

Title of meeting:	Schools Forum
Date of meeting:	15 October 2014
Subject:	School Funding Reform 2015-16
Report from:	Julian Wooster, Director of Children's and Adult's Services
Report by:	Richard Webb, Finance Manager for Education & Children's Services
Wards affected:	All Wards
Key decision:	No
Full Council decision:	No

1. Purpose of report

The purpose of this report is to inform Schools Forum of the progress being made towards the implementation of changes to School Funding for 2015-16 and to seek approval for the first stage of the submission to the Department for Education (DfE) of the 2015-16 budget proforma.

2. Recommendations

It is recommended that Schools Members:

- a. Agree that following confirmation of the 2015-16 Dedicated Schools Grant (DSG), officers will amend the unit values to minimise the impact of fluctuations in funding at the school level and to maintain overall affordability. In order to provide schools with some certainty, where possible any changes will be limited to the following formula factors:
 - Basic Per Pupil Entitlement
 - Prior attainment
 - Lump Sum
 - The percentage of the financial cap
- b. Agree the proposed changes to the mainstream funding formula factors, together with the choices that the Council has made in implementing these factors locally, as detailed at paragraph 4.6.
- c. Approve the submission of the draft proforma to the DfE as the first stage of the 2015-16 school's funding formula process.

- d. Agree by phase, (maintained primary and secondary schools) the de-delegation of the following budgets for central administration in 2015-16.

Expenditure Item	De-Delegation Proposed	
	Primary	Secondary
Administration of free school meals eligibility	Yes	Yes
Licences	Yes	Yes
Special Staff Costs: Union Duties only.	Yes	Yes
Schools Contingency Fund	Yes	Yes
Behaviour Support	Yes	No
Museum & Library Services	Yes	No

- e. Agree the proposed Growth Fund criteria for 2015-16 as set out on page 15 of the attached consultation document.
- f. Agree that Portsmouth will not operate a Falling Rolls Fund in 2015-16, for the reasons explained within the attached consultation document.
- g. Note, that subject to the government's consultation on the Finance Regulations, the DfE are proposing to increase the funding for Alternative Provision places from £8,000 to £10,000 from 01 September 2015.
- h. Note, that if it is agreed to increase the funding for Alternative Provision places, the top-up rates for Flying Bull Primary and the Harbour School would need to be reduced as follows, in order to maintain overall affordability.

	The Harbour School	Flying Bull Primary Academy
Element 3 Top up rate 1.4.2015 to 31.8.2015	£5,273	£6,638
Element 3 Top up rate 1.9.2015 to 31.3.2016	£2,714	£4,638

3. Background

- 3.1. In July 2014 a report was presented to Schools Forum which provided members with a summary of the main changes proposed by the DfE to the 2015-16 revenue funding arrangements. This report also included proposals for changes to the de-delegated central expenditure and centrally retained budgets. The recommendations within the July report were not agreed, due to the meeting no longer being quorate at this item.

- 3.2. This report updates Schools Forum members on the outcome of the consultation on the proposed formula changes with schools and the submission of the return to the DfE on the factors for inclusion in the 2015-16 funding formula.

4. Consultation

4.1. The consultation with maintained schools and Academies in Portsmouth was issued on the 2 September 2014 and closed on the 4th October 2014. The consultation was issued to Head Teachers, School Finance Officers and Chairs of Governors. A copy of the consultation document is attached at Appendix 1.

4.2. In addition to the consultation document, schools were also provided with a spreadsheet which demonstrated the financial effects of the proposals on the funding formula for their individual schools. The spreadsheet utilised the pupil data as per the October 2013 census and reflected the impact of the changes in:

- school organisation, including primary amalgamations, academies and all through schools
- the reduction of the primary lump sum
- the adjustment to the basic entitlement per pupil to reflect the reduction of the lump sum.

4.3. A copy of the provisional proforma return that we are required to submit to the DfE by the 31 October 2014 is attached at Appendix 2.

4.4. Schools Forum are advised that at this point in the implementation process the Council is not consulting on the final unit values for 2015-16, but rather the principles and factors that it intends to apply in implementing the funding formula arrangements for 2015-16. Depending on the final DSG that the Council is allocated for 2015-16, together with changes in pupil characteristics and the growing pressures in respect of High Needs, it may be necessary to amend the unit values to maintain overall affordability. In order to provide schools with some certainty, any changes will be limited to the following formula factors:

- Basic Per Pupil Entitlement
- Prior attainment
- Lump Sum
- The percentage of the financial cap

4.5. Of the 63 Portsmouth schools and Academies, as at the 25 September 2014, only one school had replied to the consultation. A final summary of the feedback received from the consultation with schools will be circulated at the meeting.

4.6. The proposals for changes to the mainstream funding factors for 2015-16 are summarised below:

- **Split Site Factor**

As set out in the consultation document attached it is proposed not to implement this factor for 2015-16.

- **Lump Sum**

To support the amalgamation of primary schools as set out in the consultation document, it is proposed to reduce the primary lump sum to £130,000 for 2015-16 and transfer the funding released to the per pupil entitlement factor. It is proposed to continue to reduce the primary lump sum on an annual basis by an amount which minimises the impact on individual schools' funding and reduces the amount of Minimum Funding Guarantee (MFG) payable.

4.7. The single response to the consultation raised a concern in respect of the proposal to cease the de-delegation and pooled fund arrangements in respect of maternity cover. Unfortunately, due to the number of maintained schools converting to Academy status, and the considerable reduction in the level income for the funds, it is proposed to cease the de-delegation of funds for Maternity cover and Special Staff costs (with the exception of union duties) from 1 April 2015. Schools raised a concern that they would no longer be able provide cover for maternity leave. Research has shown that schools are able to purchase maternity absence insurance specifically designed for schools from a number of commercial suppliers and is the approach that has been taken by a number of Academies within the city, for whom we are not able to de-delegate funding.

4.8. Following the closure of the consultation, if any further questions are raised with regards, a response will be provided at the meeting.

5. Next Steps

5.1. Officers are continuing to work with special schools to agree the number of places and top up funding requirements for 2015-16. The process for requesting special school places has changed for 2015-16, with the local authority submitting an exception request to vary the number of places submitted in December 2013. Unfortunately due to the timing of this, a report cannot be brought to Schools Forum before the exception request submission date, therefore a report will be brought to the December Schools Forum informing them of the submission detail.

5.2. A report will also be brought to the next meeting of the Schools Forum, regarding potential changes to the operation of the exceptional circumstances fund and the outreach service.

6. Reasons for recommendations

Following the publication of the DfE Guidance on the "Schools Revenue Funding 2015 to 2016: Operational guide" in June 2014, the Local Authority has been working closely with the Schools Funding Reform Working Groups. The Working Groups have provided advice and guidance on the proposed changes to the funding formula regarding the implications to schools, which have informed the proposals within the attached consultation document.

7. Equality impact assessment (EIA)

This report does not require an Equality impact Assessment as the proposal does not have any impact upon a particular equalities group.

8. Legal comments

Legal comments have been included within the body of this report.

9. Head of Finance's comments

Financial comments have been included within the body of this report.

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 Signed by: Julian Wooster, Director of Children's & Adults' Services

Appendices:

1. 2015-16 - Funding Formula Consultation Document
2. DfE Funding Proforma - 1st Stage Submission

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Schools revenue funding 2015 to 2016 operational guide, July 2014	https://www.gov.uk/government/publications/fairer-schools-funding-arrangements-for-2015-to-2016

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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 Signed by: