
Meeting: Schools Forum
Date: 14th October 2013
Subject: School Funding Reform: Arrangements for 2014/15
Report of: Deputy Chief Executive and Director of Children's Services
Summary: To note the update on the Funding Consultation with Schools. To propose the de-delegation of Schools Contingency and an increase to the centrally retained Growth Fund

Contact Officer: Dawn Hill, Technology House

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency
(if appropriate)

RECOMMENDATIONS:

- 1. To note the responses to the proposed School Funding Consultation 2014/15.**
- 2. To propose to de-delegate £5.63 per pupil for School Specific Contingency for the following phases:**
 - I. Primary Schools**
 - II. Secondary Schools**
- 3. To propose an increase to the Growth Fund of £200,000**

Background

1. Since the beginning of the financial year 2006/07 local authorities have received allocations of Dedicated Schools Grant (DSG) to finance the Schools Budget in each authority. The DSG is a specific ring-fenced grant based on historical spending levels.
2. The Department for Education (DfE) held 2 Consultations in 2011; 'Rationale and Principles' and 'Proposals for a fairer system'. The second Consultation proposed replacing the current schools funding distribution mechanism with the aim for a transparent, fairer and less complex system. This was followed in March 2012 by a third Consultation 'Next steps towards a fairer system' and built on how a fairer system may be implemented and operated. The final arrangements for 2013/14 were announced on the 28th June 2012.

3. A review of the 2013/14 School Funding Arrangements were carried out by the Department in February 2013. This review intended to understand to what extent there needed to be changes in 2014/15. The final arrangements for 2014/15 were announced on the 4th June and set out the proposed changes to the funding formulae for 2014/15 on which the council must consult with schools and academies.

Funding Arrangements and key changes for 2014/15

4. As in 2013/14 the DSG for 2014/15 will be split into three notional blocks; Schools, Early Years and High Needs. The Schools Block per pupil unit of funding and the Early Years per pupil unit of funding in 2014/15 will remain as in 2013/14. Authorities will continue to be free to move funding between the blocks provided that they comply with the requirements of the Minimum Funding Guarantee (MFG) and central expenditure. The entire Schools block must be delegated to Schools with a few exceptions.
5. The Schools Block will be based on a per pupil unit of funding of £4,144.47 multiplied by number of pupils as reported on the Schools October 2013 census. The Early Years block will be based on a unit of funding of £3,979.80 multiplied by full time equivalent number of pupils reported on the Early Years January 2013 census.
6. The principal changes to be considered for 2014/15 are as follows:
 - There is one new optional factor for sparsity.
 - There are changes to the lump sum where different lump sums can be agreed for primary and secondary schools (middles getting a weighted average). The lump sum is now capped at £175,000 per school. Where two schools amalgamate the new school will receive 85% of the total of the lump sums of the predecessors for the next full year.
 - The looked after children factor must now apply to any child who has been in care for at least one day.
 - The prior attainment factor has changes in its measurement at Early Years Foundation Stage and Key Stage 2. For EYFS it is 'not achieving a good level of development' for the 2013 cohort; for KS2 it is 'not achieving level 4 in English **or** Maths'.
 - The mobility factor, if used, is now applied when the number of "mobile" pupils exceeds 10% (previously there was no threshold)
 - The basic entitlement for primary pupils (AWPU) must be at least £2000; and for secondary pupils (KS3 and 4) at least £3000.
 - At least 80% of delegated funding must be distributed by pupil-led factors.
 - For 2014/15 there are no constraints on the primary/secondary ratio.
 - In addition to the growth fund, a fund can also be created to cover temporary falling rolls in advance of a population bulge. However, this can only be applied to good or outstanding schools or academies.

- Local authorities can apply for exceptions to be made for:
 - Exceptional premises factors
 - Exclusions from the MFG
 - Changes in pupil numbers as a result of reorganisation or changes in years of admission.
 - Sparsity calculation.
 - Variation to the lump sum for amalgamated schools
 - Changes to regulations regarding School Forum Membership.
 - Schools will be required to fund the first £6,000 for High Needs Pupils (this was the recommended amount in 2013/2014).
7. The DfE will be consulting on setting the place funding value at £10,000 for Special schools and Academies with post 16 pupils. Setting the place value at £10,000 will make this consistent with the place element for pre-16 pupils.
8. All maintained schools and academies must be treated equally when incurring Central expenditure, with the exception of the services that can only be de – delegated for maintained schools.
9. The table below provides a summary of the timetable for implementation of the 2014/15 Funding Arrangements.

When	Activity
30 th June 2013	First window for applications exclusion/variatioins to pupil numbers
13 th August 2013	CBC Executive Report School Funding Arrangements
3 rd September 2013	Overview and Scrutiny Committee – Review consultation and funding arrangements
4 th – 27 th September 2013	Consultation with Schools
30 th September 2013	Second window for applications exclusion/variatioins to pupil numbers
End of October 2013	Councils submit provisional pro-forma to Education Funding Agency.
18 th December 2013	DfE confirms DSG Schools Block for 2014/15
14 th January 2014	CBC Executive to approve the 2014/15 Funding distribution
21 st January 2014	Councils submit final pro-forma to Education Funding Agency.
28 th February 2014	Council issues Individual School Budgets

10. It was agreed at the School Forum meeting of the 24 June 2013 that the Technical Funding sub group would work with officers in preparing the consultation document and financial model which would demonstrate the impact on all schools. Two meetings took place during July 2013, (minutes attached as Appendix A) and the final consultation document (Appendix B and C) and Frequently Asked Questions circulated for input prior to distribution to Schools. The consultation document was launched on the 4 September 2013 with an end date of 27 September 2013.

11. Articles were placed twice in Central Essentials and two sets of e mails were sent to all schools highlighting the consultation process. A Finance surgery was held to allow schools the opportunity to raise questions and address issues facing their individual schools. Attendance was light with only 15 attendees representing 11 Maintained schools and 3 Academies.

Consultation Responses

12. There were 64 individual responses to the consultation process. 3 schools submitted multiple responses and have been counted as 1 for the analyses of results shown in the table below:

	Number of School responses	School in each phase	% Response per phase
Nursery	2	4	50%
Primary	47	95	49%
Secondary	9	33	27%
Special	1	4	25%
Other	2	2	
Total	61	138	44%
Maintained	51	93	55%
Academy	8	43	19%
Other	2	2	100%
Total	61	138	44%

13. The analysis of responses for each question are summarised in the table below, grouping the 'strongly agreed' and 'agreed' together under 'agree' and compared with the 'strongly disagree' or 'disagree'. The full consultation response including additional comments can be found at Appendix D.

No	Question				
		Agree	Disagree	Agree %	Disagree %
6	The base level for the 14/15 AWPU rates should be set at the 13/14 AWPU level	36	9	59%	15%
9	Proposal to include Looked After Children as a factor in the funding formula	40	6	66%	10%
10	The proposal not to distribute funding based on prior attainment	42	9	69%	15%
11	The proposal to exclude English as an Additional Language (EAL) as a factor in the funding	29	14	48%	23%
12	Continuation of one lump sum of £120,000	47	9	77%	15%
13	Continuation of funding schools through a split site factor	20	6	33%	10%
14	Continuation of funding rates on an actual basis	51	2	84%	3%

	Question	Agree	Disagree	Agree %	Disagree %
15	proposal to continue with excluding a Private Finance Initiative (PFI) factor from the funding formula for 2014/15	31	2	51%	3%
16	Proposal to continue excluding pupil mobility as a factor from the funding formula for 2014/15	26	12	43%	20%
17	Proposal to continue funding the joint use agreement	17	0	28%	0%
18	A new rent factor for six CBC schools	21	1	34%	2%
19	Proposal not to include a new scarcity factor for 2014/15	33	6	54%	10%
20	Proposal to cap those schools that gain in order to fund the Minimum Funding Guarantee	47	5	77%	8%
21	Proposal to de-delegate Facilities Time	21	5	34%	8%
22	Proposal to de-delegate School Contingency	24	7	39%	11%
23	Proposal to retain centrally £1,000,000 for the purpose of Growth Fund	38	7	62%	11%
24	Proposal not to retain central funding for the purpose of Falling Rolls	25	12	41%	20%

Protections and limits to gains

14. The pre-16 Minimum Funding Guarantee (MFG) for mainstream schools will continue to be set at minus 1.5% per pupil in 2014/15, continuing with the simplified calculation. This applies to pupils in age ranges 5-16 and therefore excludes funding for early years children and young people over 16.
15. The only factors which are automatically excluded from the MFG are:
 - Post 16 funding (sixth form factor)
 - The lump sum
 - Sparsity factor
 - Rates
16. As there could be significant amounts of protection required as a continuing result of the formula simplification, the Education Funding Agency (EFA) will again allow overall gains for individual schools to be capped as well as scaled back to make it affordable to run the formula. Capping must be applied on the same basis to all schools, so cannot be differentiated by phase. It is applied by the EFA to academy budgets on the same basis as for maintained schools

De-delegation

17. The entire School Block must be delegated to schools with a few exceptions, one of which is where School Forum agrees that a service should be provided centrally. Funds are allocated through the Schools Individual Budget in the first instance. De-delegation only applies to the Maintained sector.

18. Two services for de-delegation were included in the consultation document; Facilities Time (separate paper submitted for consideration) and School Contingency (Closing and re-organising schools, schools in financial difficulty etc).
19. De-delegation is only applicable to Primary and Secondary schools, and therefore the consultation responses have been further analysed below by phase applicable.

Facilities Time	Agree	Neither Agree or Disagree	Disagree	Total
Primary	14	27	2	43
Secondary	3	2	1	6

School Contingency	Agree	Neither Agree or Disagree	Disagree	Total
Primary	18	22	3	43
Secondary	3	1	2	6

20. School Contingency can be retained centrally for maintained schools but only for a limited range of circumstances:
 - Exceptional unforeseen costs which it would be unreasonable to expect governing bodies to meet;
 - Schools in financial difficulties
 - Additional costs relating to new, reorganised or closing schools; and,

De-delegation of School Contingency was agreed by School Forum for 2013/14 at a rate of £5.63, total de-delegation £100,000.

21. The amount held has been reviewed to take account of further academy conversions, therefore the amount proposed to be retained for 2014/15 is £82,000, equivalent to the same per pupil amount of £5.63 in 13/14. Any unspent de-delegated funding remaining at the end of the year-end will be reported to Schools Forum. Funding may be carried forward to the following funding period as with any other centrally retained budget, but its use would be subject to the regulations operating in the new financial year.

Growth Fund

22. Funding can be retained from the Schools Block before allocating formula, with the agreement of School Forum, for funding significant basic need pre-16 pupil growth and expenditure incurred in order to make provision for extra classes (to comply with School Admissions (Infant Class Sizes) Regulations). Funds must be used on the same basis for the benefit of both maintained schools and Academies.
23. Any funds remaining at the end of the financial year must be added to the following year's DSG and reallocated to maintained and academy schools through the formula. Any overspend is similar carried over to the next financial year.

24. Councils need to propose the criteria to the Schools Forum and gain its agreement before funding is allocated. The Council also needs to consult School Forum on the total sum to be top-sliced from each phase. The EFA will check the criteria for compliance with the regulations.
25. The Growth fund should not be used to support schools which are undergoing expansions to meet parental preference through self funded schemes or reorganisations to change the age range and/or admitting additional year groups. The council is expected to apply to vary the pupil numbers in these cases, based on the estimated intake in September.
26. The criteria (Appendix E) for allocating funding through the growth fund as agreed with the School Forum for 2013/14 has not been changed. However, the total sum to be top-sliced needs to be increased to deal with the number of schools expected to increase in size during 2014/15 due to basic need as illustrated in the Councils New School Places Programme. The estimated fund required to be held is £1M across both phases, an increase of £200,000 on 2013/14.

Appendices:

Appendix A: Minutes Technical Funding Sub Group (16th and 31st July 2013)

Appendix B: School Funding Consultation Document

Appendix C: Financial Model

Appendix D: Consultation Responses

Appendix E: Growth Fund Criteria 2014/15