



## 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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