

Meeting **Leicestershire Schools' Forum**
Date/Time **Monday, 16 June 2014 at 2.00 pm**
Location **Beaumanor Hall, Beaumanor Drive, Woodhouse, Leicestershire**
Officer to contact **Karen Brown / Bryn Emerson (Tel. 0116 305 6432) (Tel.)**
E-Mail

Membership

	Tim Moralee (Chairman)
Ed McGovern	Julie Kennedy
Jean Lewis	Bill Nash
Michael Murphy	Richard Spurr
Suzanne Uprichard	Alex Green
Brian Myatt	Sonia Singleton
David Lloyd	Heather Sewell
Karen Allen	Vacancy
David Thomas	John Bassford
Sue Horn	Jason Brooks
Louisa Hallam	Nigel Leigh
Ian Sharpe	Brenda Carson
Alison Deacon	

AGENDA

<u>Item</u>	<u>Report by</u>	<u>Marked</u>
1. Apologies for absence/Substitutions.		
2. Minutes of the Meeting held on 13/02/2014 (previously circulated) and matters arising.		2
3. SEND and Personalisation - verbal update		
4. 2013/14 Schools Budget Outturn		4
5. 2015/16 School Funding		5
6. Simplification of Academy Funding		6
7. 2015/16 School Funding Formula		7
8. 2014/15 Membership		
9. Any other business.		
10. Date of next meeting.		

Thursday 18th September 2014, 2.00 – 4.00pm

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Leicestershire Schools' Forum**DRAFT** Notes of the meeting held on Thursday 13 February 2014, 2.00 pm
at Beaumanor Hall**Present:**

Tim Moralee Alex Green Brian Myatt Suzanne Uprichard Richard Spurr Michael Murphy Bill Nash	Secondary Academy Headteachers
Jean Lewis Julie Kennedy	Primary Academy Governor
David Lloyd Karen Allen Heather Sewell Tony Gelsthorpe	Primary Maintained Headteachers
	Primary Academy Headteacher
David Thomas	Primary Maintained Governors
Jason Brooks	Academy Representative - Special
Alison Deacon (representing Andy Reeve)	Trade Union Representative
Ian Sharpe	CE Representative
	PRU Representative
Louisa Hallam	Early Years PVI provider
Brenda Carson	RC Representative
Nigel Leigh	Post 16 Provider

In Attendance:

Ivan Ould, Lead Member for CYPS

Jenny Lawrence, CYPS Finance Business Partner

Chris Bristow, Interim Head of Strategy, Education of Vulnerable Groups

Observers

Andy Winters, Business Manager, Wreake Valley Academy

Dave Green, Business Manager, Woodbrook Vale High School

1.	<p>Apologies for Absence</p> <p>Apologies were received from Lesley Hagger, Gill Weston, Sonia Singleton, John Bassford, Sue Horn, Ed McGovern and Andy Reeve</p>	
2.	<p>Minutes of the Previous Meeting and Matters Arising</p> <p>The minutes of the meeting held on 26 November 2013 were agreed as a true record.</p> <p>Matters Arising</p> <p>There were no matters arising.</p>	
3.	<p>New Membership list</p> <p>Jenny Lawrence reported there were a number of inaccuracies within the current membership list; a revised list would therefore be circulated with the minutes.</p> <p>Jenny explained that the membership list on the website did not contain contact email addresses but asked for permission for email addresses to be circulated amongst Forum members. Agreed: new list with emails to be sent out with the minutes.</p> <p>Jean Lewis asked about Special School representation. Jenny clarified there were 2 Special School representatives - JoAnne Rees was a nominated substitute, not an additional member.</p> <p><u>Decision</u> The Schools' Forum noted the paper.</p>	<p>JL</p> <p>JL</p>
4.	<p>Behaviour Partnership and PRU Update</p> <p>Jenny Lawrence reported that following the last meeting she was pleased to report work had now started with Partnerships around shadow arrangements in the run up to implementation of Cabinet decision to devolve KS3 funding from 28 April. (Paragraph 9), Resource Implications – Jenny stated that those allocations are for a full financial year new arrangements not until 28 April.</p> <p>Brian Myatt reported that Charlie Palmer had previously agreed with the 5 Partnership Chairs that there would be lead-in funding from January, in order to prepare for the infrastructure of KS3 provision for the April transfer. However, Brian was disappointed that Chris Connearn had informed him last week there would not be any funding.</p> <p>Agreed – Jenny to discuss with Chris Bristow and feed back to the 5 Chairs prior to their next meeting on 7 March.</p>	<p>JL</p>

5.	<p>2014/15 Schools Budget</p> <p>Jenny Lawrence talked through the 2014/15 Schools Budget paper and the following points were noted:-</p> <ul style="list-style-type: none"> • Para 11 – Jenny reported that information had now been provided to the EFA and they had come back to declare that 2014/15 formula complies with all the regulations. Draft budgets allocations were released to schools last week. • Para 14, item 4 – proposal to move early years expenditure into Dedicated Schools Grant. The Local Authority intention is that all early years expenditure should be funded from DSG. • Para 12 - Richard Spurr asked if the dataset was available. Jenny outlined that reference around age range pupil numbers information had been made available to schools in November. Jenny to look back to see if can release that information on a section by section basis, although Section 251 details budgets all maintained schools, may be a more useful document. • Para 14 - David Thomas – approval of £2.5M central early years expenditure – can we increase? Jenny - yes budget proposals include this switch. • Alex Green – funding pupil number growth – would that amount come from the capital allocation rather than taking money from DSG? Jenny - no, wrong sort of money – it is capital money for the provision of pupil places, can not use that for revenue purposes. • Alex Green – in relation to statutory duties for LA – may well lessen as percentage to match with academy conversion, have less statutory duties so is the percentage retained now less? <p>Jenny – no, work done through LGA in the run up to 2013/14 budgets to try and identify cost associated with statutory duties. Had to take cost savings from the overall County Council budget.</p> <p>AGREED: (Paragraph 14) - Recommendation 3 – Funding for the Local Authority in order to meet prescribed statutory duties placed upon it.</p> <p>AGREED: Recommendation 4 – Funding for Early Years Expenditure.</p> <ul style="list-style-type: none"> • Jean Lewis – miscellaneous commissioning budget for Schools Causing Concern – were they reduced or have they remained the same? Jenny confirmed that budget had always been maintained at that level, fewer schools now but work with those schools is increasing. • Item 3 - Premature Retirement Costs – Alex Green - what does 	<p>JL</p>
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	<p>that affect? Jenny - overall budget is £2M largely teaching staff in schools that retired, allowed to take early release of pension. DSG cannot meet any new costs, they fall to the Local Authority.</p> <ul style="list-style-type: none"> • Jenny reported we are awaiting information of what School Funding Reform 2015/16 will bring. No sight of consultation yet. Expect that to refer to Schools Block of that element, will not touch Early Years or High Needs • High Needs – this block is based on levels of historic spend. 2014/15 first full year LA funded High Needs places academies and providers FE colleges. This element of settlement is one the EFA continually keep changing. This is a provisional allocation – detail to be received end of March. Post-16 pupils data now more robust – we believe this block is over-estimated. • Para 17 - Early Years Block now includes funding for extension 40% most deprived 2 year olds, which will be a statutory duty for Local Authorities from September 2014. • Para 19 – made switch from Schools Block to High Needs Block. One change in settlement is that schools are no longer required to participate in LA Carbon Reduction Scheme. EFA removal of £0.53M of funding yet the budget was £0.45M so this change is not cost neutral at LA level • David Thomas - High Needs – data suggests final settlement a lot lower – how much lower than £54.1M? Jenny - we think it will go down by about £1.6M - we know nationally fixed pot of money we know number of high needs growing, we have been particularly cautious. • David Lloyd – Leicestershire’s funding low. Jenny - 2015/16 introduction of Fair Funding Formula, no guarantee that will change funding position. National Fair Funding is saying that it is not going to fund every pupil in every authority at the same rate but to fund pupils with the same need at the same rate irrespective of the authority in which they are educated. Leicestershire low need authority – levels of deprivation, pockets but we won’t trigger a lot of those allocations. • Mr Ould fed back from an F40 meeting held last Thursday at the Houses of Commons. Mr Ould, as Chair of F40 and Vice Chairs: Nick Bacon, Robin Walker and Nick Harvey wrote to Michael Gove to ask why a deprived child in a non-deprived authority was worth £700 less than similar child in a deprived authority. • Seem to be struggling with a general lack of understanding about academies understanding that the LA formula is taken to create academy budgets. Message needs to get to schools that any decisions are going to affect mainstream schools and academies. 	
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- Jenny stated that School Formula was unchanged from 2013/14. It was the view of the Working Group and Schools' Forum that we need to take 2014/15 as a period of relative stability.
- Two significant changes: 1 pupil number count for schools affected by age range changes which is funded from a reduction in the ceiling.
- Para 23 – Jenny reported a surprise settlement on school copyright charges – schools will not receive invoices for some copyright now and these will be funded from the Schools Block settlement. There is no inflation added to individual school budgets, therefore remains at flat level.
- Para 26 - 2 formula factors redefined by EFA:
 - Primary prior attainment data
 - Secondary – pupils not achieving level 4 English and Maths to level 4 English or Maths – widened the cohort of pupils eligible.
- Para 27 – formula had to be submitted to EFA by 20 January – estimates for payment of rates for schools now locked into 2014/15 budgets and now cannot change them. Schools will get additional funding but not until 2015/16. Schools for one year only may enter into a deficit situation.
- Para 28 - looked again at rate we remove recoupment for excluded pupils – finance regulations changing – should now be based on levels per pupil led funding. Now calculated average per pupil.
- Para 29 - more anxiety in schools around statutory duty to offer infant free school meals.
- A series of finance briefings held last week – advice to schools is to ignore free school meals offer until further information is received, then more advice/workshops may be held.
- Para 30 - Heather Sewell raised concerns that primary schools may enter into deficit budgets.
- Mr Ould – infant free school meals causes anxiety - how can schools forward plan, issues over insurance. Consider writing re difficult position schools being put in not having sufficient financial data.
- Jean – understood losing all money for free school meals – makes KS2 pupils receive free school meals no one paying. Jenny said there is an allocation in the budget for free school meals, although lower in Leicestershire.

	<ul style="list-style-type: none"> • Jenny - the cost of meals spread evenly across schools, the new formula not allowed to provide formula for any particular function, new basis of charging, created some issues, free infant meals, transport issues have an impact we are thinking around that. • EFA not started consultation about infant free school meals. <p>AGREED: Jenny and Tim Moralee to draft a letter outlining concerns - for Schools' Forum to comment before sending to the EFA.</p> <ul style="list-style-type: none"> • Pages 32-34 background on Pupil Premium. 2014/15 unit payable increased as have the cohorts entitled to funding. This financial year figures not updated until end of summer term, difficult planning period for schools. Advising schools to try and estimate your value as best you can, cohort of pupils. • Julie Kennedy - premium conference recently attended – moved to that fact it would stay but looking at making savings to pupil premium. Looking at ways of reducing expenditure. • Age range changes and pupil growth – reported at the last meeting, Secretary of State approved Leicestershire's proposals to age range changes to schools – confirm draft and final – both which cleared all the validation checks at the EFA. • Place planning issues – discussed at last meeting. School place planning – due at the Overview & Scrutiny Committee in March. Needs to come out to schools for comment. May mean 2014/15 may be in 2015/16. Budget today makes no financial provision for those changes but holds in reserve. Not considered within this budget. • New school places September – we do not get funded until next financial year, but have to provide those places. • Age range changes funding come from Dedicated Schools Grant. • Mr Ould – issue of provision places – County Council does not determine Section 106 element – district council meeting, put in for £57,000 funding – there is a shortfall of places. • 106 money to be used within certain time. Some agreements never started. <p>High Needs funding – not hugely significant changes.</p> <ul style="list-style-type: none"> • 2014/15 first full financial year that we have these changes – 	<p>JL/TM</p>
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more confident now about information we have.

- One change in terms of funding arrangements - post 16 pupils and academies – reduced to £10,000 in line with pre-16 funding.
- Early Learning & Childcare – a slight amendment to formula to reflect changes in legislation. Local Authority previously supplemented funding, that is no longer allowed now moved to be purely on Ofsted rating.
- Para 47 – Dedicated Schools Grant reserve – provides information about what is in reserve and what LA proposes for that reserve.
- £1.2M used school rates, and also changes to copyright licencing. Retaining £2.5M sponsorship academy conversion.
All schools moving into sponsorship are issued with a Notice of Concern. Academy sponsors can place significant pressure on schools to shed costs before converting, we need to ensure governing bodies taking right decisions on behalf of the school.
- £2.7M retained for protection for schools that go into age range changes in the future.
- Estimated unallocated of DSG reserve – proposal to roll forward. We are asking Schools' Forum to support the use of the DSG reserve funding.
- David Thomas – notional SEN budget should fund 2 aspects – low cost high incident and element 2 funding. Some LAs providing funding for exceptional SEN costs.
- Jenny –in setting the 2013/14 formula schools did not support LA holding money back. Need to look at moving forward 2015/16 – looking at data, affected by high needs pupils. We used to hold contingency fund for unexpected SEN pupils moving into schools.
- EFA requested information on what the LA would do if schools notional SEN budget did not cover all element 2 costs.
- Jenny said it would not be possible to get something in place until the autumn term at the earliest. We need to collect data from schools. If there is funding we can look for future years. At the moment all funding in the budget (High Needs Block) is allocated. If contingency we can look at it. It will be necessary to revisit SEN funding once the new Education, Health and Care Plans are introduced.
- Mr Ould – will have to keep SEN funding under review.

- Para 48-51 – LA Budget - sets out growth and savings. Proposals taken to Children & Families Overview and Scrutiny Committee and two separate Cabinet reports. At the moment, no proposals to change to County Council proposals.
- LA savings proposals next 4 years – savings are 22% of CYPS overall budget.
- Karen raised concerns regarding £1M savings from Supporting Leicestershire Families Programme – access to Social Care support remains a real concern.
- Supporting Leicestershire Families – Heads are still extremely concerned, do not feel they are getting the support they need.
- Saving proposals are phased over 4 years. .
- Mr Ould – if we get Supporting Families programme right should lead to reduction in number of dysfunctional families, reduction in number of child protection plans - what appears to be a cut will become a natural outcome.
- Brian Myatt – Supporting Families huge success. Disappointed that – different programmes operate in different areas, programme relatively at infancy – still issue – where established working really well and impact memorable will be seen over time.
- Para 54 – Capital Programme – allocation £55M based upon need for LA to deliver additional places, may be in academies, free schools, maintained schools. LA want to use that funding to ensure it delivers the best solution for children in Leicestershire linked to school place planning.
- 2014/15 allocation just over £4M – discussions with academy sponsors have resulted in additional expenditure. The longer it takes academy to become sponsored the risk increases of a large deficit reverting back to the Local Authority.
- Jenny – Local Authorities allowed to set up a diseconomies of scale fund – allowing them to fund empty places if there is a demographic need for school places in the future, but can only do this for good or outstanding schools.

APPROVED - Recommendation 7 – to note the retention of DSG reserve.

- Recommendation 8 - David T –an alternative proposal to recommend looking at schools affected by disproportionate SEN costs and defer decision .

	<p>Jenny – need to look at school funding for the following year, and particularly SEN funding in the light of Education, Health and Care plans.</p> <ul style="list-style-type: none"> • Would have to withdraw school budgets unless agreement on the process to follow if school notional SEN budgets were insufficient to fund element 2, response was required by the EFA in January which did not give time to discuss with Schools' Forum. <p>AGREED - Recommendation 8 (Paragraph 8) - SEN Notional Budget.</p> <ul style="list-style-type: none"> • Forum members talk to their schools and see what evidence can be identified that shows disproportionate SEN costs, LA has tried to do that before, but found that schools cannot evidence disproportionate level of SEN, and if we were to say that there would be more funding in these instances all schools would claim they were adversely affected. <p>Recommendation 9 - Early Years Single Funding Formula School' Forum noted the payments rates.</p>	
6.	<p>Any Other Business</p> <p>Chris Bristow reported that the SEN & Disability reform will impact over the County Council as a whole, need to look at the impact and to ensure Leicestershire's readiness to implement key changes. A consultant has been engaged to advise Leicestershire on the implementation and he would like to speak to representatives from Schools' Forum on issues around SEND reform.</p> <p>Chris to arrange a brief meeting with Forum members.</p>	CB
7.	<p>Next Meetings:</p> <p>Monday 16 June 2014, 2.00 – 4.00pm Thursday 18 September 2014, 2.00 – 4.00pm</p> <p>at Beaumanor Hall.</p> <p>Ref: CYPs/Shared/Schools Forum/13.02.14</p>	

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SCHOOLS FORUM

2013/14 SCHOOLS BUDGET OUTTURN

20 JUNE 2013

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	x	Pre School	x
Academies	x	Foundation Stage	x
PVI Settings	x	Primary	x
Special Schools / Academies	x	Secondary	x
Local Authority	x	Post 16	
		High Needs	

Purpose of Report

Content Requires;		By;	
Noting	x	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	x

1. This report presents the 2013/14 Schools Budget outturn position for 2013/14 and confirms the Dedicated Schools Grant (DSG) Reserve.

Recommendation

2. That Schools Forum note the financial outturn for the 2013/14 Schools Budget (paragraphs 5 - 6).
3. That Schools Forum note the level of DSG reserve and it's recommended deployment (paragraphs 9 - 10).

2013/14 Schools Budget Outturn

4. The 2013/14 Outturn position for the Children and Young People's Service is summarised in the following table. This table presents both the Local Authority and Schools Budget for completeness but the report presents detail only for the Schools Budget funding blocks.
5. Overall the Schools Budget underspent by £3.539m (Schools Block £0.188m, Early Years £0.505m, High Needs £2.846m) which is summarised in the following table;

	2013/14 Budget	Total (Under) / Over Spend		Variance Schools Block	Variance Early Years Block	Variance High Needs Block	Variance LA Block
	£,000	£,000	%	£,000	£,000	£,000	£,000
Directorate	988.5	84.4	9%	0.1	0.5	12.6	71.2
Children's Social Care and Targeted Early Help	45,851.1	307.9	1%	0.0	0.0	0.0	307.9
Education and Learning	34,210.0	(430.4)	(1%)	(20.0)	(27.9)	308.8	(691.3)
Commissioning and Development	51,569.7	(3,577.4)	(7%)	(163.9)	0.0	(3,041.0)	(372.5)
CYPS Other	(72,850.3)	(1,584.6)	n/a	(4.0)	(477.5)	(126.8)	(976.3)
Total	59,769.0	(5,200.1)	(9%)	(188.0)	(504.9)	(2,846.4)	(1,661.0)

6. The major variances within the School Budget are detailed below;

Service Area	Variance		
	£,000	%	
<u>Early Years Block</u>			
Nursery Funding for Disadvantaged 2 year olds	(410)	(24.0)	The offer of free nursery education for 20% disadvantaged pupils was introduced in September 2013, demand was lower than estimated
Nursery Education Funding	399	2.3	More 3 and 4 year olds accessed nursery places than anticipated
Dedicated Schools Grant	(478)	n/a	As a result of additional children accessing 3 and 4 year old provision additional DSG became payable and offsets the overspend above

High Needs Block			
Education of vulnerable groups	(214)	(6)	A number of services across this group of services underspent as a result of staff vacancies
Alternative Provision	(151)	(82)	This budget was established to support alternative provision as part of the transitional arrangements to the new funding system and was not required
Behaviour Support	523	n/a	Funding was set aside within the 2013/14 DSG reserve to maintain the behaviour support service and the commissioned and personalised programme teams to August 2013. Additionally provision was made to maintain a transitional support team for the transfer of Key Stage 3 services to the Behaviour Partnerships. The final outturn position allows this to be met from the 2014/15 budget and funding remains in reserves.
Special Educational Needs	(3,041)	(6.6)	2013/14 saw the first year of the new arrangements for funding high needs students, a budget contingency was held as it was not possible to quantify the financial implications of the changes at the time the budget was set, this contingency was released during 2013/14. Additionally the Education Funding Agency (EFA) made a number of changes to the funding system during the year, this also adds to the underspend.

7. It is not possible to present headline data on the level of school balances until the return of the Consistent Financial Reporting returns due to the local authority in mid-June and the subsequent isolation of balances that may be held on behalf of academies where the financial closedown of the former maintained school accounts has yet to be completed. Schools Forum will receive the full detail of school balances at its meeting in September.
8. The full underspend of £3.539m is carried forward to the DSG reserve.

Dedicated Schools Grant Reserve

9. An updated position on the DSG reserve was incorporated into the 2014/15 Schools Budget report presented to Schools Forum on 13 February 2014. This position was based upon the financial forecast at period 9 and identified a balance (after 2013/14

allocations to services) of £0.143m, the following table presents the movement from that position;

	£,000	Narrative
Balance as at 21 February 2014	143	Projected balance per period 9 budget monitoring and after allocations to 2013/14 budget per report to Schools Forum 13/2/14 – 2014/15 Schools Budget
Post February Movements;		
Reserves Released;		
Behaviour Support	230	These reserves were made during 2013/14 to address unknown issues and calls on funding that were not included in the original 2013/14 budget proposals. These reserves were unused as expenditure was charged to the 2013/14 budget and offset against underspends
NQT	35	
Personalised & Commissioned Programmes	276	
SEN Carry Forward	96	
Nursery Education Funding	162	
Behaviour Support Transition	200	
Protection for High Needs Funding Changes	207	
Hospital Schools	473	
Recoupment Adjustment	439	
Oakfield Action Plan	134	
Decrease in Underspend Projection	(411)	The decrease in underspend is as a result of charging expenditure against the 2013/14 budget and not against reserves and additional reductions in expenditure
Key Stage 3 Transition	(197)	The transitional arrangements to support the devolution of Key Stage 3 provision to the Behaviour Partnerships remains in place to August 2014 and is required to be funded from the DSG reserve
Oakfield Action Plan	(72)	To fund the remaining actions in the agreed OfSTED Action Plan
Academy deficit	(89)	It has been necessary to settle a deficit arising from conversion to academy
Pre-Conversion NNDR revaluations	(250)	A large number of NNDR revaluations have been carried out on schools across Leicestershire by the Valuation Office Agency and have resulted in revised, usually larger, liabilities which are often back dated a number of years. For maintained schools additional funding is retrospective, however the EFA have stated that they will not make any payment to an academy for any such

		revaluation that relates to the school prior academy conversion and that these costs should be met by the local authority. As such it is prudent to make a provision to meet these unexpected costs.
Revised Unallocated DSG Balance 31st March 2014	1,376	To be held in contingency

10. The annual movement and allocation of the 2013/14 DSG reserve is shown in the following table;

	£,000
Balance as at April 1 2013	6,582
2013/14 Underspend	3,539
2013/14 Use of Reserves	(776)
Reserves Allocated to 2014/15 Budget	(1,250)
2014/15 Earmarked Elements of Reserve:	
Provision for sponsored academy deficits	(2,500)
Support for Future Age Range Changes	(2,700)
Provision for future pupil growth	(1,000)
Oakfield Action Plan	(72)
Key Stage 3 Transitional Support	(197)
2014/15 Pre Conversion NNDR Re-valuations)	(250)
Unallocated Reserve	1,376

11. There are a number of strategic issues that need to be considered in the allocation of the DSG reserve, this needs to include alignment of the additional Schools Block funding expected from the March announcement. It is worth noting that the reserve is being generated from High Needs and Early Years Blocks of funding but being largely used to support school issues. Those issues include;

a) Pupil Number Growth

Schools Forum has recognised the need to establish objective criteria for the allocation of additional funding for the demographic growth in primary pupil numbers and which will become a larger issue as new schools arising from new housing developments come on stream. Notionally £1m has been set aside within the DSG reserve, however this is not a sustainable long term solution given that growth in places will be over a number of years. Consideration needs to be given to the most appropriate manner in establishing an on-going growth fund which may include allocation of part of the additional funding within the March funding announcement. The growth fund needs to be aligned to the Place Planning Strategy currently being considered by the local authority and the need to match

funding and places over the medium term. This is a significant piece of work which will require funding to be set aside within the DSG reserve until completion.

b) Transfer of funding from the Schools Block to the High Needs Block

A contingency has been set aside within the High Needs Block in both 2013/14 and 2014/15 through a transfer from the Schools Block to the High Needs Block. In 2013/14 this contingency was not required and is the significant element within the 2013/14 underspend. As the changes in the funding system have not yet stabilised, the Education Funding Agency (EFA) continue to make 'adjustments', together with 2014/15 being the first full year of funding post 16 pupils with learning difficulties and disabilities it was prudent to retain such a contingency in 2014/15. One further change for 2014/15 is the increase in the participation age in September 2014 which will increase the number of high needs pupils funded and therefore increase the call on the budget, the impact of which cannot be fully assessed at this time.

Moving into the 2015/16 budget there is likely to be more robust data to assess the budget requirement with more certainty, however this will be reliant upon no further changes in the national funding system. It may be possible to release the contingency back to the Schools Block which may allow for growth funding and / or age range change funding protection to be considered without use of the expected additional funding. It should be noted however that the high needs contingency has created the capacity to fund school driven financial commitments, notably deficits transferred to the authority on sponsored academy conversion.

c) Funding increases for High Needs and Early Years Providers

The March announcement on additional funding related to the Schools Block element of DSG which funds primary and secondary schools. No just adjustment is made to the High Needs Block which funds special schools, units and other providers or to the Early Years Block which funds nursery providers. This issue has been raised within the consultation response by Leicestershire and a number of other authorities.

Capacity within the expected additional funding may allow funding to be retained for one off purposes and allow for sustainable funding increases to be delivered to these providers.

d) Continued Financial implications arising from Academy Conversion

Schools Forum are aware that deficits revert back to the local authority at the point when schools enter sponsored academy arrangements. A number of further financial issues are being identified for which the EFA provide no funding.

The first relates to NNDR. The Valuation Office Agency have instigated a number of NNDR revaluations for schools, the outcome of these is most usually a significant increase in NNDR liability and often backdated over 4 – 5 years. Maintained schools are fully funded for the increase through the funding formula albeit retrospectively. NNDR liabilities are required to be funded within the overall level of the Schools Block, additional funding here will need to be offset against other elements of the funding formula. The EFA funds academies on the same basis for any increase, however they will not fund any of the increase that relates to pre-conversion and that local authorities retain the financial liability.

Secondly academy sponsors have an expectation that issues such as outstanding property work, health and safety and staffing restructures are completed prior to conversion, these are costs that are not usually covered in school budget plans. Whilst the local authority issues Notices of Concern to these schools and closely monitors the schools financial position, it is often in a position where it needs to agree to fund issues such as these so as not be a barrier to academy conversion. These increase any school deficits and the call on the DSG reserve.

e) Restrictions on the use of the Schools Block

The current school funding system limits the level of centrally retained budgets within the Schools Block. For those funding historic commitments no increase is allowable and for items de-delegated they can only be held with the approval of the Schools Forum, any underspend is required to be delegated to schools in the following year. This affects the establishment of the growth fund, if set up too early in advance of pupil number growth and unused the funding the following year must be delegated and additional resource would again be needed. The use of the DSG reserve initially for this purpose is appropriate but not a sustainable solution for on-going growth.

f) High Needs funding for pupils without SEN

The establishment of the High Needs funding system established commonality in funding arrangements for a range of providers and will provide a platform for personal budgets arising from Education, Health and Care plans. There is inconsistency within the financial regulations that govern the use of DSG and the operational guidance which refer to the need to fund pupils with additional needs. Two areas have been identified where there may be a need to provide funding from the High Needs Block.

The first relates to educational needs of children in care which often are not funded unless a statement is issued: there may be clear educational benefits, and placement stability, from providing additional financial support. Secondly there is a growing bank of evidence that family support workers are providing successful early interventions with vulnerable families. this work is happening in schools, the strengthening families service, through children's centre programmes and through Supporting Leicestershire Families. There may be longer term benefits from aligning this work and supporting from the High Needs Block. These interventions are being successfully delivered in this way in other local authorities.

Conclusions

12. The 2013/14 outturn position is one of underspend, largely through the contingency held in the High Needs Block being released. The underspend has allowed funding to be set aside for school funding issues i.e. academy deficits, to provide financial support for schools affected by age range changes and to respond to the need to fund demographic growth.
13. Leicestershire is now in a position where additional school funding will be received in 2015/16 and will need to reposition its financial strategy for addressing the issues identified in paragraphs 11 a - d above. This will involve consideration of the use of the DSG reserve as a one off resource but also to ensure that there is a sustainable solution for recurrent issues.

14. The school funding formula will be reconsidered for 2015/16 given the additional funding and is subject to a further report on today's agenda. This will need to be complete in order to gain Cabinet approval for the formula in October 2015 but also to ensure that the draft formula can be submitted to the EFA by October 31st. This work will allow for consideration of some of the issues identified within this report, however this will need to be included in the financial planning for the 2015/16 budget.

Resource Implications

15. All resource implications are contained within the body of the report.

Equal Opportunity Issues

16. There are no equality issues arising directly from this report.

Background Papers

Schools Forum 13 February 2014 - 2014/15 Schools Budget

Officers to Contact

Jenny Lawrence, Finance Business Partner, CYPS

jenny.lawrence@leics.gov.uk

0116 305 6401



SCHOOLS FORUM

2015/16 School Funding

16 June 2014

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	
		High Needs	X

Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report presents the Local Authorities response to the Department for Education's consultation 'Fairer Schools Funding in 2015-16'. A further report is presented on the proposed plan to develop the school funding formula for 2015-16.

Recommendation

2. That Schools Forum note the analysis of the consultation and the response to it.

Introduction

3. It had been widely expected that the next stage of the National Fair Funding Formula (NFFF) would be introduced in 2015/16. The Department for Education (DfE) have however not taken that next step and have instead consulted on the allocation of £350m to authorities that are '*...least fairly funded*'. The consultation was short, it launched on 13 March and closed on 30 April.
4. The DfE are stating that they will implement a national formula at some point in the future which will be at point where the government is able to set multi-year expenditure plans.
5. It was always going to be difficult for the government to implement the NFFF without additional funding given that to achieve equality of funding within a cash fixed settlement authorities with high levels of funding would see that funding reduce in order for other authorities funding to increase.
6. Under the proposals it is estimated that Leicestershire will receive an additional £17.1m (£202 per pupil) within the Schools Block Unit of Funding (SBUF), however there are concerns about the methodology used to distribute the funding and the final allocation can be expected to differ from the value quoted in the consultation.

Background

7. It was difficult to get a balance within the consultation response which is shown in Appendix 1: whilst additional funding is welcomed, the concerns over the allocation methodology are significant. Further concerns surround how this additional funding has been communicated to schools and the heightened expectations that schools will receive the minimum units of funding used within the calculation which will not be the case. The proposed methodology is purely a mechanism to be applied to fund local authorities.
8. The basis for the calculation is to multiply minimum values for a number of characteristics available within the funding formula by the number of pupils to be funded and this is then compared to the SBUF for 2014/15. Where the calculation is in excess of the 2014/15 level of funding an authority receives additional funding.
9. The calculation takes no account of any funding allocations outside the identified characteristics such as rates, rent, Minimum Funding Guarantee (MFG), nor does it consider centrally managed services or any movement to either the High Needs or early Years Blocks. Taking these into account the Leicestershire would need to scale back the minimum values by an

estimated £6.3m in order to fully fund current commitments. It is therefore not possible to fund schools at the minimum levels, this is clearly not their expectation.

10. The published figures are an estimate using 2013/14 data and the October 2012 schools census and will be updated. The final figures could be significantly different given that authorities have further revised formulae for 2014/15, criteria for use of some of the factors have been changed by the DfE and the school population has changed. Because of expected changes only 75% of the £350m has been allocated. 2014/15 formula data and the October 2013 school census data is available to the DfE and could have been used to generate actual funding levels which would have allowed for informed decisions to be taken on the 2015/16 Leicestershire school funding formula.
11. The proposed additional funding is allocated for schools and academies, there is no uplift in funding proposed for the High Needs Block which funds special schools and special unit, nor the Early Years Block which funds nursery providers.
12. The consultation asked for views on the operation of the sparsity factor. Leicestershire does not use this within the funding formula, it is a blunt measure of distance pupils would need to travel to their next nearest school rather a real identifier of funding need in small rural schools.
13. A further consideration is the method to be used for the area cost adjustment which has been used to reflect higher costs, largely salaries, in London and London fringe authorities. Given the freedom that academies have over staff terms and conditions and the introduction of performance pay for all schools it has to be questioned whether the area cost adjustment should be retained.
14. The DfE have stated that their final proposals will respond to this consultation and that on 'Academies funding: simplifying the administration' towards the end of June, both of which will have an impact on school funding in 2015/16.

Resource Implications

15. It is necessary to review the Leicestershire formula and take decisions on how the additional funding will feed into the formula, this is going to be a challenging process given the uncertainty on funding levels and the expectations of schools.
16. Until modelling is complete it is not possible to identify whether the additional funding will purely add monetary value to current formula factors

which would not require approval by Cabinet or give the opportunity to make fundamental changes to it which would require Cabinet approval. Given the political sensitivities, and school expectations, that could arise as a result of this additional funding it is proposed that irrespective of the outcome of modelling and consultation Cabinet approval is sought for the 2015/16 school funding formula.

17. Consultation will need to be undertaken with schools, the timetable set by the Education Funding Agency (EFA) will again require this to take place during the latter part of the summer term and early part of the autumn term. This will again result in the ability to only offer a short consultation given the school summer break.

Equal Opportunity Issues

18. An equality impact assessment will be completed on any changes to be made in the school funding formula.

Background Papers

The full consultation can be viewed at;

<https://www.gov.uk/government/consultations/fairer-schools-funding-2015-to-2016>

Officers to Contact

Jenny Lawrence

Finance Business Partner – CYPS

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Email: jenny.lawrence@leics.gov.uk



Department
for Education

Consultation Response Form

Consultation closing date: 30 April 2014
Your comments must reach us by that date

Fairer schools funding in 2015-16

If you would prefer to respond online to this consultation please use the following link: <https://www.education.gov.uk/consultations>

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes, primarily the Freedom of Information Act 2000 and the Data Protection Act 1998.

If you want all, or any part, of your response to be treated as confidential, please explain why you consider it to be confidential.

If a request for disclosure of the information you have provided is received, your explanation about why you consider it to be confidential will be taken into account, but no assurance can be given that confidentiality can be maintained. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data (name and address and any other identifying material) in accordance with the Data Protection Act 1998, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

Please tick if you want us to keep your response confidential.	<input type="checkbox"/>
Reason for confidentiality:	

Name: Jenny Lawrence	
Please tick if you are responding on behalf of your organisation.	<input checked="" type="checkbox"/>
Name of Organisation (if applicable): Leicestershire County Council	
Address: County Hall, Glenfield, Leicester. LE3 8RF	

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the Ministerial and Public Communications Division by e-mail: consultation.unit@education.gsi.gov.uk or by telephone: 0370 000 2288 or via the Department's '[Contact Us](#)' page.

Please mark the box that best describes you as a respondent.

<input type="checkbox"/>	Maintained school	<input type="checkbox"/>	Academy	<input checked="" type="checkbox"/>	Local authority
<input type="checkbox"/>	Governor	<input type="checkbox"/>	Bursar	<input type="checkbox"/>	Parent
<input type="checkbox"/>	Schools forum	<input type="checkbox"/>	Trade union organisation	<input type="checkbox"/>	Other

Please Specify:

1 Do you agree that the existing distribution of schools funding is unfair?

<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Not Sure
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Comments:

There is no doubt that the current distribution is unfair given that it does not consider the cost of delivery and remains based upon expenditure patterns of local authorities for 2005/06 which are themselves based upon a previously flawed central government assessment of funding needs.

The proposals maintain the 'spend plus' methodology which has been widely accepted by the DfE and Local Authorities as being an allocation mechanism that isn't fit for purpose as it is not based upon funding need but historic decisions taken by local authorities on school funding.

It is exceptionally disappointing that the DfE have failed to deliver the formulaic distribution for Dedicated Schools Grant that has been its stated objective for a number of years. It remains inequitable that local authorities that may in the past have chosen not to invest in education may receive additional funding over those authorities that have chosen to invest. Whilst the allocation of the additional £350m goes some way to addressing the inadequacies of the current funding system, the fundamental and recognised flaws remain.

The consultation considers primary and secondary schools only, if there is to be real equity in school funding then there also needs to be additional funding for the High Needs Block to ensure that special schools are not disadvantaged and funding to enable a rate

uplift for nursery education providers.

In a system where schools are expected to be treated equally it will be necessary to move some of this additional funding to the High Needs Block to ensure some uplift in funding for special schools and to the Early Years Block for nursery education providers given that funding inconsistencies are present in these elements of the Dedicated Schools Grant settlements too. It will become increasingly difficult to manage funding expectations from education providers, rationalise the need for equity and achieve the appropriate authorisation for such movements through the Schools Forum and local authority decision making processes.

The current school funding settlement also does not adequately reflect a number of strategic issues local authorities are currently facing such as the need to allocate Dedicated Schools Grant to support the growth in school places and the need to settle deficit budgets as schools convert to sponsored academy arrangements.

It is disappointing that the indicative figures within the consultation are largely based upon the October 2012 school census and local authority formula factors for 2013/14 when updated information is available to the DfE. The publication of local authorities funding formulae for 2014/15 by the DfE in March identifies changes in formulae values, this and data from the October 2013 school census will allow the DfE to revise the calculation now, the use of this more recent data would allow the DfE to fully allocate the £350m rather than 75% and would have given local authorities more certainty on funding allocations.

Earlier sight of the revised calculation would provide local authorities the necessary certainty to begin informed discussions with schools on 2015/16 funding. We would urge the DfE to provide a formal response to this consultation at the earliest opportunity with this revised calculation to ensure that schools and other education providers can be fully engaged in formulating formula proposals during the summer term, allow sufficient time for consultation and allow decision making through the Schools Forum and the County Council at the beginning of the autumn term in order to meet the EFA's deadline for the budget pro-forma submission in October.

2 Do you agree with our proposed choice of characteristics to which to attach minimum funding levels?

Yes

No

Not Sure

Comments:

A number of key school funding allocations do not feature within the choice of characteristics. their omission will result in the need to scale down the minimum values within the formula e.g. split sites, rent, rates, minimum funding guarantee.

The proposals also do not take account of any necessary movement between blocks and especially to the High Needs Block which carries a high level of financial risk and will need to receive some of the additional funding for special schools and early years providers who are all funded from the same source.

The Schools Block also funds centrally managed services, including the recent changes to copyright established by the DfE and these too need to be funded from the Schools Block Unit of Funding. To retain these current allocation factors, maintain the approach to High Needs and fund centrally managed items will require school level funding to be further scaled back from the minimum levels, equating to an estimated £6.3m for Leicestershire, before funding decisions for special schools and nursery providers are considered. This creates an inability to fund schools expectations that they will also receive the minimum values.

Whilst the EFA have confirmed in their email to local authorities of 10 April that the minimum values are not a national formula and they are not a view of the minimum amount of funding for individual schools, paragraph 17 of the consultation is not clear whether the expectation of the DfE is that authorities should use these minimum values within their local formula. For the reasons stated above it is not possible to deliver this. Certainly it is the expectation of schools that they too will receive the minimum values and local authorities may have real difficulties in explaining why this will not be the reality for their 2015/16 delegated budgets.

Given our proposal to set minimum funding levels such that we can afford to fund all local authorities at those levels or above in 2015-16, do you agree with the proposed values of the minimum funding levels?

3 a) Age Weighted Pupil Unit

Yes

No

Not Sure

3 b) Deprivation

Yes

No

Not Sure

3 c) Looked-after children

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Not Sure
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3 d) English as an additional language

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Not Sure
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3 e) Low prior attainment

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Not Sure
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3 f) Lump sum

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Not Sure
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3 g) Sparsity

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Not Sure
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Comments:

Whilst the additional funding that adopting the minimum values generates is welcomed by Leicestershire County Council, it is difficult to give an informed view given the consultation states that these will be revised following review of 2014/15 formula factors and the October 2013 school census so the expectation is that the values will change.

Local authorities have taken individual decisions on the most appropriate values within their individual formulae and the 2013/14 values are therefore conscious decisions based upon local circumstances as well as being influenced by levels of funding. Using a distribution methodology based upon local decisions is not sufficiently robust to drive a national formula to distribute funding.

The 2014/15 dataset issued by the DfE in March show variations from the values within the consultation document especially for prior attainment where values have fallen significantly as a result of the widening of the criteria for 2014/15 and more pupils being eligible.

Given that only 24 authorities are using the sparsity factor there is limited benefit in attaching a minimum value to a factor that does not adequately reflect the additional funding need for necessary small and rural schools.

There needs to be some consideration of the impact other factors that are not reflected in the calculation will have on the minimum values as well as reflecting the centrally managed budgets approved through the Schools Forum .

There is also a real opportunity for the issues that the current system for funding school liabilities for National Non-Domestic Rates (NNDR) brings and which have been exacerbated by the inability to fund increases or decreases in year. Consideration needs to be given on whether it is possible to take NNDR out of the school funding system which currently creates a significant bureaucratic process whereby:

- HM Treasury includes schools' NNDR in the Department for Education Annual Department Expenditure Level;
- the EFA reflect the NNDR cost within the Dedicated Schools Grant and pay to Education Authorities;
- Education Authorities provide funding to individual schools
- Schools make payments to District / Borough Councils
- District Councils return NNDR funding to HM Treasury.

Many schools have had to enter into deficit budget arrangements where rates revaluations have taken place, and often cover a number of years, now it is no longer possible to adjust school budgets in year. A similarly bureaucratic process exists for academies through the EFA.

4 Do you agree that labour market cost differences should be taken into account as we allocate the £350m?

<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	<input type="checkbox"/> Not sure
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Comments:

Given that academies are free to set their own pay scales and all schools can adopt performance related pay which allows them to move away from historic nationally set pay scales we would question the need to maintain an area cost adjustment within the Schools Block

5 Do you agree this should be calculated using the hybrid approach we have set out?

<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	<input type="checkbox"/> Not sure
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Comments:

As detailed in the response to question 4 we question the need to retain an area cost adjustment for school funding

6 If you do not agree that we should use a hybrid approach, what would you prefer we used?

<input type="checkbox"/> Use teacher pay bands only	<input type="checkbox"/> Use a general labour market measure only	<input type="checkbox"/> Use an alternative method
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Comments:

None

As detailed in the response to question 4 we question the need to retain an area cost adjustment for school funding

Sparsity Review

7 We introduced a sparsity factor for the first time in 2015-16. How helpful has this factor been in ensuring that sufficient funding is targeted at small schools serving sparsely populated areas?

<input type="checkbox"/> Useful	<input checked="" type="checkbox"/> Not useful	<input type="checkbox"/> Not sure
---------------------------------	--	-----------------------------------

Comments:

As a rural authority Leicestershire has a number of small primary and secondary schools, however a number of these are close to County boundaries and fail to trigger the sparsity factor distance requirement, only 5% of schools qualify for this funding in what is a large rural authority.

Parental preference informs a school population with a subsequent distortion of schools that qualify for this factor. Additionally the use of the mean distance within the factor is too crude an assessment of ability to travel to the second nearest school where environmental features such as motorways, railway lines, rivers etc. affect the length of the journey to school. Given that post code data is available journeys can be measured in a meaningful way.

The measure does not adequately reflect the overall cost benefit of maintaining small schools.

In considering the definition of a 'necessary school' a number of factors other than the home location of a pupil need to be considered especially where pupils are out of catchment. It also needs to evaluate the economic and social value of maintaining the school, specifically the cost of home to school transport and community value.

8 Do you think it would be useful to revise the criteria for the sparsity factor to take into account the average number of pupils in each year group, rather than the number of pupils in the school? If so, how?

<input type="checkbox"/> Useful	<input type="checkbox"/> Not useful	<input checked="" type="checkbox"/> Not sure
---------------------------------	-------------------------------------	--

Comments:

As stated in the response to question 7 we do not feel there is any value in using the sparsity factor. It is difficult to see how using the average number of pupils in each year group gives any real benefit given that the limiting criteria within this factor for Leicestershire is the distance to the next nearest school.

9 Are there any other changes you would like to suggest to improve the operation of this factor, and why?

Comments:

Government policy has been to further delegate powers to the regions, following from that policy decision local authorities should be free to allocate differential lump sums related to school size. This would allow the additional overhead costs associated with small schools to be adequately funded. With the movement towards increasing the percentage of pupil related funding and what appears to be a drive from the DfE for the limit on the lump sum to be reduced the risk of small schools becoming financially unviable is growing.

Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

Please acknowledge this reply.

E-mail address for acknowledgement:

Here at the Department for Education we carry out our research on many different topics and consultations. As your views are valuable to us, please confirm below if you would be willing to be contacted again from time to time either for research or to send through consultation documents?

Yes No

All DfE public consultations are required to meet the Cabinet Office [Principles on Consultation](#)

The key Consultation Principles are:

- departments will follow a range of timescales rather than defaulting to a 12-week period, particularly where extensive engagement has occurred before
- departments will need to give more thought to how they engage with and use real discussion with affected parties and experts as well as the expertise of civil service learning to make well informed decisions
- departments should explain what responses they have received and how these have been used in formulating policy

- consultation should be 'digital by default', but other forms should be used where these are needed to reach the groups affected by a policy
- the principles of the Compact between government and the voluntary and community sector will continue to be respected.

If you have any comments on how DfE consultations are conducted, please contact Aileen Shaw, DfE Consultation Coordinator, tel: 0370 000 2288 / email:

aileen.shaw@education.gsi.gov.uk

Thank you for taking time to respond to this consultation.

Completed responses should be sent to the address shown below by 30 April 2014

Ministerial and Public Communication Division, Level 2, Department for Education,
Mowden Hall, Staindrop Road, DARLINGTON DL3 9BG

Send by e-mail to:

SchoolFunding.CONULTATION@education.gsi.gov.uk

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SCHOOLS FORUM

DfE Consultation on Simplifying the Administration of Academies Funding

June 16 2014

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	X
		High Needs	X

Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. The DfE released a consultation which considers the administration of academy funding on 1 May 2014 which, if enacted, will have implications for local authorities and the allocation of Dedicated Schools Grant (DSG). This report presents the local authorities response on the consultation.

Recommendation

2. That Schools Forum notes Leicestershire County Council's response to the consultation.

Introduction

3. For most academies DSG is received by local authorities, the local authority calculates the academy budget by application of the school funding formula and then the DfE recoup that funding from the local authority and give the funding allocation to the academy.
4. There are currently exceptions to the funding process for 'non-recoupment' academies, these are very early academies or providers such as studio schools and free schools. For these providers the DfE directly calculate the school budget by replication of the local authorities school funding formula and fund the schools directly. Local authorities receive no DSG for the pupils in these schools, this consultation is proposing to change this position and include these providers in the system described in paragraph 3 above.
5. The proposed changes will require local authorities to treat free schools and non-recoupment academies equally in terms of funding, this will result in these providers having access to local authority centrally managed school budgets which will include any funding established within local authorities to fund growth in pupil numbers and provide diseconomies of scale funding for new schools in line with local authority policies.
6. Whilst the consultation proposes a funding transfer into DSG for the number of pupils educated by free schools and non-recoupment academies, it is not making any proposal to transfer funding that the EFA currently allocate to these providers independently from the funding formula for growth in pupils or dis-economies of scale. Local authorities would be required to provide funding, guided by their own policies, from current resources. The DfE are proposing that in the first year of opening local authorities would not be responsible for costs but would become responsible for year 2 onwards. Costs may be significant and to meet them from current funding is not in line with the New Burdens Doctrine which requires local authorities to be funded for new responsibilities. Growth for the studio schools could become an issue as early as September 2015.
7. The three studio schools will be required to be funded alongside other Leicestershire schools. Currently Leicestershire does not have any funding set aside for in year growth in pupil numbers although notionally £1m of funding is set-a-side in the DSG reserve for this purpose. Additionally it will be necessary to engage the schools in any discussions or consultations on

changes to the local authority formula and decisions on the allocation of school funding.

8. The current schools budget includes centrally managed budgets for historic agreements for school admissions & pupil services and schools causing concern, by their very nature these relate to historic costs and been assumed to be outside the scope of services the schools would be able to access. The DfE have negotiated national agreements for some copyright licences and it is uncertain whether these arrangements would be expanded to free schools and non-recoupment academies.
9. A further concern has been included in the response regarding the financial impact of any future age range changes in the studio schools for which funding would also fall to the local authority under these proposals.
10. The consultation response is attached as Appendix 1

Resource Implications

11. Resource implications are detailed in the main body of this report. It is not possible to precisely quantify the financial implications from these proposals, no data is available to set out how the EFA have funded start-up costs or growth for the three studio schools in Leicestershire nor is there information about the future establishment of similar provisions or free schools.

Equal Opportunity Issues

12. These changes, if implemented, will result in all schools being funded on the same basis and should remove any favourable or adverse funding implications arising from any individually funded institutions.

Background Papers

The consultation can be viewed at;

<https://www.gov.uk/government/consultations/academies-funding-simplifying-the-administration>

Officers to Contact

Jenny Lawrence
Finance Business Partner – CYPS



Department
for Education

Consultation Response Form

Consultation closing date: 2 June 2014
Your comments must reach us by that date

**Simplifying the administration of
academies funding**

If you would prefer to respond online to this consultation please use the following link: <https://www.education.gov.uk/consultations>

In order to help with the analysis of consultation responses please use the online system wherever possible. If for exceptional reasons you are unable to use the online system, for example because you use accessibility software that is not compatible with the system, you may use this version of the form.

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes, primarily the Freedom of Information Act 2000 and the Data Protection Act 1998.

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The Department will process your personal data (name and address and any other identifying material) in accordance with the Data Protection Act 1998, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

Please tick if you want us to keep your response confidential.	<input type="checkbox"/>
Reason for confidentiality:	

Name: Jenny Lawrence	
Please tick if you are responding on behalf of your organisation.	<input checked="" type="checkbox"/>
Name of Organisation (if applicable): Leicestershire County Council	
Address: County Hall, Glenfield, Leicester, LE3 8RF	

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the Ministerial and Public Communications Division by e-mail:

consultation.unit@education.gsi.gov.uk or by telephone: 0370 000 2288 or via the GOV.UK '[Contact Us](#)' page.

Please mark the box that best describes you as a respondent.

<input type="checkbox"/>	Maintained school	<input type="checkbox"/>	Academy	<input checked="" type="checkbox"/>	Local authority
<input type="checkbox"/>	Governor	<input type="checkbox"/>	Bursar	<input type="checkbox"/>	Parent
<input type="checkbox"/>	Schools forum	<input type="checkbox"/>	Trade union organisation	<input type="checkbox"/>	Other

Please specify:

1 Do you agree in principle with our proposal to convert non-recoupment academies to recoupment academies in 2015-16?

<input type="checkbox"/>	Agree	<input type="checkbox"/>	Disagree	<input checked="" type="checkbox"/>	Not Sure
--------------------------	-------	--------------------------	----------	-------------------------------------	----------

Comments:

It feels appropriate that all academies are funded within the same system. These proposals however do not simplify the administration but simply move the administration from the EFA to local authorities.

2 Do you agree with our proposed methodology for calculating additional funding to be added to the local authorities' dedicated schools grant to take account of recoupment for former non-recoupment academies?

<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Disagree	<input type="checkbox"/> Not Sure
--------------------------------	--	-----------------------------------

Comments:

We would agree the calculation of funding for non-recoupment academies should be consistent with that for other academies and a single system is appropriate for all. However, there appears to be no recognition that by incorporating non-recoupment academies in the same school funding system as other academies they will be able to access local authority centrally maintained funding and specifically local authority funding set aside within the Schools Block Unit of Funding for centrally managed services. Local authorities cannot be expected to accept this financial liability without the appropriate level of funding, nor can it incorporate costs for items such as copyright licences for non-recoupment academies within current resources.

There is no clarity on whether free schools and non-recoupment academies would be able to access services provided through services funded by budgets held for historic financial commitments. Confirmation that new schools should not be able to access these services would be welcomed.

The significant issue is where new schools are established and numbers are growing to capacity, it is not appropriate that local authorities under these proposals would be required to provide growth funding or dis-economies of scale funding in line with other schools without receiving any additional resource to allow it to do so. With no funding transfer there would be a detriment to the services currently provided by that funding.

This approach does not appear to be consistent with the New Burdens Doctrine as this is a shift of funding and financial liability.

- 3 Do you agree with our proposed treatment of minimum funding levels within that calculation?

<input type="checkbox"/> Agree	<input type="checkbox"/> Disagree	<input checked="" type="checkbox"/> Not Sure
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Comments:

It does not feel appropriate that there are different minimum funding guarantee requirements for different groups of schools and academies. The level of minimum funding needs to be consistently applied to all schools irrespective of their status which is not currently the case.

In the future local authorities should not be left providing any funding for minimum funding levels to academies over and above the minus 1.5% per pupil in place for maintained schools. It is essential that any justified variation to minus 1.5% is funded by the Department for Education.

- 4 Do you agree with our proposal for calculating recoupment for former non-recoupment academies, including treatment of the minimum funding guarantee?

Agree

Disagree

Not Sure

Comments:

It would appear to be appropriate however we would not wish to see the local authority with funding responsibilities in the future from differential rates in different types of schools.

- 5 Do you agree with the proposal to recoup funding when pupils leave the local authority maintained sector (or other school funded through the dedicated schools grant) to join a new or expanding free school?

Agree

Disagree

Not Sure

Comments:

Education provision in Leicestershire is transforming rapidly as schools change age ranges. In order to respond to this changing landscape it has been necessary to seek changes to pupil numbers to reflect changing rolls at the commencement of the academic year which is not adequately catered for within the current funding system. If the current 14-19 studio schools were to consider changes to age ranges it would not be appropriate that Leicestershire was required to find a funding solution for such changes, nor for it to be funded by other schools and the current Dedicated Schools Grant settlement.

We would also like to seek some confirmation that the planning processes at the Department for Education are sufficiently robust to allow for the identification of new free school pupil numbers within the December funding settlement for a free school opening in September of the following year. If a process is not in place local authorities will be poorly placed to respond to these proposed changes.

Local authorities cannot be expected to provide funding for growth in new free schools and non-recoupment academies without additional funding being placed into the Dedicated Schools Grant settlement. Local authorities are not included within the planning process for new Free Schools nor involved in establishing pupil estimates. To fund growth would be a new and inappropriate financial burden.

The consultation document refers to the agreement of financial plans. If this proposal was to be accepted then local authorities would need sight of, be able to comment upon and give a view on the realistic nature of pupil numbers and the financial plan.

- 6 Do you agree that, if recouping funding when pupils leave the local authority maintained sector (or other school funded through the dedicated schools grant) to join a new or expanding free school, our proposal not to recoup in the first year is a fair solution?

Agree

Disagree

Not sure

Comments:

It is not appropriate that local authorities under these proposals would be required to allow access to growth funding or dis-economies of scale funding without receiving any additional resource to allow it to do so as this would be an additional financial liability. The Education Funding Agency currently funds growth and start-up costs in Free Schools and this funding should be appropriately targeted to ensure that local authorities are appropriately funded. It is difficult to envisage that the current Dedicated Schools Grant methodology would be an appropriate vehicle for this given that the establishment of free schools is not consistent across authorities. The impact could be significant for individual authorities.

The recoupment process for ordinary academies ensures that funding removed from the local authority and allocated to the new academy are on a consistent basis and the pupils moving from one system are the same as the pupils moving into the academy system. In terms of a new Free School, especially in the first year of opening and as student numbers increase, students may be drawn from authorities other than the one in which the provision is located, this may be more acute where new schools are located close to authority boundaries but also when they are established and operated by providers that may be from outside the authority.

Not to recoup in the first year provides some protection but it would not be appropriate to recoup funding for pupils admitted into the Free School from other authorities unless the full pupil count was included within the revised Dedicated Schools Grant calculation.

Whilst this consultation does not ask about the impact of these changes on operational procedures we would also like to bring to the attention of the Department for Education the additional administrative processes that will need to be established to ensure that free schools and non-recoupment academies are fully engaged with school finance issues. This is especially important given the context of reducing staffing in local authorities, a school finance system that appears to be growing in complexity despite a government policy of simplification and that free schools and non-recoupment academies have often not been planned as a result of the identification of a local need for school places.

Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

Please acknowledge this reply.	
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Email address for acknowledgement:

Here at the Department for Education we carry out our research on many different topics and consultations. As your views are valuable to us, please confirm below if you would be willing to be contacted again from time to time either for research or to send through consultation documents?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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All DfE public consultations are required to meet the Cabinet Office [Principles on Consultation](#)

The key consultation principles are:

- departments will follow a range of timescales rather than defaulting to a 12-week period, particularly where extensive engagement has occurred before
- departments will need to give more thought to how they engage with and use real discussion with affected parties and experts as well as the expertise of civil service learning to make well informed decisions
- departments should explain what responses they have received and how these have been used in formulating policy
- consultation should be 'digital by default', but other forms should be used where these are needed to reach the groups affected by a policy
- the principles of the Compact between government and the voluntary and community sector will continue to be respected.

Completed responses should be sent or emailed by 2 June 2014.

Send by post to:

Anthony Wilson
Department for Education
Mowden Hall
Area 2B
Staindrop Road
Darlington
Co Durham
DL3 9BG

Send by email to: NRA.CONULTATION@education.gsi.gov.uk

If you have any comments on how DfE consultations are conducted, please contact Aileen Shaw, DfE Consultation Co-ordinator, tel: 0370 000 2288 / email: aileen.shaw@education.gsi.gov.uk

Thank you for taking time to respond to this consultation.



SCHOOLS FORUM

2015/16 School Funding

16 June 2014

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	X
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	
		High Needs	X

Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	X
Decision	X	Maintained Secondary School Members	X
		Maintained Special School Members	X
		Academy Members	X
		All Schools Forum	

1. This report presents an analysis of the Leicestershire school funding formula and the process and timetable for the development and approval of the 2015/16 school funding formula.

Recommendations

2. That Schools Forum notes the analysis of the 2014/15 school funding formula.
3. That Schools Forum supports the development and timetable for the development of the 2015/16 school funding formula.
4. That Schools Forum agree the local authorities approach to allocated additional funding from the additional 2015/16 resource to special schools, special needs

units and early years providers in line with the overall percentage increase in primary and secondary school funding

5. That Schools Forum nominate a maintained school member and an academy member to represent Schools Forum in the 2015/16 School Funding Task and Finish Group.

2014/15 School Funding Formula

6. The Education Funding Agency (EFA) published an analysis of the formula factors used by local authorities in their 2014/15 funding formulae in February 2014. This information is analysed and presented for Leicestershire against statistical neighbours and the national position in Appendix 1.
7. The analysis identifies a number of areas where the Leicestershire is out of line with that of other authorities. For some of these areas these are the result of conscious decisions;
 - The factor for looked after children was not used as this indicator was previously unused in Leicestershire, numbers are low and its use would have resulted in a financial reduction in other factors.
 - Free school meal allocations were kept low in order not to overfund pupil characteristics funded through the pupil premium.
 - IDACI rates are high which offsets the low free school meals allocations
 - A high lump sum was established in order to protect small schools.

It is not intended to change this position for the 2015/16 funding formula.

8. Whilst the level of additional school funding in 2015/16 has yet to be confirmed, it is clear that funding will be made available which offers an opportunity to target those areas of the formula where the analysis has identified that Leicestershire is out of line with other authorities;
 - Basic Entitlement - the basic entitlement when taken as a percentage is low against both statistical neighbours and the national position. Additionally the primary : secondary funding ratio is also low.
 - Prior Attainment - the percentage of funding on prior attainment measure is again lower than both comparators

Modelling will be completed to identify how these areas can be brought into line, this will be completed as the first call on the additional 2015/16 funding.

Minimum Funding Guarantee

9. The Minimum Funding Guarantee (MFG) ensures that pupil funding cannot fall by more than 1.5% and its interrelationship with the operation of the formula is a crucial element of school funding. The 2014/15 formula analysis identifies that more funding in Leicestershire is provided through MFG than in other authorities. It is difficult to be able to precisely identify the reason for this, other authorities may have placed differing levels of reliance upon the MFG in developing the formula.
10. The method of placing additional funding will impact upon the cost of the MFG, it is possible that some schools may not receive any financial gain from additional

funding as it will purely reduce their reliance upon the MFG. To illustrate if a school currently receives £50,000 of MFG and the new formula delivers £40,000 of additional funding there will be no increase overall in that school budget but £40,000 will be released from the cost of MFG to be re-circulated across the formula. In completing modelling on options it is essential that this encompasses the MFG methodology.

High Needs and Early Years Funding

11. The 2015/16 funding increase is to the Schools Block and therefore primary and secondary schools and academies only. Special schools, special needs units, the pupil referral unit and early year providers are however subject to the same cost pressures, the cash flat funding settlement, and low funding settlements as primary and secondary schools. Options will be considered that will allow these providers to access the additional funding to deliver an increase in funding in line with that to be recommended for primary and secondary schools.
12. In pursuing the options for additional funding the current transfer between the schools block and the high needs block will also be considered. It should also be noted that in following this route it will be necessary to transfer funding from the Schools Block to fund any increase in funding.

Age Range Changes and Pupil Growth

13. Approval for the change to the pupil number count were for 2014/15 only, it is expected that the local authority will again need to seek permission from the Secretary of State to reflect the movement in schools undertaking age range change and those affected by it in September 2015. It is appropriate for the 2014/15 approach to be reconsidered, particularly the level of protection for schools with falling rolls. Given that 2015/16 will be the second year of change and that schools can now plan for it is appropriate to review whether the level of protection, currently at 80%, should remain or be reduced.
14. Funding pupil number growth is a further item to consider in the approach to 2015/16 funding. Whilst funding is currently set a side in the Dedicated Schools Grant (DSG) reserve it may be more appropriate to allocate some of the additional funding for this purpose if robust data can be identified that identifies a recurrent need.

Expectation Management

15. Additional funding for Leicestershire Schools is to be welcomed. It should be recognised however that the estimated additional £202 per pupil is not funding that will passport directly into school budgets, it is additional funding to the calculation of the Schools Block of funding for local authorities. The consultation is clear that there is no expectation for school funding to increase by the same rate.
16. To maintain equity across all providers funded from DSG a collective approach to the allocation of funding is needed to ensure that all pupils in Leicestershire, irrespective of where their education is delivered, benefit from that additional funding.

17. There is a need to get a clear and consistent message to schools on the impact of the additional funding which will be a challenge.

Developing and Delivering the 2015/16 Proposals

18. Early modelling on potential changes has been extremely difficult. The DfE have recently advised that they will not be in a position to release the response to the March funding consultation until late June. Discussions with other authorities, and information from lobby groups such as F40, has identified that there is widespread concern about the basis of the calculation for the additional funding. It won't be known until the consultation response is published whether there will be any fundamental changes to the basis of the calculation, if this is the case then allocations could change significantly.
19. It is essential that schools are fully engaged with the local authority in developing the overall approach to school funding in 2015/16 and the development of the funding formula. The local authority has approached a number of business managers across the wide range of schools as a 2015/16 School Funding Task and Finish Group to develop the formula. It is intended that this group meets in June, July and August to assist the development of the proposals to provide challenge to the local authority. Schools Forum is asked to nominate members to join this group.
20. Despite the lateness in an announcement for the additional funding the budget approval timetable for local authorities will be unchanged. This will again be a challenging timeline that will require input from schools across the summer break and a short consultation on the proposals for change at the start of the autumn term. The timetable will be confirmed once the EFA issue the operational guidance for local authorities but is expected to be;

Formulation of a 2015/16 school funding task and finish group	Mid June
DfE release of consultation response and 2015/16 school funding operational guidance	Late June
School funding task and finish group meet	Late June Mid July Mid August Late August
Consultation on proposals	Early September
Final proposals presented to Schools Forum	Late September
Submission of 2015/16 proposals for age range changes to the EFA	End of September
Cabinet approval for 2015/16 school funding proposals	Mid October
2015/16 submission of 2015/16 formula to EFA	End of October

Resource Implications

22. These are contained within the main body of the report and will be further considered by the 2015/16 School Funding Task and Finish Group as proposals are developed.

Equal Opportunity Issues

23. These will be further considered by the 2015/16 School Funding Task and Finish Group as proposals are developed.

Officers to Contact

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Finance Business Partner - CYPS

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Leicestershire 2014/15 Funding Formula Comparison

	Leicestershire		Statistical Neighbour		National Average		Recommended Action	Narrative
	£	%	£	%	£	%		
Schools Block Unit of Funding	3,994.63		4,207.57		4,550.54			Leicestershire figure increases to an estimated £4,197 per pupil under March 2014 funding announcement which will also change the quoted averages
Basic Entitlement								
Primary	2,515.44	37.84%	2,700.38	39.44%	2,961.97	40.33%	Increase Funding	Funding low in both comparisons
Key Stage 3	3,570.63	21.90%	3,769.94	21.39%	4,089.32	19.93%	No Change	% in line with both comparisons
Key Stage 4	4,262.83	18.69%	4,379.61	17.47%	4,618.89	15.75%	No Change	% in line with both comparisons
Deprivation								
FSM - Primary	413.11		815.63		1,056.85		No Change	Pupil Premium remains delivered on FSM. Use of IDACI ensures that this particular pupil population isn't over funded. Whilst values differ from comparators the percentage of deprivation funding is in line with last recorded deprivation measure in DSG which was 6%
FSM - Secondary	413.11		810.80		1,268.17		No Change	
IDACI 1 Primary	625.00		311.48		227.75		No Change	
IDACI 1 Secondary	634.00		370.46		302.36		No Change	
IDACI 2 Primary	625.00		446.97		294.88		No Change	
IDACI 2 Secondary	634.00		529.00		393.86		No Change	
IDACI 3 Primary	937.00		522.46		395.41		No Change	
IDACI 3 Secondary	954.00		636.57		534.46		No Change	
IDACI 4 Primary	1,250.00		862.30		557.81		No Change	
IDACI 4 Secondary	1,268.00		1,071.97		731.66		No Change	
IDACI 5 Primary	1,562.00		1,216.32		701.51		No Change	
IDACI 5 Secondary	1,584.00		1,489.92		939.54		No Change	
IDACI 6 Primary	1,875.00		1,421.41		909.33		No Change	
IDACI 6 Secondary	1,901.00		1,738.41		1,133.90		No Change	
Total % Deprivation		5.58%		4.97%		8.44%	No Change	
Looked After Children	-		940.29		1,088.76		No Change	
English as an Additional Language								
Primary	-		649.03		563.32		No Change	Not identified as a Leicestershire issue and measure is time limited
Secondary	-		1,358.85		1,050.68		No Change	
Prior Attainment								
Primary	358.01		1,036.40		879.74		Increase	Leics significantly out of line with both comparative groups
Secondary	473.79		1,179.15		1,070.74		Increase	
Total % Prior Attainment		2.55%		5.54%		4.36%		
Lump Sum								
Primary	150,000.00		125,852.67		127,469.57		No Change	Future expectation is that top limit on value will be reduced by DfE
Secondary	150,000.00		132,998.12		137,760.48		No Change	
Total % Lump Sum		12.39%		9.50%		8.02%		
Total % Minimum Funding Guarantee		0.60%		0.49%		0.58%		Can be expected to decrease with additional funding placed in formula
Basic Entitlement %		78.43%		78.30%		76.02%		Will change with additional funding placed in formula
Pupil Led Funding %		86.56%		88.70%		89.87%		Affected by large lump sum, will change with more basic entitlement in primary and prior attainment funding
Primary / Secondary Ratio		1.27		1.28		1.29		To be considered through modelling

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