive guaranteed bursaries of £1,200 pa (total £14.4m). This group includes children in care, care leavers and those young people who receive Income Support in their own right. Also young people with severe disabilities and teenage parents.
2. Schools, colleges and training providers will be able to award bursaries to other students who face genuine financial barriers to remaining in education, to help with costs such as travel and course related expenses.

Transitional arrangements are proposed for those students who are currently in receipt of EMA:

- Students who successfully applied for EMA in 2009/10 will continue to receive payments at the level set out in their EMA agreement until the end of the 2011/12 academic year.
- Students who applied in 2010/11 and receive the maximum £30 weekly payment, will receive £20 per week until the end of the 2011/12 academic year.

In the current academic year, there are 5,500 learners in North Yorkshire receiving EMA payments. At some schools and all colleges, 50% of post 16 students are receiving EMA. At Harrogate College this figure increases to 62% and at Yorkshire Coast College it is almost 70%.

Some 81% of students receiving EMA in North Yorkshire receive the maximum £30 weekly payment (ie their household income is below £20,817), 11% receive £20 per week and 8% receive £10 per week.

The discretionary scheme will allow Schools, colleges and training providers to determine:

- eligibility for the scheme;
- the conditions which young people should meet in order to receive a bursary;
- whether to pay bursaries in one lump sum, or in instalments (and the frequency of any payments); and
- whether to award the full bursary as a cash payment, or to make 'in kind' awards (for example, where bulk buying of equipment would provide better value for money).

Implications for Learners

In 2011/12 no students entering Year 12 will be eligible for EMA. Students entering Year 13 will not receive payments unless they are receiving the maximum £30 in 2010/11 and this payment will be reduced to £20 per week.

The new 16-19 Bursary is approximately one third of the amount currently spent on EMA.

There is a risk that the removal of EMA may have an impact on participation in post 16 education. EMA has also been a successful incentive in keeping attendance and good behaviour levels higher.

Post 16 students in North Yorkshire using home to school or college transport operated or arranged by the Authority have to pay a charge towards the cost of this transport which, in 2011/12, will be £340 pa. Many students have used their EMA payments to pay for this. It is anticipated that criteria for the new 16-19 Bursary will allow travel payments but the amount of funding available will be insufficient to fund the charge and would decrease the amount available to fund course related expenses.

Implications for Providers

Under the new proposals, it is anticipated that the work carried out by school and college administrative staff will be greatly increased from their current workload.

Approximately 50% of the current EMA payments will still have to be monitored, authorised and paid in 2011/12.

The vulnerable group of young people who are guaranteed £1,200 will have to be identified and checks made to ensure they are in foster care, are care leavers or in receipt of Income Support. Those in this group who receive EMA in 2010/11 will no longer be eligible for EMA but will transfer to the new funding arrangements. The payments from this part of the funding will have to be monitored and authorised.

A means assessment will have to be carried out on the household income of all other students applying for assistance from the 16-19 Bursary. Evidence of income from employment or benefits will have to be checked and copies retained for a period of six years.

Schools and colleges will have to set household income thresholds for eligibility and prioritise what the funds can be used for. Periodic payments can be made to students. These will have to be monitored, budgeted for and payments issued to the young people.

The Government has stated that for the first year of the scheme in particular, there will be close monitoring to ensure that the funding has been given to those young people in greatest financial need. All means assessing and payments made will have to be available for audit.

FUNDING AND ISSUES FOR NORTH YORKSHIRE

School Sixth Form Allocations

An allocation of £208,050 will be paid in three instalments to the LA (August, December and March).

Each school has been given its own individual allocation. This equates to £190 per eligible young person who was in learning with each provider and who received the maximum weekly rate of EMA in 2009/10. School are then expected to manage the allocation and there will be no

recourse to the LA for any additional top up. Schools will submit their own management information to the YPLA who will audit their use of the bursary.

Special School Allocations

The YPLA has requested that LA's administer the special school allocations. Again, the funding will be paid in three instalments to the LA. For Council-maintained special schools a total of £6,650 has been identified, based on 35 eligible learners. However at some schools the amount of funding does not meet the financial requirement levied by the £1,200 payment for the most vulnerable children. For example at one school, with 7 learners (attracting £1,330 = 7 x £190), there are estimated to be 5 students who would qualify for the £1,200 allowance, at a total cost of £6,000. The special school allocations will remain as individual allocations and will not be pooled.

The YPLA expects providers to hold back a reserve to meet any new or existing students who may require extra financial help during the year. However there is a clear concern that the YPLA grant at individual schools will not be sufficient to meet the likely costs of special school bursaries. The YPLA has confirmed that it will retain a contingency of £7m to make extra payments to any provider who has more students in the defined vulnerable groups than they can afford. The remainder of the contingency will be allocated on a "fair and equitable basis" using data from providers as at 30 September.

The YPLA will also consider any emergency request for extra funds either relating to the number of awards to students in the vulnerable groups, or because the proportion of allocation left after those awards is exceptionally small (probably those providers who have less than 20% of their original allocation available for discretionary awards).