**SCHOOLS FORUM MEETING – 17th SEPTEMBER 2014**

**2015-16 Schools Funding arrangements**

**Introduction**

The purpose of this report is to provide members of the Schools Forum with information in respect of the 2015-16 Schools Funding arrangements.

**Background**

The “School Funding Reform: Next Steps towards a Fairer system“ consultation paper significantly altered the way schools were funded in 2013 -14 and beyond. All Local Authorities were required to use formula funding factors or elements from a pre-defined range. The purpose of these proposals was to move towards a more consistent, simple, transparent and fairer funding system which was understood by all stakeholders. It was also to assist with moving towards the national funding formula which is still the intention.

Given the significant changes introduced it was always going to be the case that there were some unintended consequences and practical examples whereby the implementation of the proposals produced unexpected results. The Education Funding Agency (EFA) stated at the time that they would review the implementation of the fairer funding principles and refine these where this was felt necessary. Changes were made as part of the 2014 -15 funding and this refinement process has again been undertaken in 2015 -16.

That said changes for 2015 -16 are, in effect, minimal and this is reflected in the approach we are proposing to adopt.

**Main points arising from the 2015 – 16 schools funding formula operational guidance.**

The table below highlights the main points arising and the potential impact on NELC in preparing its schools funding formula for 2015-16.

|  |  |
| --- | --- |
| **Subject Matter** | **Comment** |
|  |  |
| The EFA has introduced the concept of Minimum Funding Levels (MFL). These are not mandatory for 2015-16. A list of these is provided at Appendix A for information. | NELC formula figures are above trhe MFL figures except for the Lump Sum. No change to the Lump Sum figure is proposed. |
| Sparsity Factor – for 2015-16 the average size of year groups will determine eligibility, not the pupil size of the school. | NELC only had one school eligible for this additional funding. The change does not affect the position for 2015-16 (based on the October 2013 Census figures). |
| Primary : Secondary ratio – the current national average is 1:1.27. No constraints on this are proposed for 2015-16 but this is not ruled out for future years. | NELC ratio is 1:1.25 |
| Carbon Reduction: confirmation that this will be topped sliced as in 2014–15 at £7.51 per pupil | As this happened in 2014-15 the impact should be minimal based on draft figures. |
| Schools Forum: change to membership and items that must be discussed. | Membership changes focus around the need to include AP / Free School representation.  Items for discussion are around high needs places to be commissioned and the arrangements for the payment of top up. |
| Non recoupment academies / Free schools will now be included in the Councils DSG baseline. | The DSG baseline for NELC will increase by around £13.5M but this is all allocated. |

Other points to note:

* No other changes to the allowable factors and no additional factors have been made.
* School Forum approval for centrally retained and delegated funding remains and needs to be voted on by the eligible members. A copy of an extract is provided at Appendix B.
* Minimum Funding Guarantee (MFG) – confirmation this will be set at -1.5% per pupil for 2015-16.
* Consultation with schools broadly similar.

**Proposed approach**

Given the minimal changes our recommended approach is one of no change to our current formula. The formula we have adopted has worked in distributing funds fairly in accordance with the guidelines and regulations and has passed the EFA test. There has been no adverse comment and there seems to be better understanding by all as to how the formula works and distributes funds.

**Timetable – Key Dates**

These are detailed in the table below:

|  |  |
| --- | --- |
| **Date** | **Action** |
| 2 October 2014 | School Census day. |
| Mid October 2014 | Schools Forum consultation / political approval required for provisional 2015 – 16 funding formula. |
| 31 October 2014 | Deadline for the submission by the LA of the provisional 2015 – 16 School Budget pro forma to the EFA. |
| 27 November 2014 | School census database closed |
| w/c 15 December 2014 | EFA confirms DSG School Block allocations for 2015-16. |
| Mid January 2015 | Schools Forum consultation / political approval required for final 2015 – 16 funding formula. |
| 20 January 2015 | Deadline for the submission by the LA of the final 2015 – 16 School Budget pro forma to the EFA. |
| 27 February 2015 | Deadline for the confirmation of school budget shares to maintained schools. |
| 31 March 2015 | Deadline for the confirmation of the annual general grant to academies open by 11 January 2015. |

**Recommendations**

It is recommended that:

1. This report be noted,
2. Schools Forum agrees with the proposed approach, and
3. Schools Forum agree to the establishment of a small working party to work with officers to review 2015-16 Schools funding formula to be adopted to permit this to be submitted as per the deadline.

Contact Officer: David Kirven, Service Finance Manager – Business Partnering.

**Appendix A**

**Indicative minimum funding levels for 2015-15**

|  |  |  |
| --- | --- | --- |
| **Allowable Factor** | **DfE Indicative amount £** | **NELC current amount £ per 2014-15 formula** |
|  |  |  |
| Basic per pupil entitlement: Primary AWPU | 2,845 | 3,213 (excludes additional one off payment of £75 per pupil). |
| Basic per pupil entitlement: Secondary AWPU KS3 | 3,951 | NELC chose one secondary AWPU value only (KS4) |
| Basic per pupil entitlement: Secondary AWPU KS4 | 4,529 | 4,565 (excludes additional one off payment of £75 per pupil). |
| Deprivation – FSM eligibility - Primary | 893 | Following discussions with the Schools Forum Formula Funding Working Party the decision was made not to use this factor as a measure of deprivation. |
| Deprivation – FSM eligibility - Secondary | 1,080 | Following discussions with the Schools Forum Formula Funding Working Party the decision was made not to use this factor as a measure of deprivation. |
| Deprivation – IDACI 1 Primary | 237 | 142 |
| Deprivation – IDACI 2 Primary | 290 | 296 |
| Deprivation – IDACI 3 Primary | 387 | 450 |
| Deprivation – IDACI 4 Primary | 453 | 604 |
| Deprivation – IDACI 5 Primary | 511 | 759 |
| Deprivation – IDACI 6 Primary | 741 | 913 |
| Deprivation – IDACI 1 Secondary | 321 | 154 |
| Deprivation – IDACI 2 Secondary | 243 | 308 |
| Deprivation – IDACI 3 Secondary | 530 | 462 |
| Deprivation – IDACI 4 Secondary | 596 | 616 |
| Deprivation – IDACI 5 Secondary | 659 | 770 |
| Deprivation – IDACI 6 Secondary | 894 | 924 |
| Looked After Children - Primary | 1,009 | Following discussions with the Schools Forum Formula Funding Working Party the decision was made not to use this factor |
| Looked After Children - Secondary | 1,009 | Following discussions with the Schools Forum Formula Funding Working Party the decision was made not to use this factor |
| Low cost high incident SEN - Primary | 878 | 892 |
| Low cost high incident SEN - Secondary | 1,961 | 1050 |
| English as an additional language - Primary | 505 | Following discussions with the Schools Forum Formula Funding Working Party the decision was made not to use this factor |
| English as an additional language - Secondary | 1,216 | Following discussions with the Schools Forum Formula Funding Working Party the decision was made not to use this factor |
| Lump Sum - Primary | 117,082 | 102,000 |
| Lump Sum - Secondary | 128,189 | 102,000 |
| Sparsity factor - Primary | 53,988 tapered | 100,000 tapered |
| Sparsity factor - Secondary | 53,988 tapered | N/A |

**Appendix B**

**Centrally Retained Services - Expenditure position**

|  |  |
| --- | --- |
| Can be centrally retained before allocating formula with agreement of schools forum |  Funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy.   Funding to enable all schools to meet the infant class size requirement.   Funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within 3 years.   Back pay for equal pay claims.   Remission of boarding fees at maintained schools and academies.   Places in independent schools for non-SEN pupils. |
| Can be centrally retained before allocating formula but **no increases in expenditure** from 2014-15 (schools forum approval is required to confirm the amounts on each line) |  Admissions.   Servicing of schools forum. |
| Can be centrally retained before allocating formula but **no new commitments or increases in expenditure** from 2014-15 (schools forum approval is required to confirm the amounts on each line) |  Capital expenditure funded from revenue (i.e. no new projects can be charged to the central schools budget).   Contribution to combined budgets.   Existing termination of employment costs (i.e. no new redundancy costs can be charged to the central schools budget).   Schools budget funded prudential borrowing costs.   Schools budget funded SEN transport costs. |