**SCHOOLS FORUM MEETING – 19th March 2014**

**Fairer Funding formula for Schools update**

**Introduction**

The purpose of this note is to update Schools Forum members on the 2014-15 Education Funding Agency (EFA) Model submission in respect of the funding to be allocated to schools through the school block formula.

**Background**

Members will recall that at the last Forum of the 10th December 2013 the model was still being worked on and clarifications were still being issued by the EFA on certain matters. At this meeting Schools Forum voted to delegate authority in respect of the proposals to the Working Party with the changes being reported back to the next Forum.

The final model was submitted to the EFA on the 20th January 2014 in accordance with their timetable and following their checks confirmation was received from them that the submission met their requirements in all respects with no further clarifications required.

The model was submitted in accordance with the principles and assumptions discussed and agreed with the Forum Working group and Schools Forum. There were however a number of late adjustments which were made which I need to bring to Forums attention. These are detailed below.

**Amendments to the Funding Model**

The changes are detailed in the table below:

|  |  |  |
| --- | --- | --- |
| **Area** | **Adjustment Made to EFA submission** | **NELC Action & Rationale** |
|  |  |  |
| Carbon Reduction (CRC) | EFA have top sliced £147k from the Council’s DSG. | Change accounted for within the allocation.  |
| Primary attainment | Tapering required for primary attainment. EFA data shows 48% of all children entering the primary sector are classed as low attainment. This reduces to 23% on leaving the primary system. | NELC have introduced a taper of 55% to reflect this fact. |
| Use of One-off contingency | The amount to be put through the formula has been increased from £0.90M to £1.4M. | . |
| Remaining brought forward contingency |  | Remaining contingency will be 1.3% of our annual DSG allocation and is deemed affordable.It is felt a contingency needs to be retained for a variety of reasons, some unquantifiable, such as High Needs, reduced de-delegation sums, Early Years increase in 2 year old funding, growth in numbers.No re-determinations of school budgets allowed within year. |
| De-delegation impact of converters up to 1 April 2014 | None | Service providers to be notified of a further reduction in their budgets from 1 April 2014 to reflect 2 converters between now and April 1st inclusive. |

**Quality Assurance checks**

|  |  |  |
| --- | --- | --- |
|  | **Oct 2013** | **Oct 2012** |
|  |  |  |
| % Total Schools Block funding going through Secondary phase | 37 | 38 |
| % Total Schools Block funding going through Primary phase | 63 | 62 |
| Basic Entitlement % | 81.57 | 81.48 |
| Pupil led % | 92.73 (adjusted) | 92.83 |
| Deprivation funding per eligible pupil – secondary £ | 520 | 517 |
| Deprivation funding per eligible pupil – primary £ | 557 | 556 |
| % Total Schools Block funding going through as attainment | 5.11 | 5.19 |

**Recommendation**

That Schools Forum confirm support for the final adjustments made.

Contact Officer: David Kirven, Service Finance Manager – People.

 **SCHOOLS FORUM MEETING – 19th March 2014**

**DEDICATED SCHOOLS GRANT FINANCIAL SETTLEMENT 2014-15**

1. **Purpose**

The purpose of this paper is to provide school forum members with an initial update of the 2014-15 financial settlement in respect of the Dedicated Schools Grant (DSG) which was published by central government on the 18th December 2013.

1. **Settlement position**

The settlement issued on the 18th December 2013 and detailed data issued in respect of the Council thereafter indicates a total DSG figure of £109.652M for 2014-15. This shows an increase of £1.871M on the 2013-14 figure of £107.637. Indicative analysis supplied by the DFE shows:

* Schools Block     £85.602m             (to fund schools and academies).
* Early Years          £8.565m               (to fund 3 and 4 year olds in maintained, PVI and academy settings also eligible 2 year olds).
* High Needs         £15.632m             (to fund the 2 special academies, centrally retained SEN services, Pupil referral units, alternative provision).
* CRC reduction   £-0.147m
* **Total                   £109.652m**

Of the total increase then £1.348m is in respect of the Early Years Block which is a result of the increased 2 year old funding to reflect the extension of the free entitlement to nursery provision from 20% to 40% of those eligible from September 2014. The remainder of the increase is predominantly to the Schools block with the High Needs Block showing a very minor increase.

The EFA has decided to top slice the Carbon Reduction Commitment (CRC) from DSG in order to compensate the treasury for schools being withdrawn from the scheme.

Members are reminded that this total DSG figure quoted is for all schools in the borough but does not include the 3 pre 2010 academy converter schools.

1. **Recommendation**

It is recommended that members note the contents of this report.

Contact Officer: David Kirven, Service Finance Manager – People.

**SCHOOLS FORUM MEETING – 19th March 2014**

**Growth in PAN allocation Contingency Procedure (revised amendment)**

**Introduction**

The purpose of this note is to recommend, subject to any comments Schools Forum may have, a refined procedure to be adopted in accessing additional funding where the Local Authority requests a maintained or academy primary or secondary school to increase its PAN and this results in additional pupil numbers over and above those funded at the previous count. This procedure is being submitted following an undertaking at the meeting on the 9th January 2013 that it would be reviewed and further endorsed by the Forum.

**Background**

Whilst concluding work on the Fairer Funding formula for schools an issue came to light in terms of potential growth in PAN’s that the Council had initiated with both academy and maintained schools. On investigation it was found that cases may arise in the future where the Council could request a PAN increase and this be implemented in say January but funding for these additional children would not feed through to schools through the formula until potentially in excess of 12 months following the increase.

The DfE Paper “School Funding Reform: Arrangements for 2013–14” states that a growth fund can be created from the DSG in advance of allocating school budget shares.

However there are strict obligations if such a fund is created, in brief

* ensuring that such a fund is ring fenced to be used on growth funding only.
* that Schools Forum approves the creation of such a fund.
* the fund is available for the benefit of both recoupment academies and maintained schools.
* any funds remaining at the end of the financial year must be added to the following years DSG and re-allocated to academies and maintained schools through the local formula.
* criteria to access the fund are produced and approved by the School Forum.
* the basis of payment clearly defined

**Criteria to be met**

In order for the contingency to be accessed then it is proposed that the following four criteria are met:

1. The increase in PAN must have been requested by the Local Authority as part of its strategic place planning role.
2. The increase in pupil numbers must materialise and must take pupil numbers in excess of those funded at the previous October count.
3. Where the increase in pupil numbers is 5 or less then no adjustment will be made.
4. In agreeing to fund any increase in pupil numbers then for clarity the first 5 pupil will be deemed to be funded by the school and will be excluded from the calculation for re-imbursement.

**Rate of re-imbursement**

The rate of re-imbursement proposed is to use the 2014-15 MFG per pupil value for the individual school multiplied by the materialised number of pupils in excess of the funded pupil numbers at the previous October count. Pro-rata adjustments will be applied where relevant. For clarity where re-imbursement is agreed then the first 5 pupils of the increase will be excluded from the re-imbursement calculation in accordance with point 3 above.

**Effective Date**

The proposed effective date is the 1st April 2014.

**Recommendation**

We would request Schools Forum to approve the above procedure in respect of the eligibility criteria to access this new growth fund.

We would also recommend that given this is a new procedure that a review is carried out after 12 months.

Contact Officer: David Kirven, Service Finance Manager – People.

**SCHOOLS FORUM MEETING – 19th March 2014**

**Falling Rolls Fund Contingency Procedure**

**Introduction**

The purpose of this note is to recommend, subject to any comments Schools Forum may have, a procedure to be adopted in accessing additional funding where the a school is experiencing falling rolls but where local planning data shows the surplus places will be required in the near future.

**Background**

The EFA Paper “2014-15 Revenue Funding Arrangements: Operational Guidance for Local Authorities (June 2013) states that a growth fund can be created from the DSG in advance of allocating school budget shares in respect of those schools judges as good or outstanding by Ofsted who are experiencing falling rolls but whose surplus places will be needed going forward.

However there are strict obligations if such a fund is created, in brief

* ensuring that such a fund is ring fenced to be used on growth funding only.
* that Schools Forum approves the creation of such a fund.
* the fund is available for the benefit of both recoupment academies and maintained schools.
* any funds remaining at the end of the financial year must be added to the following years DSG and re-allocated to academies and maintained schools through the local formula.
* criteria to access the fund are produced and approved by the School Forum.
* the basis of payment clearly defined

**Criteria to be met**

In order for the contingency fund to be accessed then it is proposed that the following five criteria are met:

1. The school must have been judged Good or Outstanding at their last Ofsted inspection. NOTE this is a mandatory requirement, the fund is not there to support unpopular or failing schools.
2. Pupil numbers must have fallen by 15% in primary schools and 25% in secondary schools in the last 3 years.
3. Local planning data held by the Council shows that the surplus places are expected to rise within the next 3 years by at least the average of the previous 3 years.
4. Formula funding available to the school will not support the provision of an appropriate curriculum for the existing cohort.
5. The school will need to make redundancies in order to contain spending within its formula budget.

**Rate of re-imbursement**

The rate of re-imbursement proposed is to use the basic AWPU for 2014-15 excluding the additional one off increase multiplied by the surplus number of pupil places.

**Effective Date**

The proposed effective date is the 1st April 2014.

**Recommendation**

We would request Schools Forum to approve the above procedure in respect of the eligibility criteria to access this falling rolls fund.

We would also recommend that given this is a new procedure that a review is carried out after 12 months.

Contact Officer: David Kirven, Service Finance Manager – People.

**SCHOOLS FORUM MEETING – 19th March 2014**

**Early Years Education Funding confirmation**

**Introduction**

The purpose of this note is:

1. to advise Schools Forum of the hourly rates to be used for early years education for the 2014-15 financial year and
2. request that the unspent trajectory funding from the 2013-14 settlement that was received in respect of the two year old free early years education initiative and the 2014-15 trajectory allocation be available to use as capital spend to support an increase in capacity to achieve the 40% target.

**Background**

Each year on receipt of the early year’s data the Council reviews its hourly rates in respect of early year’s provision. In determining such rates the affordability after reviewing the DSG allocation settlement received in the previous December together with the January early years count is taken into account. In respect of the Early Years DSG allocation then whilst this has increased this is to fund places in preparation for the entitlement for 40% of two year olds (September 2014). As such the Early Years block is broadly cash flat lined after allowing for this.

As part of the 2013-14 DSG settlement North East Lincolnshire’s allocation of statutory place funding for 2013/14 was £1,242,085. A further sum of £487,609 was received in respect of trajectory building and an amount of £297,628 for capital works. In respect of the trajectory funding this was to be spent on capacity building to enable the 20% target to be achieved. The 2014-15 DSG allocation includes an amount for trajectory funding of £329,953 but no capital allocation amount.

**Conclusion**

Given the flat line nature of the DSG Early Years allocation for 2014-15 preliminary work indicates that it will not be affordable to increase the hourly rates for the 2014-15 financial year. This will be kept under review in year but no increase can be allocated at this time.

Discussion with the service area has indicated a continuing need is required in respect of capital spend in order for the 40% target to be achieved. No capital allocation has been awarded in 2014-15 and using some of the trajectory funding for this type of spend is seen as an acceptable solution.

**Recommendation**

That the Schools Forum note the 2014/15 hourly rates to be paid for early year providers and agree that the unspent trajectory funding for 2013 – 14 and that allocated for 2014-15 be used to assist with increasing capacity to support the increase from 20% to 40% of eligible families to free 2 year old funding to eligible..

Contact Officer: David Kirven, Service Finance Manager – People.