

Report to: Schools Forum
Subject: School Funding Reform 2014-15
Date of meeting: 17 July 2013
Report by: Director for Children's Services
Written by: Finance Manager

Purpose of report

1. The purpose of this report is to provide schools forum with an update on the implementation of the school funding reform arrangements for 2014/15, following the publication of guidance documents by the Department for Education (DfE) at the beginning of June 2013.

Recommendations

2. It is recommended that the schools forum:
 - a. Notes the contents of this report.
 - b. Agree the principles for change as set out in Appendix 1 of this report; as recommended by the funding working group.

Background

3. In March 2013 the government confirmed that a new national funding formula for schools would be introduced in the next spending review period (2015/16 onwards). In June last year, the government announced interim changes that would be made to the school funding formula from 1st April 2013 which have now been implemented.
4. For 2014/15 further changes to the funding arrangements will be required as we continue to move towards the national funding formula. At the beginning of June, the DfE published the guidance documents for funding arrangements for 2014/15; and the report below outlines the main proposals.

Funding for 2014-15

5. The DfE have confirmed that they propose to keep the schools and early year's block, per pupil unit of funding for each Local Authority at the same level as in 2013/14. There will also be no increases in the allocation for the high needs block.
6. The flexibility to move funding between the blocks will be maintained in 2014/15, subject to the requirements of the Minimum Funding Guarantee.

Funding Formula for Mainstream Schools

7. There will be no significant changes to the funding for mainstream primary and secondary schools in 2014/15. The DfE have introduced some minor changes in response to the feedback from the consultation undertaken earlier this year.
8. The funding factors that have had changes to them are:
 - a. **Prior Attainment** -
 - Primary schools - the dataset for 2014/15 will reflect the new EYFSP introduced in September 2012, for which the first assessments will be in the summer of 2013.
 - Secondary schools - funding can now be targeted at all pupils who fail to achieve a Level 4 in either English or Maths at Key Stage 2.
 - b. **Looked After Children** -
 - The factor has been amended so that it will identify all pupils who have been looked after for one day or more on 31st March 2013.
 - c. **Pupil Mobility** -
 - Funding may now only be targeted at those schools experiencing pupil mobility above a 10% threshold. This factor was not used in 2013/14 within the Portsmouth funding model.
 - d. **Lump sum** -
 - Local Authorities are now able to set a different lump sum allocation for primary and secondary schools. However, the maximum sum that may be allocated is £175,000. Any all-through schools will receive the secondary lump sum value.
 - e. **Sparsity** -
 - This is a new factor which is designed to address concerns in relation to funding for schools in some rural areas.
9. Authorities must ensure that at least 80% of the delegated funding is allocated through pupil led factors. In 2013/14 Portsmouth allocated 89.77% of the school funding through these factors.

10. The DfE are not proposing to prescribe the primary/secondary funding ratio in 2014/15, but are considering whether to introduce a requirement in future years.
11. The Minimum Funding Guarantee (MFG) will remain in place for 2014/15 at minus 1.5% per pupil. The DfE have made a commitment that MFG will continue after 2014-15, but the level will not be confirmed until after the outcomes of the spending review.
12. The capping mechanism will also be retained again in 2014/15 and as part of the financial modelling process it will be necessary to re-determine the level at which the capping on the gains will be applied. There will be an adjustment to the capping mechanism in 2014/15, which means that it cannot be applied to schools that have opened in the last 7 years and have not reached their full number of year groups.
13. Schools will also now benefit from an additional protection when they amalgamate. Currently under the existing arrangements, where schools amalgamate they would only be eligible for one lump sum. Under the new proposals, schools would be able to retain the equivalent of 85% of the two lump sums for the financial year following the year in which they merge.
14. Where a school has changed, or is going to change, its age range either by adding or losing year groups, the Local Authority will be able to apply for a request to vary the pupil numbers used in the funding formula by using a weighted average method. We will be investigating this option further, particularly in light of Mayfield becoming an 'all through' school from September 2014.

Centrally Provided Services

De-delegated services

15. In 2013-14 funding for a number of centrally provided services were delegated to schools. At the schools forum meeting in October 2013, school members voted by phase (primary and secondary) to de-delegate this funding back to central control. It was not possible to de-delegate from nurseries, special schools or academies.
16. Whilst there are no new items to be delegated, for 2014/15 it will be necessary to review these arrangements again and seek members approval to de-delegate funding back to central control for each of the services. In the case of Behaviour Support Services, a review is already underway to consider alternative arrangements for 2014/15.

Centrally Retained Services

17. There are no significant changes to the arrangements for centrally retained services. The Admissions service and School Forum budgets will continue

to be prevented from any new commitments or an increase in the budgeted expenditure level from 2013/14.

18. The DfE have introduced a new mechanism which allows for funding to be retained for falling rolls where a population bulge is expected in the future but where a 'good' and 'outstanding' school or academy has surplus places and faces an unmanageable funding shortfall in the short term.
19. The Local Authority will be required to produce criteria on which any falling rolls fund is to be allocated. The criteria will need to set out the circumstances in which a payment would be made and how the funding would be calculated. Schools Forum agreement is required on any proposed criteria. The DfE will also check the criteria for compliance with the regulations.

High Needs Funding

20. The DfE are not proposing significant changes to the high needs funding arrangements for 2013/14.
21. The place funding for special schools and special academies will remain at £10,000 per place. The £10,000 place funding will continue to be allocated to schools, whether or not the places are filled.
22. Top-up funding for special schools and special academies will also be subject to a special MFG calculation which will provide protection to Special Schools that limits reductions in top-up funding to 1.5%.
23. Place funding for alternative provision places will continue to be allocated at £8,000 per place.
24. Funding to the Local Authority for hospital education places will continue at the same level per place as in 2013-14.
25. With regard to the place led funding approach for high needs places, the DfE are currently developing an integrated process which more closely aligns the pre and post 16 funding systems. A further update on these developments will be reported to a future Schools Forum meeting.

Schools Forum

26. It is proposed that the Schools Forum membership will be amended to include an elected representative from an institution (other than from a school or academy) providing education to 16-19 year olds. This will replace the current requirement for a representative from the 14-19 partnership.

Consultation

27. In developing the schools revenue funding formula for 2014-15, the Local Authority will consult all maintained schools and academies about any proposed changes to factors and criteria and the effect of any proposals.

Funding Working Group

28. At the last meeting, Schools Forum agreed that a working group should be set up to help inform the proposed changes to the funding arrangements for 2014-15. Membership of the working group is shown below:

	Primary	Secondary	Special
Head Teacher	Annie Gunthorpe – Westover Primary School	Mike Smith – City Boys	Alison Beane - Mary Rose Sally Garrett - The Harbour School
Governor	Justeen White – Westover Primary School	tbc	Paul Thomas Cliffdale School
Finance	Jane Haywood – Corpus Christi Infant School	tbc	Richard McCormack The Harbour School

29. The first task of the working group was to agree a set of principles which will guide and inform the financial modelling, as it did last year. The principles are attached at Appendix 1. It is recommended that Schools Forum review and agree these principles.

30. We will work with the group during the summer in order to develop the proposals for 2014/15 and prepare for the consultation with schools in the autumn.

Timetable

31. The key dates for the implementation of the 2014-15 funding arrangements are shown below:

Date	Details
July	DfE publishing further details on the high needs implementation
30 Sept	Deadline for submitting requests to DfE for exemptions, variations, etc
3 Oct	School Census Day
23 Oct	Schools Forum meeting - approval for provisional 2014-15 funding formula
31 Oct	Deadline for LAs to submit provisional 2014-15 funding formula to DfE
10 Dec	Pupil data and factors published
18 Dec	DfE confirms DSG Schools Block allocations for 2014-15
Jan 2014	Schools Forum meeting - approval for final 2014-15 funding formula
21 Jan	Deadline for LAs to submit final 2014-15 funding formula to DfE

Conclusion

32. The report provides Schools Forum with an update on the proposals for implementing the school funding reform arrangements for 2014/15, following the publication of guidance documents by the Department for Education (DfE) at the beginning of June 2013.
33. Further updates and proposals with recommendations will be presented to Schools Forum during the year, in order to ensure that the statutory requirements are complied with.

**School Funding Reform 2014-15
Principles for agreement by Schools Forum**

1. There will be no additional funding. Department for Education (DfE) has confirmed that the starting point for Local Authority allocations for 2014/15 Dedicated Schools Grant will be the Guaranteed Units of Funding for 2013/14.
2. All primary & secondary schools will receive protected funding levels at minus 1.5% per pupil. Special Schools will receive protection on the top-up funding (Element 3) at minus 1.5%.
3. For modelling purposes funding for each phase should remain in same proportion / percentage of overall funding as in 2013/14.
4. Ceilings on gains will continue to be imposed to allow for overall affordability (the percentage level will need to be determined).
5. We will seek to minimise the MFG and fluctuations in funding for schools.
6. Results of financial modelling will be shared with working groups and Schools Forum at a high level only (e.g. X schools lose more than £a or b%, Y schools gain more than £c or d%) to ensure that further proposals are informed by principles.
7. The formula factors for primary and secondary schools for 2014-15 will continue to be applied as they were in 2013-14, unless there are proposed changes by the DfE which would require reconsideration.
8. For modelling purposes the funding for Outreach, Behaviour Support or similar SEN services will remain at the 2013-14 levels, subject to changes affected by the academy programme.
9. Members of the working group will be expected to seek views and input from their phases and to ensure their colleagues are aware of any consultations issued by the Local Authority in respect of school funding.