

Central Bedfordshire Council

EXECUTIVE - 13 January 2015

School Funding Reform: Arrangements for 2015/16

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This report relates to a Key Decision

Purpose of this report

1. This report provides a background to the changes in the funding regulation for schools and the proposed distribution for 2015/2016. These proposals have previously been subject to full consultation with all Maintained Schools and Academies in September 2014 and considered by Schools Forum. It provides a summary of the consultation responses received, which highlights broad agreement of schools to all of the proposals put forward in the consultation. The report therefore sets out the proposed distribution for the Dedicated Schools Grant – School Block. Executive approval is sought prior to submission of the formula to the Education Funding Agency.

RECOMMENDATIONS

The Executive is asked to:

1. **note the responses to the School Funding Consultation 2015/16;**
2. **approve the final proforma to be submitted to the Education Funding Agency (EFA) by the 20 January 2015; and**
3. **approve the distribution of the Dedicated Schools Grant - Schools Block for 2015/16.**

Overview and Scrutiny Comments

2. This issue has not been considered by Overview and Scrutiny. The numbers of responses from schools were very low this year, and there were only minor amendments to the funding for 2015/16.

Background

3. 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.
4. On 13 March 2014 the Department for Education (DfE) launched a consultation on Fair Schools Funding in 2015/2016. The DfE proposed to allocate £350m to the least fairly funded areas by setting Minimum Funding Levels (MFL) that every local area should attract for its pupils in 2015/2016. The DfE used seven characteristics to set minimum funding levels that a local authority should attract. These characteristics are listed below:
 - i. Basic Entitlement
 - ii. Deprivation
 - iii. Looked after Children
 - iv. Low Prior Attainment
 - v. English as Additional Language
 - vi. A lump sum
 - vii. Sparsity
5. After consideration of the views from the consultation responses the DfE has set out the arrangements for 2015/16 which were published on 17 July 2014. The DfE announced that it will allocate £390m to the least funded authorities, £40m more than initially proposed. These announcements indicate that Central Bedfordshire will receive a **one off** additional allocation of £5.3m in 2015/2016.
6. The DfE has made it clear that local authorities will not be obliged to use all MFL in their local formula. It will remain for the local authority, working with its Schools Forum, to decide how best to design its local formula. Local Authorities will have the same freedom to set a local formula for their schools in 2015/2016, as they did in 2014/2015. Individual schools should not expect that their funding will necessary be at or above the MFL.

Funding Arrangements and key changes for 2015/16

7. As in 2014/15, the DSG for 2015/16 will be split into three notional blocks; Schools, Early Years and High Needs. 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.

8. The Schools Block will be based on a per pupil unit of funding multiplied by number of pupils as reported on the Schools October 2014 census. The final settlement of DSG from the Department for Education was received on 15 December 2014. The final pupil unit value is calculated as the balancing figure using these final allocations.
9. The Early Years block will be based on a unit of funding multiplied by full time equivalent number of pupils reported on the Early Years January 2014 census. The Early Years block will be updated for January 2015 pupil numbers in June 2015 and in April 2016 for 7/12ths of the January 2016 pupil numbers to cover September 2015 to March 2016 period.
10. The principal elements considered for 2015/16 were:
 - For 2015/16 the average size of year group within the school will determine the eligibility for sparsity factor.
 - As in 2014/15 the LA can choose to have different lump sums 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. For 2015/16 the LA may apply for an exceptional factor to pay a further allowance to amalgamating schools in the second year of amalgamation.
 - If a factor for looked after children is included in the funding formula this will apply to any child who has been in care for at least one day.
 - The guideline on the way prior attainment factor is measured is the same as in 2014/15, using the Early Years Foundation Stage Profile (EYFSP) and Key Stage 2 data. For EYFSP it will be not achieving a good level of development for the 2013 cohort; for KS2 it is not achieving level 4 in English **or** Maths.
 - Authorities must ensure that at least 80% of delegated funding is distributed by pupil-led factors (in 2014/15 in Central Bedfordshire 88% is distributed through pupil led factors).
 - For 2015/16 there are no constraints on the primary/secondary ratio.
 - In addition to the growth fund LAs may also create a fund for funding to cover temporary falling rolls in advance of a population bulge – but only for good or outstanding schools or academies.

- Local authorities can apply for exceptions to be made for:
 - 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.
11. 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.
12. The table below provides a summary of the implementation timetable for the 2015/16 Funding Arrangements.

When	Activity
9 September 2014	School Forum Technical Sub Group meeting
15 September 2014	Discussion at the School Forum meeting
24 September to 15 October 2014	Consultation with schools
30 September 2014	Deadline for applications exclusion/variations to pupil numbers
October 2014	Political Approval for provisional 2015/16 funding formula
End of October 2014	Councils submit provisional pro-forma to Education Funding Agency.
15 December 2014	DfE confirms DSG Schools Block for 2015/16
31 December 2014	Deadline for submitting final applications for exclusion/variations to pupil numbers
13 January 2015	Executive to approve the 2015/16 funding distribution
20 January 2015	Deadline for submitting final pro-forma to Education Funding Agency
27 February 2015	LA issues Individual School Budgets.

13. On 9 September 2014 the Technical Funding group, a sub group of the School Forum, met with officers to discuss all formula factors and how the additional funding could be distributed. Four models were presented, two of which taken forward to the main School Forum meeting of 15 September 2014. This informed the consultation document launched on the 24 September 2014 (Appendix A). The consultation ended on 15 October 2014.
14. Schools were encouraged to participate in the consultation. Articles were placed in both Central and Governor Essentials highlighting the consultation process. Reminders to schools were placed in Central Essentials every Friday.

Consultation Responses

15. There were 37 individual responses to the consultation process. 2 schools submitted multiple responses and these were counted as 1 for the analysis. Middle School are deemed as secondary. The table below provides a summary of schools that responded.

	Number of School responses	School in each phase	% Response per phase
Nursery	1	4	25%
Primary	26	94	28%
Secondary	7	34	21%
Special	1	4	25%
Other	0	2	0%
Total	35	138	25%
Maintained	30	88	34%
Academy	5	48	10%
Other	0	2	0
Total	35	138	25%

16. The responses for each question are 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.
17. 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.
18. The Council submitted the provisional proforma to the Education Funding Agency (EFA) on 31 October 2014 (Appendix C). The EFA has confirmed that this has been checked and is compliant with regulations.
19. The final settlement of DSG from the Department for Education was received on 15 December 2014. The final pupil unit value is calculated from this information.

Protections and limits to gains

20. The pre-16 Minimum Funding Guarantee (MFG) for mainstream schools will continue to be set at minus 1.5% per pupil in 2015/16, continuing with the simplified calculation. This applies to pupils in age ranges 5-16 and therefore excludes funding for early years children and pupils over 16.

21. The only factors which are automatically excluded from the MFG are:
- Post 16 funding (sixth form factor)
 - The lump sum
 - Sparsity factor
 - Rates
22. 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

23. 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.
24. 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.
25. 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.
26. 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.
27. The criteria for allocating funding through the growth fund is attached at Appendix D and has been discussed and agreed with the School Forum for 2015/16. There are two amendments to the growth fund for 2015/16.

- Successful applications for Growth Fund will be approved on the basis that allocations will be spent or formally committed for imminent expenditure within the financial year that they are awarded. Surplus balances brought forward from previous years prior to the Council's commissioning of new school places will not be taken into account in assessing a Growth Fund application.
 - The application form has been amended to take into account further support required where the IDACI data used in calculating deprivation allocation does not reflect the current developments in growing areas.
28. Central Bedfordshire is an area that will see significant growth in school aged children over the coming years, triggered by the increase in birth rate (which is impacting now and for at least the next five years), and by the rate of local housing development that is forecast over the next 25 years. The Council's School Organisation Plan outlines the pattern of this growth across phases and its New School Places Programme establishes an investment strategy for major projects to ensure the council continues to meet its statutory obligations to provide sufficient high quality school places.
29. Following consultation (question 22 of the consultation document, 73% agreement to the proposal) and discussions with the Schools Forums it is proposed that the Growth Fund be increased by £1,000,000 for 2015/16, to reflect the increased number of schools meeting the criteria for funding.

Reasons for decision

30. To enable the schools individual budgets to be issued by 27 February 2015 as required.

Council Priorities

31. Improve educational attainment.

Corporate Implications

Legal Implications

32. None.

Financial Implications

33. This paper relates to the distribution of the Dedicated Schools Grant – Schools' Block, which is a ring-fenced grant, and the Council's distribution of this to schools.

Equalities Implications

34. 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.

Conclusion and next Steps

35. The consultation responses demonstrated broad agreement from those schools that responded to the proposals put forward and approved by Schools Forum. Subject to Executive approval, schools' budgets will be calculated accordingly and budgets issued by the deadline of 27 February 2015.

Appendices

Appendix A: School Funding Consultation Document
Appendix B: Summary of Consultation Responses
Appendix C: Proforma October 2014
Appendix D: Growth Fund Criteria 2015/16

Background Papers

36. None.