



**SCHOOLS FORUM**

**SEPTEMBER 5 2014**

**SCHOOL FUNDING 2015/16**

**BRIEFING NOTE**

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	X
		High Needs	X

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

**Background**

1. Schools Forum considered and supported the approach to be adopted by the local authority at its meeting on 16 June which was;
  - To target funding at two areas of the Leicestershire formula that were out of line with similar authorities i.e. Primary Age Weighted Pupil Unit (AWPU) and the level of funding targeted at low prior attainment
  - That all educational providers in Leicestershire should benefit from the additional funding
  
2. The local authority has worked with a task and finish group over the summer break to formulate the proposals that were released for consultation with schools on 1 September. The local authority would formally like to thank the members of the task and finish group for their help and challenge;

Steve McDonald	Roundhill High
Jenny Brandwood	Market Bosworth School
Ian Wood	Forest Way
Christine Clay	Castle Donington College
Sally Allen	Cosby / Old Mill Primary
Bill Nash	Hind Leys / Shepshed High / Schools Forum
David Thomas	Kirby Muxloe Primary / Schools Forum
Alex Green	Abington Academy / Schools Forum
Shaun Whiting	John Cleveland College
Jo Turner	Fleckney Primary

4 meetings of the group were scheduled over the summer break, that last of those meetings 28 August was cancelled.

3. The notes of the meetings are shown at Appendix 1, 2, 3.
4. The group considered the challenges faced in recommending a solution that would be best possible outcome for schools in Leicestershire, not least because of the manner in which the pupil characteristics and the Minimum Funding Guarantee affect funding at individual school level. The group supported the proposals which can be summarised as;
  - An increase in Primary AWPU of 7%
  - An increase in funding targeted at low prior attainment of 100%
  - A general increase in AWPU of 1.5% (subject to changes should there be changes in the underlying school data\*)
  - An increase in the base rate for nursery education providers of 3.6% to be funded from the additional funding
  - An overall increase in funding for special schools and special needs units of 3.6% to be funded from contingencies in the High Needs budget.

\* It is necessary to maintain an element of the formula that can be adjusted in order that the budget can be balanced to the final Dedicated Schools Grant. It can be expected that changes in pupil characteristics between the October 2013 and October 2014 school census, changes in schools individual rates liabilities, realignment of pupil estimates for September 2014 age range changes and potentially the transfer of the three Leicestershire Studio Schools to the formula may result in the proposals being adjusted. The group agreed that the overall AWPU increase should be used as the adjusting factor
5. The group agreed that the mechanism for funding September 2014 age range changes should remain unchanged for such changes in September 2015. The Education Funding Agency has confirmed that Secretary of State approval for the mechanism in 2015/16 is not required as the scheme is unchanged. However it is necessary to request approval for the Minimum Funding Guarantee (MFG) exception as that is granted annually, however this also remains unchanged from 2014/15.
6. The group also considered the establishment of a growth fund for schools required to add classes as a result of demographic growth. This will be delayed until robust data is available to identify need and will be considered again by Schools Forum at the appropriate time. If a growth fund is established the criteria for its allocation must be agreed by Schools Forum.

**Conclusions**

7. It has been challenging to formulate proposals to allocate the additional funding for 2015/16 when the final proposals were not released by the Department for Education until 17 July and after schools in Leicestershire had entered the summer break. The deadline for submission of the 2015/16 formula to the Education Funding Agency remains 31 October.
8. There are two key messages that need to be delivered to Leicestershire schools which are detailed in the consultation, Schools Forum members have a crucial role to play in this process, especially:
  - Pupil characteristics are individual to each school, as these attract differing units of funding then schools will receive differing levels of additional funding, not all schools will receive an additional £240 per pupil
  - 23 schools will not see an overall increase of funding because of historic high funding protection through MFG, whilst they do not see an increase in their cash budget they will benefit from these proposals as without the additional funding they would have seen a MFG decrease of 1.5% in 2015/16
9. The consultation was launched on 1 September and will close on 17 September and Schools Forum will consider the initial consultation feedback on 18 September in order that it can consider the final proposals which will be presented to the County Council's Cabinet on 13 October for approval.
10. Schools Forum need to consider and response it may wish to make to the local authority on the proposals and the process followed in formulating them.
11. The consultation, including a model allowing schools to assess the impact of the changes, can be accessed on the Leicestershire Website from 1 September on the following link;

<http://www.leics.gov.uk/finance.htm>

**Officer to Contact**

Jenny Lawrence

Finance Business Partner, Children and Family Services

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Appendix 1School Funding Task and Finish Group25 June 2014Meeting 1Notes of MeetingAttendees

Steve McDonald	Roundhill High
Jenny Brandwood	Market Bosworth High
Ian Wood	Forest Way
Christine Clay	Castle Donington College
Sally Allen	Cosby / Old Mill Primary
Bill Nash	Hind Leys / Shepshed High
David Thomas	Kirby Muxloe Primary
Alex Green	Abington Academy
Georgina Brice	LCC
Vanessa Tatler	LCC
David Heyes	LCC
Jenny Lawrence	LCC

Apologies; Sue Ward, Newton Burgoland Primary

DfE Funding Consultation

The basis of the calculation was discussed. It was noted that the estimated additional £202 per pupil was funding coming into Leicestershire and not additional funding for each pupil in each school.

Schools Forum Report – 2015/16 School Funding

The report taken to Schools Forum on 16 June was discussed. The group agreed with the direction recommended by the local authority;

- All educational providers should benefit from additional funding not just primary and secondary schools, special schools, schools with SEN units and early years providers should all have an increase in funding
- Additional school funding should be first focused on lifting the primary basic entitlement and prior attainment
- Focus on remaining funding would be to lifting schools from the minimum funding guarantee and increasing the scaling factor

**Action; the local authority will undertake modelling based upon these principles for the group to consider at its next meeting**

National Fair Funding Formula

It was noted that the government is still aiming for a national formula but timing is now uncertain

Timescales

It was confirmed that the 2015/16 formula would need to go to consultation with schools prior to being agreed by School forum in September and the County Council Cabinet in October and submitted to the EFA in October.

The limited time available affects the amount of change able to be delivered, consensus was that a least change approach should be followed.

**Action; Meeting 2 of the group will consider the modelling, assess the impact upon schools, identify whether the changes produce an equitable position for schools and whether further modelling is necessary**

Protection for schools with falling rolls arising from age range changes

The 2014/15 position whereby schools received protection of 80% in the first year they are affected by age range change was discussed at some length.

Members of the group offered views that reflected their individual position, the local authority stated that it was impossible to find a solution that all schools would be happy with and that it was neither possible nor equitable to totally protect schools from significant falls in pupil numbers.

It was likely that the local authority would need to seek approval from the Secretary of State for 2015/16 for the change in the pupil count to weighted numbers.

**Action; subject to sufficient data being available the local authority would model the cost of maintaining protection at 80% but also reducing that to 60%**

Growth Fund

The establishment of a growth fund was discussed and it was noted that it was likely that the group would need to consider criteria for the allocation of funding for demographic growth in primary schools in 2015/16.

Dates for future meetings

28 July

11 August

28 August

All meetings to commence at 9:00 at Beaumanor Hall

2015/16 School Funding Task and Finish Group28 July 2014Meeting 2Attendees:

Georgina Brice	LCC
Sally Allen	Cosby / Old Mill Primary
David Thomas	Schools Forum, Primary Governor
Bill Nash	Schools Forum, Secondary Governor
Jenny Lawrence	LCC
Vanessa Tatler	LCC
David Heyes	LCC
Jenny Brandwood	Market Bosworth School
Ian Wood	Forest Way
Steve McDonald	Roundhill
Sean Whiting	John Cleveland College

Apologies

Alex Green	Abington Academy
Christine Clay	Castle Donington College
Sue Ward	Newton Burgoland Primary
Jane Ripley	Beauchamp College
Jo Turner	Fleckney Primary

1. Notes of Previous Meeting

The notes of the previous meeting were agreed with the addition of recording the concern about the costs pressure in schools for 2015/16 arising from the increase in teachers' pension contribution rates and national insurance. JL reiterated that it isn't possible to target funding within the formula at any specific cost and now the local authority no longer has financial data for academies the impact at local authority level of the increase could not be assessed. It was further noted that there is no increase in funding at national level for these increases but the position in Leicestershire would be better than that for most other authorities as a result of the additional funding.

2. Roles and Responsibilities in setting school funding for 2015/16

A document setting out the roles and responsibilities of the Schools Forum, the Task and Finish Group and the local authority was tabled and discussed. It was noted that the timeline was unchanged.

3. Principles and Constraints for 2015/16 school funding

A document setting out the roles and constraints was tabled and discussed

4. Outcome of the Consultation on Fairer Schools Funding

A briefing note on the outcome of the consultation was tabled and discussed, specifically;

- The release date was after the end of term making communication of key messages to schools difficult
- The estimated additional funding of £20.5m is in excess of the £17.2m detailed within the consultation
- Because of the manner in which the formula allocates funding schools will not all receive an additional £241 per pupil especially if they have high levels of MFG

- Ensuring schools understanding of the difference between national headlines and local reality about the impact of additional funding will be difficult

#### 5. MFG and Scaling

Simple examples to illustrate the operation of the MFG and the ceiling on gains was tabled and discussed. It is hoped that this may illustrate a complicated mechanism to schools to aid their understanding on the impact of changes.

#### 6. Modelling

The group were taken through the outcome of the previous modelling agreed at meeting 1. The following points were raised in discussion;

- What % of schools gain and what % get no additional funding?
- Additional funding may just lift schools off minimum funding. This could be seen as a funding gain because without the additional funding schools may lose 1.5% per pupil from the operation of MFG.
- Scaling and MFG are outside the operation of the MFG which may give rise to schools losing in cash terms from any changes in value of these
- What is the current cash value of the ceiling and MFG?
- What range of MFG is present in 2014/15 school budgets?
- What level of scaling would be required to lift schools off MFG? This is not a possibility as ceiling only exists to fund MFG – no MFG means no ceiling
- Concerns surround levels of post 16 funding, historically post 16 funding supported pre 16 provision which is now reversed. This is outside the remit of the group and an issue that schools should be raiding directly to the EFA
- Academies concerned about reduction in the Education Services Grant. This is outside the remit of the group
- Concerns about overall financial viability of schools in the current financial climate. This is outside the remit of the group who were advised on the consultation on the school place planning strategy
- Concerns about local authority approach to fund an increase in special school and unit funding & early years at an average. Would it be fair that all these providers say an increase when some schools would not receive additional funding?
- The task and finish group reaffirmed that they supported the principles for the allocation of funding set out to and supported by the Schools Forum
- It will be necessary to agree a process for dealing with the financial impact of data changes on the final proposals as the final DSG will be based upon the 2014 October census, current modelling is based on October 2013 data
- Currently there is a transfer from the schools block to the high needs block
- Appropriate to focus funding on raising the primary AWPU, evidence suggests that early investment creates better KS3 & 4 outcomes

#### **Actions**

- **Local authority to add cash value of 2014/15 ceiling and MFG to notes of the meeting**
- **Local authority to consider other methods of applying increases to high needs and early years providers in line with a minimum increase for schools**
- **The local authority to provide information on the specific questions raised by the group**
- **Further modelling to be completed for consideration at the next meeting including;**

- **What will be the difference in impact at school level between allocating all additional funding to schools rather than the approach to spread across providers**
- **Modelling to be structured to show impact at each school phase and by schools size**
- **What level of additional funding would be required to a) lift all schools off MFG and b) to ensure that all school received an additional £241 per pupil**

#### 7 Next Steps

This was discussed in previous agenda item

#### 8 Growth Fund

The group received information on the manner in which other local authorities allocated funding. It was noted that the Schools Forum would need to approve any allocation criteria which needed to differentiate between any decisions taken by individual governing bodies which established additional classes which is not growth and should not be funded and additional classes arising from demographic growth which could be funded.

#### **Agreed;**

**The timeline for establishing a growth fund is longer than that for 2014/15 school funding changes. There is no urgency for this group to consider allocation criteria and this be done alongside the 2015/16 budget setting process.**

#### 9. Funding Age Range Changes

The group considered the cost of continuing protection for schools affected by age range changes for September 2015, the position of the EFA is unchanged from that in 2014. It was noted that if there is no significant change to the proposals implemented in 2014/15 that it was not necessary to seek approval from the Secretary of State. It would be necessary to seek approval for the changes to MFG as approval given in 2014/15 did not automatically carry forward. Points raised in discussion were;

- The cost estimates did not include any cost arising from the realignment of pupil estimates for actuals
- It is not possible to provide long term protection for the impact of falling rolls within the current funding system
- It is neither affordable or possible to maintain school funding at pre age range levels for schools with falling rolls
- Important that the LA links the place planning strategy with admissions data within to maintain a view of actual cost
- Protection is necessary for those schools affected which effectively postponed the drop in pupil numbers which will happen naturally
- The group was to consider Leicestershire as a whole and not individual school issues
- Whilst it could be argued that schools can now plan knowing that the pupil number count will change and therefore the level of protection could be reduced, for schools submitting business cases for age range changes have planned on 80% protection being in place for future changes
- Funding is set aside within the DSG reserve to fund the changes and further costs would be incurred in 2016 by which time most schools will have changed
- Protection was for one year only but if a school was affected by changes arising from another school then there could be more than one year 1

#### **Agreed;**

**The group supported retaining funding protection at 80%**



Dates for Future Meeting

11 August

28 August

All meetings to commence at 9.00 at Beaumanor Hall

**School Funding Task and Finish Group****11 August 2014****Meeting 3****Notes of Meeting**

## Attendees;

Vanessa Tatler	LCC
David Heyes	LCC
J Lawrence	LCC
S Allen	Cosby / Old Mill Primary
J Turner	Fleckney Primary
B Nash	Shepshed Hind Leys Federation
C Clay	Castle Donington College
J Brandwood	Market Bosworth School

## Apologies;

G Brice	LCC
Alex Green	Abington Academy
I Wood	Forest Way
S Whiting	John Cleveland College
D Thomas	Kirby Muxloe Primary
S McDonald	Roundhill Academy

1) Notes and actions from meeting 2

The notes of the last meeting were agreed

2) Additional information requested at meeting 2

The additional information requested was discussed in particular it was noted that;

- Modelling allocated £19.6m of the additional £20.48m to schools, £0.75m to Early Years Providers with £0.123m currently unallocated
- To lift all schools off MFG would cost £107.5m
- To fund all schools at an additional £240 per pupil would cost £130.8m
- The value on the increase for early years providers was now calculated at the average % increase across secondary schools at 3.6%
- Following targeting funding to address the anomaly in primary AWPU and doubling prior attainment funding allowed for a 1.5% increase in AWPU rates

Whilst D Thomas was unable to attend the meeting he had responded both to the LA and S Allen that he was supportive of the mode discussed

3 Process for realigning current estimates with October 2014/15 Data

The issue of realigning budgets for changes in the underlying data as a result of the October 2014 census and the current unallocated funding was discussed. It was noted that for modelling purposes it had been assumed that the DSG transfer for the Studio Schools would be cash neutral. LA's are advised by the EFA that they obtain

approval for the principles to be applied to balance the budget should changes in pupil numbers and data result in an unbalanced budget.

**Agreed: That budgets should be balanced by an amendment to AWPU rates followed by the ceiling if necessary**

4 Percentage to be applied to early years and special providers

The LA confirmed that an increase to special school and special needs unit funding could be met from the contingency in the High Needs Block but that early years providers would be funded from the additional £20.5.

**Agreed; That an increase of 3.6% be appropriate**

5. Consultation with Schools

As there are no formula changes proposed the consultation would set out the context of the additional funding and ask for views on the process followed by the LA. The short time scale was noted, consultation would begin on September 2<sup>nd</sup>, Schools Forum meeting on Sept 5 and 18, the latter meeting to discuss the provisional outcome of consultation prior to making recommendations to Cabinet on Oct 18.

Information would be released in the Director's termly newsletter, on EIS and on the LCC website. JL agreed to contact LSH and LPH to brief headteachers

Key points to include;

- Not all schools would get additional funding because of pupil characteristics and the reliance on MFG for some schools
- No schools would lose funding which could be the case with MFG set at minus 1.5%
- The proposals are the best position for Leicestershire
- Small school remain protected by a higher lump sum
- The information in item 2 should be included

The LA would begin to set out a consultation document, J Lawrence said she would circulate a document which sets out the school funding system in a simple 3 stage process if the group felt aided understanding of the school funding system. The group would see an early draft of the consultation for comment.

6. Growth fund

This would be considered in the 2015/16 budget setting process and no funding from the additional £20.5m had been allocated for this purpose

7. Funding age range changes

No changes to the model for funding age range changes will be undertaken for 2015/16, this would mean that there needs to be no consultation on this issue. Secretary of State approval for the change in pupil numbers remained from 2014/15 although it is necessary to seek formal approval for the amendment to MFG. It was hoped that this is a technicality as it too remains unchanged from 2014/15.

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