

**Meeting:** Executive  
**Date:** 14 January 2014  
**Subject:** School Funding Reform: Arrangements for 2014/15  
**Report of:** Cllr Mark Versallion, Executive Member for Children's Services  
**Summary:** The report sets out the proposed distribution for the Dedicated Schools Grant – School Block. These proposals have previously been subject to full consultation with all Maintained Schools and Academies and more recently considered and recommended to be agreed by Schools Forum.

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**Advising Officer:** Edwina Grant, Deputy Chief Executive, Director of Children's Services  
**Contact Officer:** Helen Redding, Assistant Director School Improvement  
**Public/Exempt:** Public  
**Wards Affected:** All  
**Function of:** Executive  
**Key Decision** Yes  
**Reason for urgency/  
exemption from call-in  
(if appropriate)** N/A

#### **CORPORATE IMPLICATIONS**

##### **Council Priorities:**

Improved educational attainment.

##### **Financial:**

1. Improved educational attainment.

##### **Legal:**

2. Not applicable.

##### **Risk Management:**

3. Not applicable.

##### **Staffing (including Trades Unions):**

4. Not applicable.

**Equalities/Human Rights:**

5. The Schools Funding Formula takes account of deprivation indices to ensure that support is targeted at the most vulnerable groups. The High Needs Block supports those pupils who have identified additional special educational needs (SEN). Schools additionally receive Pupil Premium funding which enables them to support pupils in receipt of Free School Meals, children who are 'Looked After' and children from Service Families.

**Public Health:**

6. Not applicable

**Community Safety:**

7. Not applicable.

**Sustainability:**

8. Not applicable.

**Procurement:**

9. Not applicable.

**Overview and Scrutiny:**

10. The responses to the consultation were noted by Children's Services Overview and Scrutiny Committee at its meeting on 13 December 2013.

**RECOMMENDATIONS:****The Executive is asked to:**

1. **note the responses to the School Funding Consultation 2014/15;**
2. **approve the final proforma to be submitted to the Education Funding Agency (EFA) by the 21 January 2014; and**
3. **approve the distribution of the Dedicated Schools Grant - Schools Block for 2014-15.**

*Reason for Recommendations:*      *So that schools individual budgets are issued by 28 February as required.*

## **Executive Summary**

This report provides a background to the changes in the funding regulation for schools and the proposed distribution for 2014/2015. It provides a summary of the consultation responses received following the consultation process carried out in September 2013, which highlights broad agreement of schools to all of the proposals put forward in the consultation. Prior to 2013/2014 the formula had not changed significantly from year to year and had not therefore required Executive approval. However, as there were significant changes for 2013/14 and there are potential implications of these changes for schools in future years, Executive approval was sought in January 2013 and is being sought again prior to submission of the formula to the Education Funding Agency.

## **Background**

11. 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.
12. 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 28 June 2012.
13. The Council consulted with maintained schools in September 2012, and as a consequence of that consultation and agreement from School Forum, the Executive approved the distribution of the DSG for 2013/2014 at its meeting on 8 January 2013 on the following basis:
  - Basic Entitlement for Primary, Key Stage 3 and key Stage 4
  - Deprivation based on weighted banded IDACI data (the IDCI deprivation index was approved by the DfE for use in 2013)
  - Lump Sum £120,000
  - Split Site £120,000
  - Rates based on actual cost
  - Exceptional Factor – Joint Use.
14. Following wide support from schools during the consultation, and agreement from School Forum, the Council also agreed to centrally retain £800,000 Growth Fund for funding significant pre-16 pupil growth, and to fund expenditure that is incurred in order to make provision for extra classes (to comply with School Admission [Infant Class Sizes] Regulations). Criteria for this was drawn up and approved by School Forum on 26 November 2012 and submitted to the Education Funding Agency (EFA) as part of the required submission in January 2013.

15. 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 4 June 2013 and set out the proposed changes to the funding formulae for 2014/15 on which the council must consult with schools and academies.
16. At the meeting on 13 August 2013 the Executive approved the following recommendations:
  - the consultation process with schools was approved;
  - authority was delegated to the Deputy Chief Executive/Director Children's Services, in consultation with the Executive Member for Children's Services, to commence consultation with schools;
  - authority was delegated to the Deputy Chief Executive/Director Children's Services, in consultation with the Executive Member for Children's Services, to submit to the DfE the final application for variations and exclusions by 30 September, and to submit the draft proforma with factors consulted on by Schools Forum by the 31 October following consultation. The final proforma will be considered for approval by the Executive at its meeting on 14 January 2014.
17. The consultation took place between 4 and 27 of September. Articles were placed twice in Central Essentials and two sets of emails were sent to all schools highlighting the consultation process. A 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. The consultation document is attached as Appendix A.

### **Funding Arrangements for 2014/15**

18. As in 2013/14 the DSG for 2014/15 is 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.
19. The principal changes considered for 2014/15 were set out in the Executive Report of 13 August 2013.

20. The table below provides a summary of the timetable for implementation of the 2014/15 Funding Arrangements.

When	Activity
30 June 2013	First window for applications exclusion/variations to pupil numbers
13 August 2013	CBC Executive Report School Funding Arrangements
03 September 2013	Overview and Scrutiny Committee – Review consultation and funding arrangements
04 – 27 September 2013	Consultation with Schools
30 September 2013	Second window for applications exclusion/variations to pupil numbers
End of October 2013	Councils submit provisional pro-forma to Education Funding Agency.
18 December 2013	DfE confirms DSG Schools Block for 2014/15
14 January 2014	CBC Executive to approve the 2014/15 Funding distribution
21 January 2014	Councils submit final pro-forma to Education Funding Agency.
28 February 2014	Council issues Individual School Budgets

### Consultation Responses

21. There were 64 individual responses to the consultation process. 3 schools submitted multiple responses and these were counted as 1 for the analysis.
22. The responses for each question were summarised, grouping the ‘strongly agreed’ and ‘agreed’ together under ‘agree’ and the ‘strongly disagree’ or ‘disagree’ under ‘disagree’. A summary of the responses to the consultation is attached as Appendix B.
23. There was broad agreement to all of the proposals put forward in the consultation and so this is the basis on which it is recommended that schools’ budgets should be calculated. The Council submitted the provisional proforma to the Education Funding Agency on 31 October 2013 (Appendix C). As set out in the timetable above, the final settlement of DSG from the Department for Education will be received on 18 December 2013. The final pupil unit value will then be calculated as the balancing figure once these final allocations are known.

### Protections and limits to gains

24. 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.

25. The only factors which are automatically excluded from the MFG are:
- Post 16 funding (sixth form factor)
  - The lump sum
  - Sparsity factor
  - Rates.
26. 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.

### **Growth Fund**

27. 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.
28. 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.
29. 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.
30. The criteria (Appendix D) 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: School Funding Consultation Document  
Appendix B: Summary of Consultation Responses  
Appendix C: Proforma October  
Appendix D: Growth Fund Criteria 2014/15

**Background Papers:** (open to public inspection) None