Report of the Borough Treasurer

Item 5 - School Funding Update 2014-15

Schools Forum

15th January 2014
1. Purpose of the Paper
The purpose of this report is to

Update members on the 2014-15 funding formula
Gain Schools Forum approval for further changes to the proposed 2014-15 funding formula.
Review and approval of de – delegated budgets 2014-15
Approval of revised growth fund
Approval of charges to schools for Long Service awards and Specialist SEN equipment.

2. Update
Since the last meeting of Schools Forum the LA has continued to work with the Fair Funding Group to review Oldham’s funding formula to ensure it continues to meet the national requirements published for 2014-15 funding formula and also to consider any factors which the group may want to review locally.

Below are further funding formula changes and other possible changes for 2014-15:

Local Decisions
a. Other formula changes recommended to date

1. English as an Additional Language factor in the secondary sector - the Fair Funding group requested some further modelling to reduce the amount per pupil to be more in line with the national average.

The Fair Funding group on 8th October recommended reducing the cash value of EAL by 50% to £2,441 in 2014-15 and the surplus budget to be reallocated through the Deprivation factor using the Free School Meals indicator.

As a result of the above any further protection required on the Minimum Funding Guarantee (MFG) will be funded by reducing the budget available for Deprivation within the secondary sector. There will be no impact in the primary sector.

2. Lump Sum in the Secondary Sector – LAs can differentiate in 2014-15 the lump sum by phase provided that the lump sum does not exceed the maximum amount allowed of £175,000. The Fair Funding group requested some further modelling to increase the lump sum to be more in line with the national average.

The lump sum is to support schools which are unavoidably small and require this support because per pupil funding alone is not sufficient.

The Fair Funding group on 8th October recommended maintaining funding at the same cash value as in 2013-14 of £102,424 for both sectors.

b. Proposed formula changes for 2014-15
1. Rent and Rates

The amount required in the funding formula for rent and rates for mainstream schools for 2014-15 has reduced from 2013-14.

*The Fair Funding group on 27th November recommended the surplus budget of £608k be reallocated through the Basic Amount per pupil.*

2. De delegated Funding

The funding reforms introduced from April 2013 outlined the requirement for as much as possible central services and the funding to be delegated to schools and academies as possible in the first instance, so that local decision making was made by schools/academies directly.

This change required Local Authorities to delegate funding relating to a number of centrally retained budgets to schools via the Local Funding Formula. Schools Forum agreed at the meeting 17th October 2012 that all funding relating to these services would be distributed on a per pupil amount in 2013-14.

These services are:

<table>
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<tr>
<th>Narrative</th>
<th>Total Budget 2013-14 including academies £k</th>
<th>Primary Per pupil amount 2013-14 £</th>
<th>Secondary Per pupil amount 2013-14 £</th>
</tr>
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<tbody>
<tr>
<td>School improvement and Under</td>
<td>483</td>
<td>13.29</td>
<td>12.54</td>
</tr>
<tr>
<td>Performing Schools</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Contingencies</td>
<td>621</td>
<td>17.09</td>
<td>16.13</td>
</tr>
<tr>
<td>Insurance</td>
<td>706</td>
<td>19.44</td>
<td>18.37</td>
</tr>
<tr>
<td>Teacher Union Duties</td>
<td>149</td>
<td>4.10</td>
<td>3.87</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,959</td>
<td>53.92</td>
<td>50.91</td>
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Locally maintained schools then have the option of de-delegating the funding back to the LA to provide better value for money or to pool risk.

The Schools Forum representatives of each phase are the decision making body in such matters following discussion with their wider stakeholder colleagues.

Academies do not have the option of de-delegating such funding to the LA, but may wish to procure a service via a locally agreed buy-back.

In 2013-14 maintained schools approved the de-delegation of these services in each phase and were returned to the LA for central management. The decision making process is subject to an annual review and the appropriate primary and secondary forum members are required to make a formal decision for 2014-15.

These budgets are reviewed regularly to ensure the amounts and purpose is still relevant as more schools move to academies, trust and foundation schools.
De-delegation will mean funding for these services is removed from the formula before school budgets are issued.

Any unspent de-delegated funding remaining at the year end can be carried forward to the following funding period, but its use would be subject to the regulations operating in the year.

The proposed amounts for 2014-15 for these services are the same as for 2013-14 shown above.

*The Fair funding group met 27th November 2013 and requested a breakdown of what school improvement /underperforming schools and contingencies had been spent on and also which unions were covered under ‘Teacher Union Duties’. They agreed subject to this information been provided that they were happy to recommend the current de-delegated budgets continue in 2014-15. A breakdown of school improvement /underperforming schools and contingencies was sent 6th December 2013 and Teacher Unions 3rd January 2014.*

**High Needs Block**

2013-14 has been a transitional year for special schools; resourced units and Alternative Provision which means place values have been maintained at the previous year’s values and ‘empty’ places have been funded to allow more time for a further review of the funding arrangements throughout the 2013-14 financial year.

The LA has started to review the current arrangements and have been consulting with affected schools and academies this term.

Following meetings with schools the following has been agreed:

<table>
<thead>
<tr>
<th>Decision for 2014-15</th>
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<tr>
<td><strong>Resourced Provision</strong></td>
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<tr>
<td>‘Empty’ Places will not be funded</td>
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<tr>
<td><strong>Special Schools</strong></td>
</tr>
<tr>
<td>No change to bandings</td>
</tr>
<tr>
<td><strong>Empty’ Places will not be funded</strong></td>
</tr>
<tr>
<td>except for Springbrook who will be funded as follows:-</td>
</tr>
<tr>
<td>Pre 16 3 year transition until all places should be filled (14-15,15-16,16-17)</td>
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<tr>
<td>Post 16 2 year transition until all places should be filled</td>
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Growth Fund Criteria

Schools Forum agreed at the meeting 17th October 2012 to retain a growth fund and the criteria and method of distribution was agreed for 2013-14. Any changes to the growth fund for 2014-15 need submitting to the EFA for compliance checking and further approval by the Schools Forum.

The Fair Funding Group on 27th November reviewed the criteria set and proposed to amend the criteria for 2014-15 to reflect actual pupil numbers above capacity multiplied by the Basic Amount Per Pupil multiplied by 7/12th (to cover September to March). The amendment will mean any agreed growth will be funded based on actual pupil intake in September rather than the projected capacity previously agreed.

Falling Numbers on roll

LAs can create a small fund from the Dedicated Schools Grant to support good schools with falling roles where local planning data shows that the surplus places will be needed in the future.

Proposal for 2014/15

The LA was proposing that all of the following criteria was met:

- Support is only available for schools judged good or outstanding at their last Ofsted inspection
- Surplus capacity exceeds 15% of the published admission number
- Local planning data shows a requirement for at least 10% of the surplus places within the next 2-3 years
- The school will need to make redundancies in order to contain spending within its formula budget.

Distribution of funding

If schools met the above criteria they would receive the difference between 85% of capacity and the actual numbers on role across years group reception to year 11.

The Fair Funding Group on 27th November reviewed the criteria and considered as no schools currently qualify more time is available to refine the criteria and not to propose a falling roles criteria for 2014-15 at this stage.

3. Other Updates – School Funding 2014-15 and 2015-16

Below are some points on future schools funding
2014-15 financial year

The overall Department for Education (DfE) budget will be cut by 1%. Although schools will be ‘relatively’ protected. A non-schools budget will be reduced.

Individual schools will not be charged Carbon Reduction Charges in 2014-15 but DSG funding will be reduced as a result. The amount for Oldham is £277k. The Pupil Referral Unit will still be responsible for charge until the regulations are changed.

All infant aged pupils (i.e. Reception, Year 1 & Year 2) will be entitled to take up a free school meal from September 2014. At this stage we cannot say where the ‘additional’ funding for the increased take up will be coming from (i.e. diff between current FSM take up and all pupils)

2015-16 financial year

The changes for 2015-16 in terms of the National Fair Funding Formula (NFFF) may not be as radical as originally thought. As well as moving to a school level national formula, there is also the possibility of a local authority level formula where there is a formula for allocating funds to local authorities who then use their own formula (within any constraints and regulations that would be set out by Government). Consultation is expected to begin December time.

There is the possibility of the area cost adjustment Will be revised which will probably impact negatively on Oldham.

The DSG for reception to year 11 will grow at more than flat cash per pupil

Pupil premium will not be brought into the DSG and will remain separate and increase with inflation.

The DfE do not foresee any significant reform in 15-16 to the High Needs Block.

The Minimum Funding Guarantee will continue (schools block only) although it was acknowledged that this protection sometimes prevents any shift in funding that strategic decisions are aiming for. However, there is too much turbulence to not have anything but the DfE acknowledged that too long a transition will not allow the shift that the NFFF would want to bring about. The DfE were asking for views on transition periods suggestions seem to be around 3-5 years

4. Implementation Timetable
A reminder of the current timetable set by the DfE is below:

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<th>Date</th>
<th>Action</th>
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5. Charges to School Budgets

Long Service Awards and specialist SEN equipment for schools are currently funded by the Council. The following is proposed:-

**Long Service Awards**
- In 2013-14 charge against contingencies
- In 2014-15 individual school budgets will be charged for these

**Specialist SEN Equipment**
- Charge the equipment to individual school budgets following agreement with the schools concerned

6. Actions / Recommendations

The school forum members are asked to note the contents of this report.
Members are asked to approve the recommendations of the Fair Funding Group detailed at (2) b1 and b2.
Members are asked to approve the revised growth fund criteria.
Members are asked to approve the charging of individual school budgets for Long Service awards and Specialist SEN equipment.
Members will be kept informed of any further local changes to the 2014-15 funding formula in line with the above timetable.